US Solar Fund

US Solar Fund PLC
(Company Registration Number 11761009)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2022

**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 progressive 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 (**PPAs**).

INVESTMENT MANAGER

USF is managed by New Energy Solar Manager, (**NESM**). NESM was established in 2015 and has committed a total of $1.3 billion to 57 utility-scale solar assets, 55 of which are in the US, totalling 1.2 gigawatts (**GW_{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. In October 2022, the Company announced it had entered a Strategic Review and Formal Sale Process (**Strategic Review**). Since the Strategic Review commenced the Board and its advisors have engaged with a significant number of parties and, following receipt of indicative proposals, have shortlisted several parties who have proceeded to the next phase of the Strategic Review process.

PORTFOLIO

USF's portfolio consists of 42 projects across four US states with a combined capacity of 543 megawatts (**MW_{DC}**). Its assets are fully operational, generating 904[1] gigawatt-hours (**GWh**) over the twelve-month period to 31 December 2022[2], compared to 851GWh in the prior year. Power offtake agreements are in place for 100% of generation with creditworthy counterparties with a weighted average remaining life of 13.8 years[3], providing a resilient income stream, uncorrelated to spot energy prices.

TARGET RETURN

USF aims to deliver an annual dividend of 5.5 cents per Ordinary Share, growing at 1.5 to 2% per annum, for each financial year from and including 2021. The target annual dividend for 2023 is 5.66 cents per Ordinary Share, a 1.5% increase over the prior year's annual dividend of 5.58 cents per Ordinary Share.


Davis Lane 7MW_{DC}


Tate 6.5MW_{DC}


Mount Signal 2 200MW_{DC}


Rock Garden 14.9MW_{DC}


Milford 127.8MW_{DC}


Sarah 6.3MW_{DC}

1. Portfolio generation data includes the second tranche of MS2 from the end of May, which is when the transaction reached financial close. Prior to the end of May, portfolio generation data included only the first tranche of MS2, for a portfolio capacity of 493MW_{DC}.
2. Includes reimbursed curtailment.
3. Remaining PPA term from 31 December 2022.

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Red Oak 6.9MW$_{DC}$

1. Highlights

Turkey Hill 13.2MW$_{DC}$

1. Highlights

Table 1: Highlights for the period

	12 Months Ended 31 December 2022	6 Months Ended 30 June 2022	12 Months Ended 31 December 2021
FINANCIAL			
Net Asset Value (**NAV**)	$320.0m	$321.2m	$324.0m
NAV per share*	$0.963	$0.967	$0.975
Ordinary shares outstanding	332.2m	332.2m	332.2m
Share price based on closing price of indicated date	$0.84	$0.88	$0.96
Premium (discount) to NAV*	(12.8%)	(9.0%)	(1.6%)
Market capitalisation based on closing price of indicated date	$279m	$292m	$319m
Dividends paid[4]	$18.4m	$10.0m	$10.3m
Dividend cover*	1.20x	1.19x	1.82x
Shareholder total return (from inception)*[5]	(5.95%)	(4.06%)	3.13%
NAV total return (from inception)*[6]	9.98%	7.76%	5.55%
Profit/(loss)	$14.5m	$6.4m	$15.0m
Earnings per share (cents)	4.4	1.9	5.2
Ongoing charges[7]	1.37%	1.35%	1.36%
Gearing*	44.2%	44.2%	38.4%
OPERATIONAL			
Projects[8] fully operational	42	42	42
Total capacity (ownership stake)	$543MW_{DC}$[9]	$543MW_{DC}$[9]	$493MW_{DC}$
Total electricity generation	904GWh[9]	452GWh[9]	851GWh
Generation shortfall (percentage of budget)	(4.9%)[9]	(3.0%)[9]	(3.9%)
Weighted average PPA term remaining	13.8 years	14.3 years	14.4 years
Average offtaker credit rating	BBB+	BBB+	BBB+
ENVIRONMENTAL[10]			
CO_2 emissions displaced	618,000t	336,000t	639,000t
Equivalent US homes powered	95,000	46,000	87,000
Equivalent US cars removed from the road	134,000	73,000	139,000

* Marked metrics are Alternative Performance Measures (**APM's**) used by the Company to monitor performance against expectations. Calculations are defined in the glossary in section 21 of this Annual Report or in USF's quarterly RNS updates and other market announcements. USF's APM's may not be comparable with similarly titled measures presented by other companies.

4. Dividends paid by the Company at 31 December 2022 does not include the 1.52 cents per Ordinary Share dividend declared by the Company for 3Q 2022 on 21 November 2022, paid to shareholders on 6 January 2023.

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. NAV total return to is based on dividends paid throughout the period and NAV movement since inception.

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

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

9. Includes the second $50MW_{DC}$ tranche of Mount Signal 2 (**MS2**) from end of May 2022, per financial close.

10. 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.

Davis Lane 7MW$_{DC}$

2. Chair's Statement

West Hines 15.3MW$_{DC}$

2. Chair's Statement

I am pleased to present the Annual Report for US Solar Fund plc for the period ended 31 December 2022. In May this year, the portfolio increased by 50 MW_{DC} bringing total capacity to over half of a GW. The Company continued to comfortably cash cover the 2022 dividend target of 5.58 cents, which included a 1.5% increase from the previous year dividend, as targeted at IPO.

However, the Company's share price performance continued to be disappointing compared to its peers. Ongoing and unexpected softness in long-term US electricity price forecasts has offset the otherwise favourable discount rate compression the Company has achieved as it completed construction projects and they became operational. Additionally, the supply of "construction-ready" projects in the US has become more limited as market participants have increased their risk appetite and acquired earlier stage projects than previously, invested in development pipelines, or invested in development platforms. These factors have prevented the Company from growing as all stakeholders had hoped.

As a result, the Board announced in October 2022 that USF was undertaking a Strategic Review which it expected to conclude by the end of Q1 2023. The Strategic Review is considering all options available to the Company including a sale of the entire Company, a sale of the Company's portfolio assets, or changing the Company's investment management arrangements. Since the Strategic Review commenced, the Board and its advisors have engaged with a significant number of parties and, following receipt of indicative proposals, have shortlisted several parties who have proceeded to the next phase of the Strategic Review process. In order to provide the shortlisted parties with the requisite time to finalise their due diligence and submit binding proposals, the Board now expects to update shareholders on the Strategic Review within the next six to eight weeks.

As noted in the half-year report, USF remains a stable and solidly performing company despite the volatility in energy markets around the world. In the UK, wholesale electricity prices experienced dramatic swings throughout 2022, with a high of £363/MWh and a low of £110/MWh; much more volatile than US wholesale electricity markets.[11] At 31 December 2022, UK prices were £285/MWh and have since fallen due to warmer winter weather and the increased availability of liquefied natural gas in Europe and the UK as these countries seek to reduce reliance on Russian gas.

USF was structured to provide dividend stability from long-term contracted cash flows and, as such, has no exposure to short-term electricity price volatility. At 31 December 2022, the weighted average remaining PPA term for the portfolio was 13.8 years. While this has not allowed the Company to benefit from higher US spot electricity prices in the last year, it does mean that the Company can consistently deliver the steady cash flows that result from having long-term contracts in place for the electricity generated by its high-quality renewable energy assets. While USF's assets do not benefit from spot electricity price increases during their PPAs, they are also insulated from electricity price reductions. Following the PPA term, USF's projects can seek to recontract at market prices.

Throughout the period USF shares traded between $0.82 and $0.98 on the London Stock Exchange. At 30 December 2022, the Company's shares were trading at $0.84. This represents a 12.8% discount to the NAV of $320.0 million or $0.963 per Ordinary Share. Including dividends paid during the period, shareholder total return from inception to 31 December is (5.95%).

PORTFOLIO DEVELOPMENTS

In May, USF's portfolio grew to 543MW_{DC} with the acquisition of a second 50MW_{DC} tranche of MS2, bringing USF's total ownership to 100MW_{DC} or 50% of the project. In August, USF announced that it had sold a purchase option (**Option**) over its 50% interest in MS2 to MN8 (**MN8**), a renewable energy business formerly known as Goldman Sachs Renewable Power LLC. For a non-refundable fee of $1 million, the Option gave MN8 the right to acquire USF's interest in MS2 for $52.2 million excluding working capital for a period of six months from August 2022. MN8 exercised the Option in January 2023.

The MS2 sale is expected to generate total proceeds (including the Option fee and excluding working capital) of $53.2 million and implies a gross return of 11% per annum[12] since USF announced the agreement to acquire up to 50% of MS2 from New Energy Solar in December 2020.

The MS2 sale price was based on the net asset value at which USF held MS2 at 31 March 2022, which remains consistent with MS2's 31 December 2022 net asset value (adjusted for the option fee and working capital) of $51.7 million. The Option exercise and expected resultant MS2 sale has no impact on the Strategic Review and simplifies the Company's structure for a sale of the whole Company or its assets as MS2 was the only asset in which USF had partial ownership. The Company will update shareholders regarding use of proceeds at the conclusion of the Strategic Review (or the financial close of the MS2 sale if earlier).

11. UK Ofgem day ahead baseload average

12. Before taxes and transaction costs. Based on the MS2 sale reaching financial close on 15 May 2023.

As the Option was exercised after the end of the period, the portfolio comprised 543MW_{DC} across 42 fully operating projects in four states at 31 December 2022. During the period, the assets produced 904 GWh of electricity. This was within the expected range of annual generation variance and ensured the continued strong cash cover of the dividend.

PERFORMANCE

USF's audited NAV at 31 December 2022 was $320.0 million or $0.963 per Ordinary Share, marginally lower than the 31 December 2021 NAV of $324.0 million or $0.975 per Ordinary Share and 30 June 2022 NAV of $321.2 million or $0.967 per Ordinary Share. The Fair Value (**FV**) of solar investments increased from June 2022 as increases in discount rates were offset by favourable reductions in future operating costs reflecting ongoing efficiency gains in the solar operations and maintenance market. This increase in FV was offset by dividends paid, the IM fee, expenses and US tax losses (deferred tax liabilities arising from an increase in asset valuations) which resulted in the reduction in NAV.

DIVIDEND

For the period ending 31 December, the Company declared and paid three dividends including 1.27 cents (31 March), 1.27 cents (30 June) and 1.52 cents (30 September). The final dividend for the period, 1.52 cents per Ordinary Share, is declared in this Report and will be paid on 28 April 2023. The total dividends meet the 2022 target dividend of 5.58 cents per Ordinary Share, a 1.5% increase over the 2021 full year dividend of 5.5 cents.

Dividend cover for the 12 months to 31 December was 1.20x. As a reminder, USF's highest power generation, and therefore operating cash flows, are produced in the summer months; electricity sales must then be converted to distributable cash flow at the Company level. The profile of dividend payments and the dividend cash cover throughout the year broadly reflects this seasonality of the Company's underlying cash flows.

The target annual dividend for 2023 is 5.66 cents per Ordinary Share, a 1.5% increase over the prior year's annual dividend of 5.58 cents per Ordinary Share.

INVESTMENT MANAGER PERSONNEL

In December, the Company announced that Liam Thomas, previously CEO of USF's Investment Manager, will cease full-time employment with the Investment Manager from 31 December 2022. However, from 1 January 2023, Liam has been engaged as a consultant to the Investment Manager to spend 25% of his time focused on the Strategic Review. At the same time, it was announced that Adam Haughton, previously CIO, was departing to pursue another opportunity. Subsequently, Bert Snarr has been promoted to Director of the Investment Manager and is serving as commercial lead on the Strategic Review. Warwick Keneally (CFO) along with Brian Disler, formerly general counsel of E&P Financial Group Limited's (Investment Manager's parent company) US operations, are currently providing management oversight and support as well as legal expertise.

US SOLAR INDUSTRY

The year was significant for the solar industry in the US. Growth in utility-scale development continued to slow through the third quarter. Fourth quarter data has not yet been released but if it reaches Wood Mackenzie's 2022 target of 10.3GW_{DC}, this will be a 40% drop from 2021. This slow-down was expected for 2022 based on supply chain constraints, high commodity prices and complex trade policy. Growth is forecast to return in 2023, with targets exceeding the records set in 2021. Importantly, the trend toward more solar in general remains strong. Solar PV accounted for 45% of new electricity-generating capacity additions through the third quarter, its highest share to date; 140 GW_{DC} of utility-scale solar is forecast to be added between 2023 and 2027. This forecast growth is despite headwinds from inflation and higher interest rates, continued supply chain constraints, and trade and tariff uncertainty. However, these are being offset by tax credit additions and extensions as a result of the Inflation Reduction Act and federal investment in transmission and resource planning.

In early June, President Biden removed tariffs on solar panels for at least 24 months, and concurrently, the US government is working to bring more solar panel production online in the US. Related to these initiatives, the US also has enacted the Uyghur Forced Labor Prevention Act, which is intended to prevent polysilicon produced from forced labour from entering the US market by requiring clear supply chain documentation. In the short term it is causing some delays on key imports as all parties work through how best to source and provide the information required. In the medium and long term, the initiatives will potentially help to mitigate uncertainty around supply chain concerns and to reduce the risk of the US market participating in human rights violations.

In early August, after a year of negotiations and stalled efforts, landmark climate legislation was passed through Congress and signed by President Biden as part of the Inflation Reduction Act (**IRA**). The measures are expected to drive a huge shift in replacing existing fossil fuel generation with new, cheaper clean energy to increase its share of energy production in the US and includes the restoration of the Investment Tax Credit (**ITC**) (through the end of 2035). Commencing in 2022 the IRA also allows developers to elect a $0.026 /kWh production tax credit in lieu of the ITC which rises with inflation.

Despite these tailwinds, USF's ability to acquire projects that align with the investment strategy has been limited by both its inability to raise capital due to muted NAV and share price performance and the previously described changes in the US market. At inception, USF was able to acquire high-quality, construction-ready projects from credible developers. However, as capital continued to flow into the sector, risk appetites increased and market participants who previously took little to no development risk began investing directly in development pipelines or development platforms. This limited the supply of projects available for USF to purchase and increased the price of those projects that were available.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE & SUSTAINABILITY

USF continues to focus on Environmental, Social and Governance (**ESG**) reporting as a priority. This year the Company engaged an external consultant, Carbon Responsible, to assist in the Company's carbon footprint calculation to further enhance data collection and analysis. We are releasing our annual Sustainability Report following the annual report and hope that all of our stakeholders find it helpful and engaging. We have continued to follow many of the valuable frameworks we have previously reported against like the Sustainable Financial Disclosure Regulation (**SFDR**) Annexe One and the mandatory Task Force on Climate-related Financial Disclosures (**TCFD**) because data from these templates are most often requested from our investors, and the templates provide detailed and straightforward approaches for our ESG and Sustainability communications.

OUTLOOK

Global financial markets and politics were defined by volatility during 2022. Much of this has derived from the appalling war in Ukraine, which led to a surge in energy prices, markets in turmoil, and concerns about recessions across the globe. Of course, this happened on the heels of global concerns about the recovery from the Covid pandemic. This was particularly true for China, a major driver of global trade, where the pandemic led to lower economic growth. Another challenge for global markets has been rising interest rates. In 2022, the US Federal Funds Effective Rate rose from 0.08% to 4.10%, bringing concerns about the future pace of growth in the US economy. Unfortunately, 2023 thus far also seems to be dominated by volatility and concerns about potential economic recession.

However, alongside this, we are seeing important and exciting developments around climate policy and renewables adoption. In 2019, the UK was the first G7 economy to pass a net zero target. Today, after just four years, the countries that have a net zero target account for 91% of the world's GDP.[13] In the US, the White House has repeatedly committed to taking meaningful action regarding climate change, including reducing US greenhouse gas emissions 50-52% below 2005 levels in 2030, reaching 100% carbon pollution-free electricity by 2035 and achieving a net-zero emissions economy by 2050. These efforts will require a significant shift toward clean energy, suggesting the outlook for renewable energy in the US is positive and, while we have been pleased to participate in this exciting market during a time of great growth and development, acquiring a high-quality portfolio of assets, it is disappointing that US Solar has not been in a position deliver ongoing growth for shareholders.

The Board continues to consider the needs of all shareholders and, while it is too early in the Strategic Review to provide further information, we look forward to providing an update as the process progresses.

GILL NOTT
CHAIR

24 March 2023

13. "Six Reasons to be Cheerful About the Climate's Future." The Times. 9 November 2022.

Davis Lane $7MW_{DC}$

3. Investment Manager’s Report

Merrill $10.5MW_{DC}$

3. Investment Manager's Report

SUMMARY OF THE PERIOD

Over the course of 2022, the Company has continued to pay and cash-cover the target dividend as the portfolio moved into its second full year of operations. All cash flows from USF's assets continue to be contracted with US investment-grade offtakers for a weighted average remaining term of 13.8 years[14].

The Investment Manager completed the acquisition of a second 50MW_{DC} tranche of MS2 in May 2022, bringing total ownership to 100MW_{DC} or 50% of the project. In August, USF announced that it had sold a purchase option (**Option**) over this 50% interest in MS2 to MN8 (**MN8**), a renewable energy business formerly known as Goldman Sachs Renewable Power LLC. The other 50% of the asset was acquired by MN8 as part of a broader portfolio transaction during 2022.

As announced with this report, the Company has met the annual dividend target of 5.58 cents per Ordinary share for 2022. Coverage of dividends paid during the period by free cash flow and any cash flows carried forward was 1.20x.[15]

Over the course of the year and as part of normal Asset Management strategy, the Investment Manager has continued to proactively investigate plant performance to reduce downtime and improve operations. Reflecting the geographic diversity of the plants, performance for the year was within 4.9% of budget.

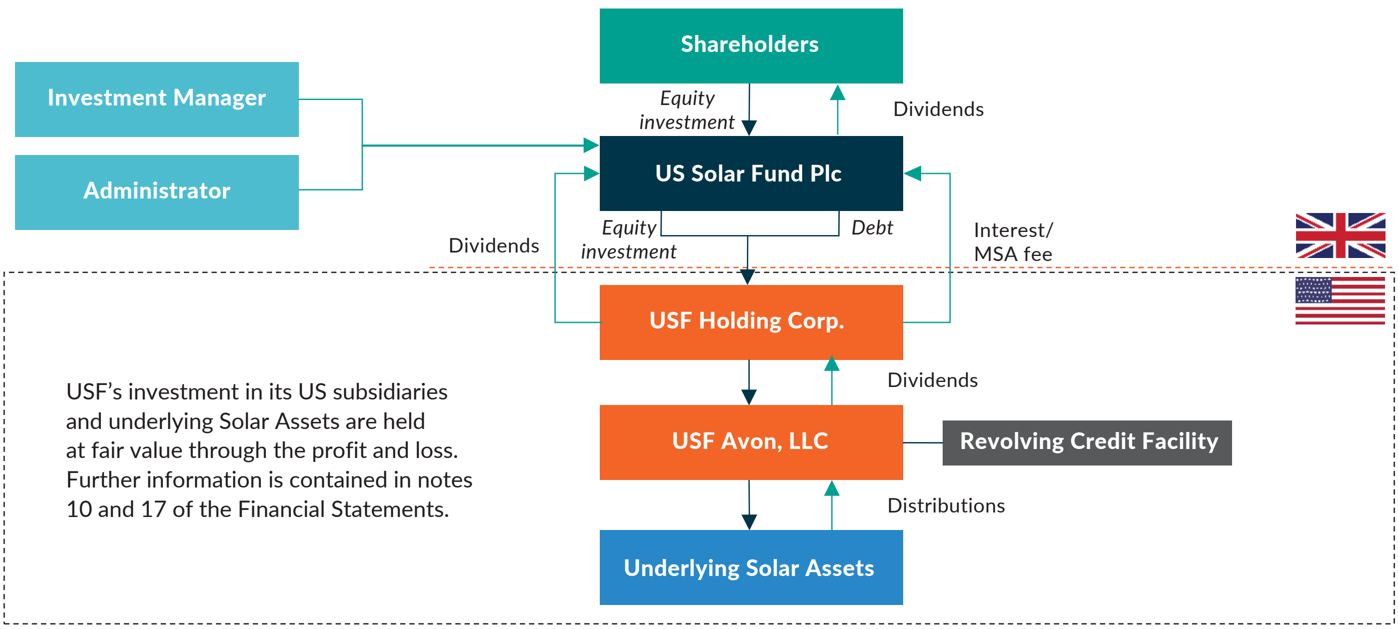
NET ASSET VALUE

USF's audited NAV at 31 December 2022 was $320.0 million or $0.963 per Ordinary Share, marginally lower than the 30 June 2022 NAV of $321.2 million or $0.967 per Ordinary Share. While the portfolio experienced an overall fair value uplift, this was offset by dividends paid, and operating costs at the plc level, as well as US tax losses (deferred tax liabilities arising from an increase in asset valuations), resulting in the reduction in NAV.

The fair value increase was driven by a modest uplift in electricity price forecasts and improved operating cost assumptions which more than offset the impact of increased discount rates driven by sustained higher interest rates.

US SOLAR FUND STRUCTURE

Figure 1: US Solar Fund Structure[16]



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

14. Remaining PPA term from 31 December 2022

15. Dividend coverage is calculated based on dividends paid to shareholders during the period.

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

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 2022, the Company and USF Holding Corp. have available cash of $7.3 million and $3.5 million respectively, for a total balance of $10.8 million which may be used to meet the obligations of USF. At 31 December 2022, the Company had access through USF Avon LLC (a wholly owned subsidiary of the Company) to a $40.0 million revolving credit facility (**RCF**) of which $36.5 million is undrawn, providing further liquidity support.

PORTFOLIO UPDATE

As previously mentioned, USF's portfolio grew to 543MW_{DC} with the acquisition of a second 50MW_{DC} tranche of MS2 in May 2022, bringing total ownership to 100MW_{DC} or 50% of the project. In August, USF announced that it had sold a purchase option (**Option**) over this 50% interest in MS2 to MN8 (**MN8**), a renewable energy business formerly known as Goldman Sachs Renewable Power LLC. The other 50% of the asset was sold to MN8 as part of a broader portfolio transaction during 2022. Under the terms of the Option, MN8 paid USF a non-refundable option fee of $1 million. MN8 exercised the Option in January 2023, with financial close expected during Q2 of this year.

The sale is expected to generate total proceeds (including the option fee) of $53.2 million and implies a gross return of 11% per annum[17] since USF announced the agreement to acquire up to 50% of MS2 from New Energy Solar (**NEW**) in December 2020. The valuation is consistent with the net asset value at which USF held MS2 at 31 March 2022. The Option exercise and expected resultant MS2 sale has no impact on the Strategic Review and the Company will update shareholders regarding use of proceeds at the conclusion of the Strategic Review (or the financial close of the MS2 sale if earlier).

As the Option was exercised after the end of the period, the portfolio comprised 543MW_{DC} across 42 projects at 31 December 2022. The portfolio is fully operating and diversified across four states with all production sold to a variety of investment-grade offtakers (S&P rated: A to BBB).

PORTFOLIO GENERATION UPDATE

Figure 2: Operating Portfolio Performance for Full Year 2022

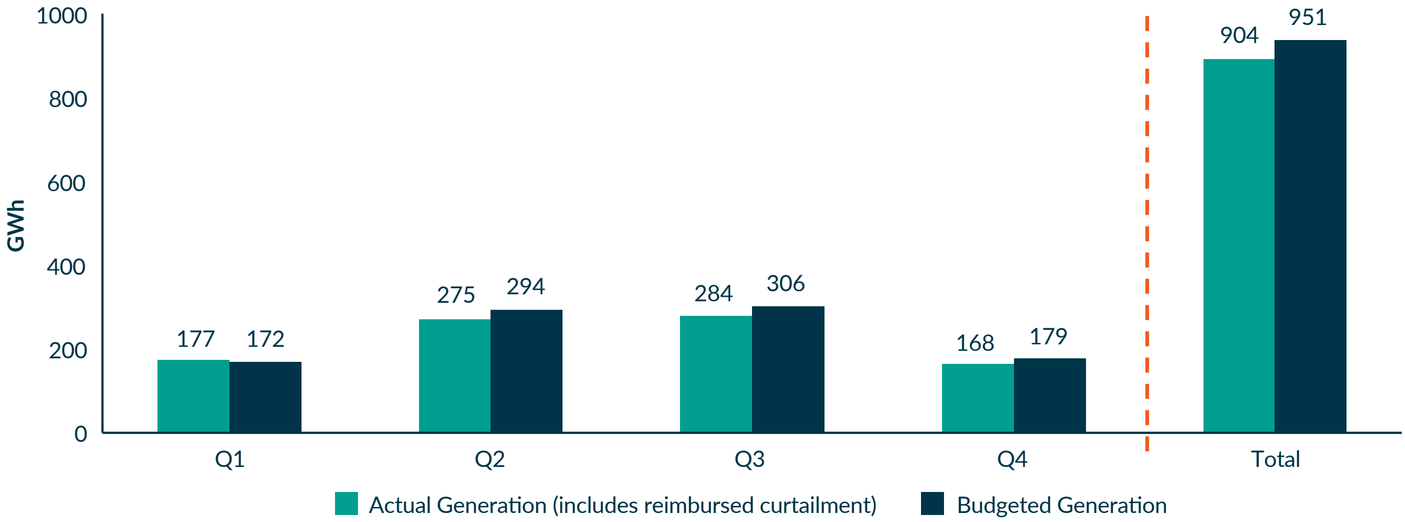


Figure 2 above shows actual and budgeted generation from the assets during the full year, including 50% of MS2 generation from the end of May 2022. The increase in production from Q1 to Q2 and decrease from Q3 to Q4 is largely attributable to the seasonality of production as we moved into and out of the summer months.

During the period, the assets produced 904GWh (including reimbursed curtailment). As shown in Figure 3 below, a 0.8% increase in generation from better-than-expected weather was more than offset by decreases from availability, unscheduled maintenance, and non-reimbursed curtailment, resulting in generation 4.9% below budget. Some of the lost generation and revenue related to inverter failure is expected to be reimbursed through business interruption insurance claims, and the Investment Manager expects the majority of future curtailment to be reimbursable as per the PPA curtailment provisions. Unscheduled maintenance was largely due to grid instability in Oregon and North Carolina as a result of weather and storms across the country.

17. Before taxes and transaction costs. Based on the MS2 sale reaching financial close on 15 May 2023.

USF has a high-quality, diversified portfolio of assets that are largely continuing to perform well with their long-term PPAs. The distribution of assets across different locations gave the portfolio the benefit of varying weather conditions, mitigating volatility from any particular event or local weather trend throughout the year. The period's generation is within the expected range of annual variance and did not impact USF's ability to continue to achieve an appropriate level of cash cover against the target dividend.

Over the course of the year, the Investment Manager has continued to proactively investigate plant performance to remediate production losses and improve operations. The Direct Current (**DC**) health of each facility remains to be one of the major areas of focus related to plant performance and the Investment Manager in conjunction with the site's O&M providers have implemented strategies to identify and remediate negative impacts to DC performance. For instance, the Investment Manager has upgraded the data analytics tool to better track DC health by comparing individual combiner boxes to the expected output and thereby identifying string or panel level losses, including soiling losses. Further, the frequency of thermal aerial drone scans have been increased where needed to ensure the DC health issues are identified and rectified as quickly as possible. To help reduce the duration of future outages, the team is continually reviewing the site spare parts inventory, evaluating items that may be subject to increased lead time or manufacturing constraints and purchasing as necessary.

Figure 3: Operating Portfolio Production Waterfall for 2022

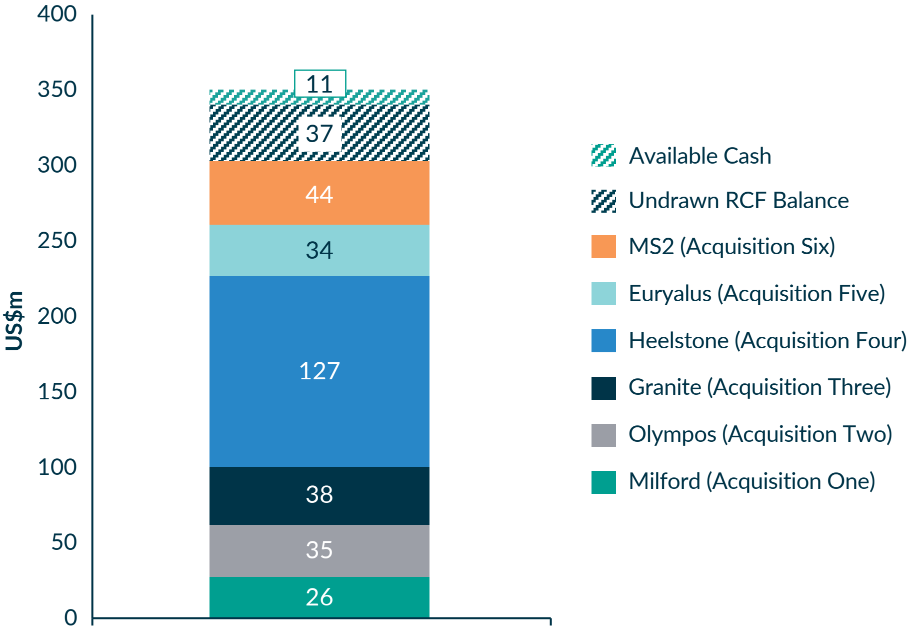
USF measures "Actual" performance against "Budgeted" performance. "Actual" production is the number of GWh generated and sold to the offtaker. "Budget" is the P50 production forecast for the plant before any adjustment for experienced weather conditions. Budgeted production is based on a production model 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, unplanned maintenance and grid outages.

STRATEGIC REVIEW AND SALE PROCESS UPDATE

The Company is currently undertaking a sale process for USF as a part of the Strategic Review to maximise value for shareholders. The process has invited expressions of interest for the entire USF plc, USF's US assets, or the investment management rights. Since the Strategic Review commenced, the Board and its advisors have engaged with a significant number of parties and, following receipt of indicative proposals, have shortlisted several parties who have proceeded to the next phase of the Strategic Review process. In order to provide the shortlisted parties with the requisite time to finalise their due diligence and submit binding proposals, the Board now expects to update shareholders on the Strategic Review in the next six to eight weeks.

FUNDS COMMITTED

Figure 4: USF Net Equity Invested and Funds Available



At 31 December 2022, USF had invested $304 million in the operating portfolio. USF has $11 million of available cash and an undrawn RCF balance of $36.5 million remaining.

EVENTS AFTER THE PERIOD

On 23 January 2023, the Company announced that MN8, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC, has exercised its purchase option over USF's 50% interest in the 200MW$_{DC}$ Mount Signal 2 asset, with financial close expected to occur in Q2 2023. The sale will generate total proceeds (including the option fee) of $53.2 million and implies a gross return of 11% per annum[18] since USF announced the agreement to acquire up to 50% of MS2 from NEW in December 2020.

On 24 March 2023, the Company declared a dividend of 1.52 cents per Ordinary Share for the period ending 31 December 2022, bringing total dividends declared for the twelve-month period to 5.58 cents per Ordinary Share, meeting the dividend target. The dividend is expected to be paid on or around 28 April 2022.

INVESTMENT PORTFOLIO

As at 31 December 2022 the Company owned 42 utility scale solar projects, totalling 543MW$_{DC}$. All assets in USF's portfolio have achieved commercial operations and are generating revenue for the Company. Table 2 sets out the location and further information regarding each project.

18. Before taxes and transaction costs. Based on the MS2 sale reaching financial close on 15 May 2023.

Table 2: Portfolio Overview

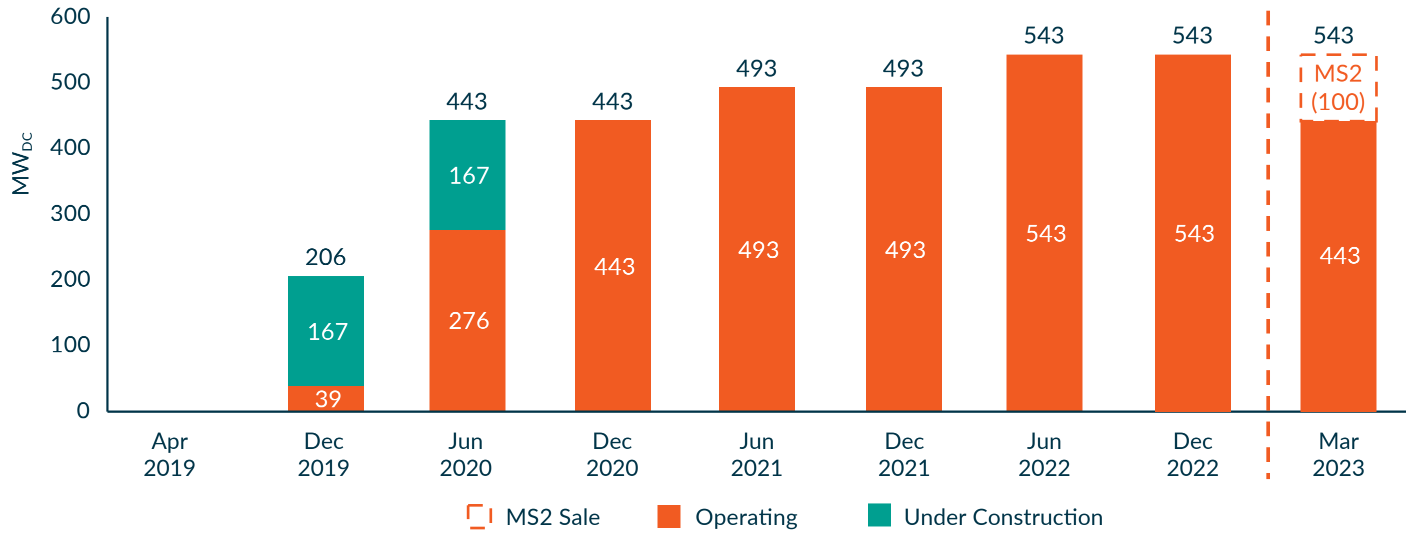
Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[19]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[20]
Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: A	22.9	Nov 20
MS2	99.8[21]	California	Mar 21	Southern California Edison	S&P: BBB	17.4	Jan 20
Suntex	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.6	Jul 20
West Hines	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.6	Jun 20
Alkali	15.1	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.7	Jun 20
Rock Garden	14.9	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.7	Jun 20
Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.0	Jan 18
Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	8.8	Mar 18
Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.0	Dec 17
Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: A	8.8	Dec 17
Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: A	8.8	Dec 17
Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: A	8.8	Jan 18
Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.7	Jul 20
Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: BBB+	10.7	Sep 20
Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	10.0	Dec 17
Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	10.6	Oct 18
Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	5.0	Dec 17
Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.6	Dec 16
Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.0	Dec 16
Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	9.0	Dec 16
Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.6	Dec 16
Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.9	Nov 16
Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.6	Dec 16
Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.6	Dec 16
Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.8	Oct 15
Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.8	Oct 15
Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.7	Aug 20
Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.6	Dec 16
Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.7	Sep 16
S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: BBB+	4.6	Jul 12
Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.5	Jun 15
Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	6.9	Jul 15
Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.6	Dec 16
Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.7	Oct 20
Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.7	Aug 20
Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.7	Aug 20
Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	13.7	Sep 16
Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	13.9	Dec 16
County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.6	Sep 16
Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	9.3	Apr 12
Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	5.0	Apr 13
Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.3	Jun 15
Grand Total	**542.8**					**13.8**[22]	

19. 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.
20. Commercial Operation Date.
21. Represents the Company's MS2 interest as at 31 December 2022.
22. Capacity-weighted average remaining PPA term as at 31 December 2022.

ACQUISITIONS

As at 31 December 2022, the Company had closed six acquisitions. Milford and Olympos completed in 2019, Granite, Heelstone and Euryalus were completed in 2020. The first 25% tranche of MS2 was completed in 2021 and subsequent second tranche financially closed in 2022, bringing the total portfolio to 543MW_{DC} as at 31 December 2022. In January 2023, USF announced it would sell its interests in MS2, bringing the total portfolio capacity back to 443MW_{DC}.

Figure 5: Portfolio by Stage[23]



INVESTMENT PERFORMANCE

At 31 December 2022, the Company's shares were trading at $0.84 per Ordinary Share. This represents a 12.8% discount to the 31 December 2022 NAV of $320.0 million or $0.963 per Ordinary Share. The NAV is defined as the total assets less any liabilities.

The financial statements of the Company are presented in Sections 14-17 of this document. For further detail, please see Section 14: Condensed Statement of Profit and Loss and Other Comprehensive Income on page 89.

Table 3 below summarises the performance of the Company during the period.

Table 3: Performance Summary

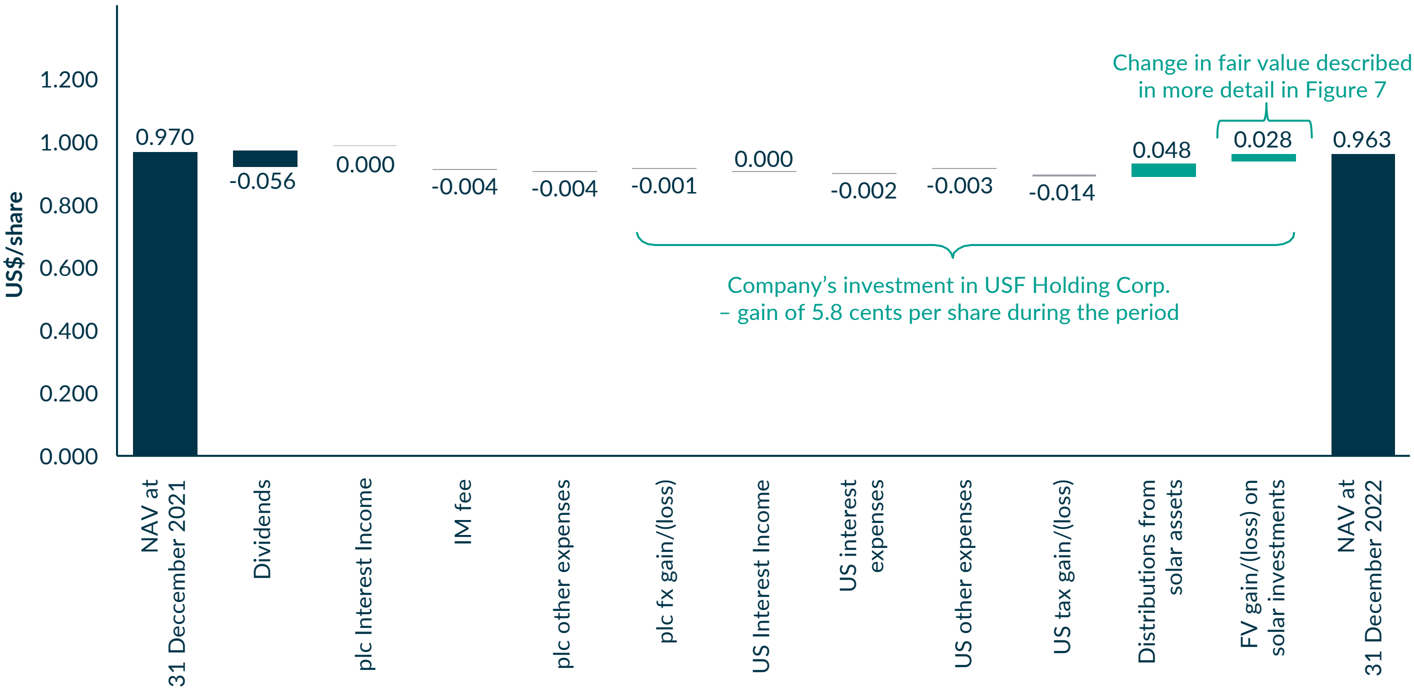
	12 MONTHS ENDED 31 DECEMBER 2022	6 MONTHS ENDED 30 JUNE 2022	12 MONTHS ENDED 31 DECEMBER 2021
Number of projects[24]	42	42	42
Capacity of projects	543MW_{DC}	543MW_{DC}	493MW_{DC}
NAV	$320.0m	$321.2m	$324.0m
NAV per share	$0.963	$0.967	$0.975
Ordinary shares issued	332m	332m	332m
Closing share price (USF)	$0.84	$0.88	$0.96
Market capitalisation (based on closing price)	$279m	$292m	$319m
Dividends paid[25]	$18.4m	$10.0m	$10.3m
NAV total return performance	9.98%	7.76%	5.55%
Share price total return performance (from inception)	(5.95%)	(4.06%)	3.13%

23. June 2020 operational figure includes Acquisition Five assets which were all mechanically complete by June 2020.
24. Represents projects that had reached financial close on the valuation date.
25. Dividends paid by the Company at 31 December 2022 does not include the 1.52 cents per Ordinary Share dividend declared by the Company for 3Q 2022 on 21 November 2022, paid to shareholders on 6 January 2023.

The Figure below shows the Company's NAV progression from 31 December 2021 to the end of the period, 31 December 2022. During the period, positive impacts from distributions from solar assets and fair value gain on solar investments were offset by dividends, the IM fee, expenses, and US tax loss. The US tax losses refer to increases in deferred tax liabilities arising from an increase in asset valuations.

The Company generated a profit after tax of $14,494,994 (4.4 cents per share) during the period. As set out in note 10 of the Financial Statements and summarised in Figure 6 below, dividend income of $15,911,710 (4.8 cents per share), intercompany loan interest income of $1,988,965, MSA fee income of $5,499,339 and an unrealised loss on investment of $4,008,758 sum to a net gain from the Company's investment in USF Holding Corp. over the period of $19,391,256 or 5.8 cents per share. This was offset by foreign exchange losses of $366,763 on funds that were retained in GBP, interest income of $3,905 and administrative, Investment Management fees and other expenses of $4,533,404.

Figure 6: NAV Bridge 31 December 2021 to 31 December 2022



The net improvement in fair value of the underlying solar power plants of $0.028 per share is broken down into its individual movements in fair value in Figure 7 below but is most significantly impacted by the roll forward, updated merchant curve and operating assumptions in the modelling of the solar plants in the portfolio, offset by updated discount rates.

Dividends paid by the Company to its shareholders incorporates the corresponding movement of earnings from the subsidiaries to the Company on a per share basis in the table above.

The movement in US taxes of $0.014 per share represents the increase in estimated deferred US taxes expected to be payable from a sale of the Company's portfolio of solar assets.

Figure 7: Fair Value Bridge of FV Gain on Solar Investments (USF Hold Corp.) 31 December 2021 to 31 December 2022

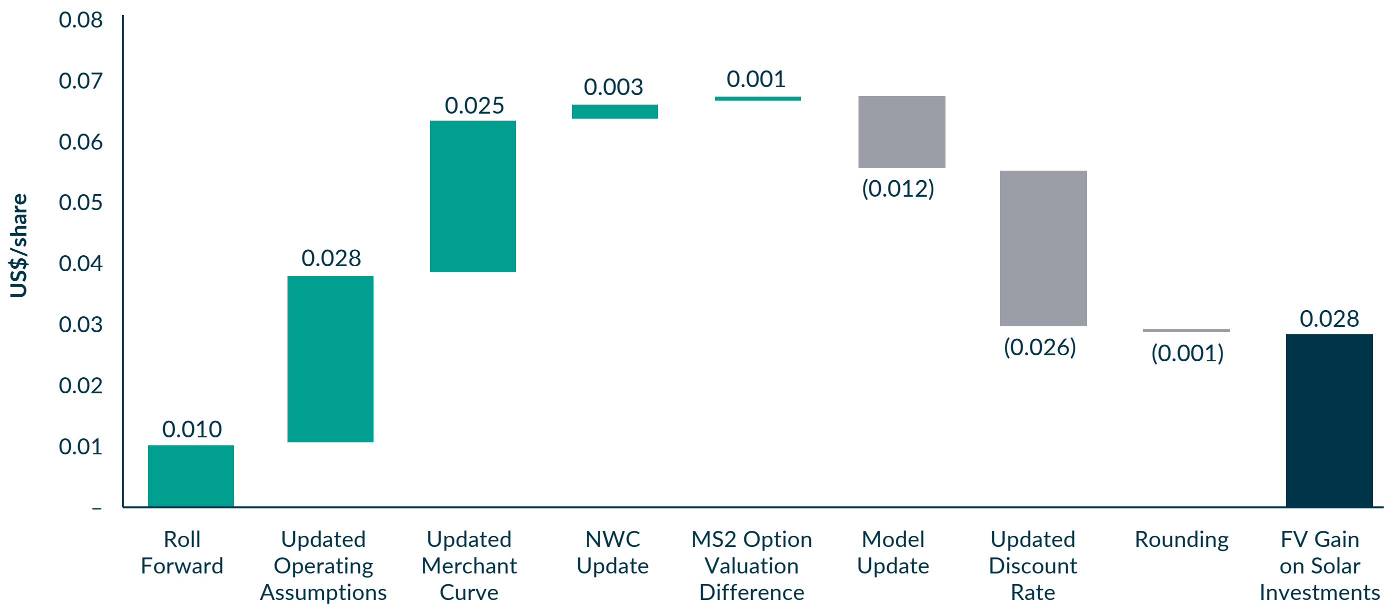


Figure 7 details the $0.028 cents per Ordinary Share movement in the "FV gain on solar investments" category shown in Figure 6. The increase reflects the updated operating assumptions, updated merchant curves and net working capital impacts on the valuations between 31 December 2021 and 31 December 2022.

The roll forward category is a result of bringing forward the valuation date to 31 December 2022 from 31 December 2021, thereby removing cash flows from prior periods and bringing forward future cash flows.

Updated operating assumptions include revised assumptions regarding expenses like vegetation management fees or recontracted O&M fees and had a net positive effect on the FV of the portfolio over the period through price reductions. These assumptions are based on real market data at year-end, however, future outcomes will depend on the market pricing at the time current contracts expire and are renewed.

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 H2 2022, independent forecasts of merchant prices (i.e. energy, capacity and RECs forecasts post the contracted PPA period) have generally been revised upwards, resulting in a positive impact on NAV.

The increase in net working capital (NWC update) reflects the increase in cash balances and movements in working capital at the holding company subsidiaries.

The MS2 option valuation difference refers to the difference between the option valuation as recorded at 31 December 2021 and the exercised 30 June 2022 valuation of tranche two of MS2.

Model update refers to the amendment of underlying fair value modelling mechanisms of the portfolio. Over the period there was a minor amendment made to the MS2's model to adjust for updated tax equity buyout estimates, resulting in a negative impact on the valuation of that asset. MS2's valuation was previously underestimating the cash flow associated with the tax equity buyout. There were no changes made to the generation assumptions over the course of the period.

Discount rates were reviewed and generally revised upwards for the period, resulting in a negative impact on FV. Further details on the discount rates can be found in the Valuation Methodology section below.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.37% of the average NAV for the period ended 31 December 2022. The ratio has been calculated using the AIC recommended methodology.

VALUATION

NET ASSET VALUE

The NAV for the period ending 31 December 2022 is $320.0 million, or $0.963 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 2022 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 2022. 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 2022.

The weighted average pre-tax cost of equity used for levered assets was 7.8% (June 2022: 7.6%, December 2021: 7.8%), and the pre-tax weighted average cost of capital (**WACC**) for unlevered assets was 7.0% (June 2022: 6.7%, December 2021: 6.3%). The key driver of the increase in pre-tax cost of equity and pre-tax WACC was increased risk-free rates.

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 2022, tax equity financing was in place for all projects in the Company's portfolio except for Granite and two assets in the Heelstone portfolio. 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,

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

Table 4: Tax Equity Summary

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

GEARING

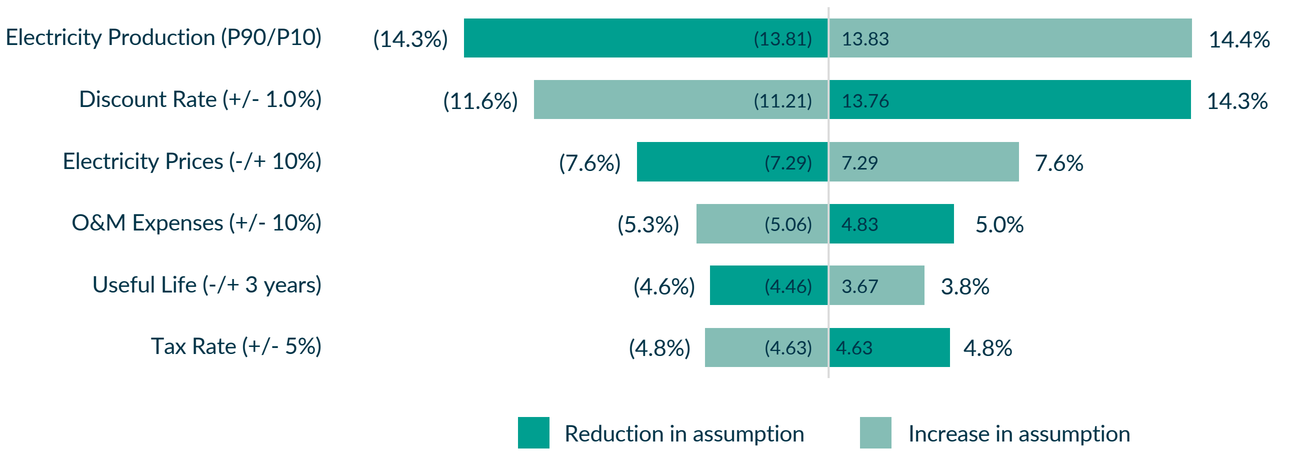
Taking the US operating subsidiaries and holding companies into account (which we also refer to as being on a look-through basis), USF had outstanding debt of $253 million as at 31 December 2022, based on the face value of drawn debt ($201.9 million as at 31 December 2021). This equates to 44.2% of Gross Asset Value (**GAV** - calculated as NAV plus outstanding debt) (38.4% as at 31 December 2021). This is below USF's long-term target of 50%.

Refer to Note 8 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 8 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 8: Sensitivity Analysis (Change in Cents Per Share)[26]



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

INFLATION

Rising inflation continued to be a concern in the US over the course of 2022 and has continued into 1Q 2023. USF considers inflation in terms of potential impact on cash flows from the existing portfolio and NAV. US consumer inflation expectations for the year ahead have lowered since June 2022 and, as of December 2022, are holding at low levels not seen since the end of 2021.

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 PPAs 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 a sustained inflationary environment, USF expects the discount rates used in valuations 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.

INTEREST RATE ON DEBT FACILITIES

Base interest rates on the Company's drawn amortising debt facilities are fully hedged for amortisaton period of the relevant loan which includes the initial term and one or more subsequent re-financings. In general, the amortisation period on term loans matches the PPA term.

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 2022 332,192,361 Ordinary Shares were in issue and no other classes of shares were in issue at that date. At 31 December 2021 332,192,361 Ordinary Shares were in issue, 31 December 2020, 200,192,361 Ordinary Shares were in issue and at 31 December 2019 there were 200,092,323 Ordinary Shares in issue.

During the period,

- the Investment Manager acquired 176,112 Management Fee Shares on 13 April 2022 at an average market price of $0.916 per share, reflecting the Management Share Amount due to the Investment Manager for the period from 1 July 2021 to 31 December 2021; and
- the Investment Manager acquired 185,352 Management Fee Shares on 10 October 2022 at an average market price of $0.86 per share, reflecting the Management Share Amount due to the Investment Manager for the period from 1 January 2022 to 30 June 2022.

INFORMATION ON THE INVESTMENT MANAGER

USF is managed by New Energy Solar Manager Pty Limited, who also established and built New Energy Solar, which was an Australian listed solar fund (www.newenergysolar.com.au). Combined, US Solar Fund and New Energy Solar have committed approximately $1.3 billion to 57 projects totalling 1.2GW_{DC}. New Energy Solar is in the process of returning capital to investors after successfully selling its US solar projects during 2022

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 12 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, a wholly owned subsidiary of the Investment Manager's parent entity, E&P Financial Group 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. With the exception of Liam Thomas who is now a contractor, all senior management and staff are employees of the Investment Manager. Further information on the Investment Manager team is provided at www.ussolarfund.co.uk.

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

PREVIOUSLY CHIEF EXECUTIVE OFFICER, NESM; CURRENTLY ADVISOR TO USF

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. As of December 2022, Liam has ceased full-time employment with the Investment Manager; however, from 1 January 2023, Liam has been engaged as a consultant to the parent company of the Investment Manager, spending 25% of his time focused on USF's Strategic Review. 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.

BERT SNARR MPA (Harvard), MBA (UCLA), BEcon (UM)

DIRECTOR, INVESTMENTS, NESM

Bert joined the Investment Manager in June 2022, focusing on due diligence and transaction execution. Prior to NESM, Bert was a Vice President in Bank of America Merrill Lynch's Emerging Growth Investment Banking Group. Previously he was a Vice President in the firm's Global Industrials Investment Banking Group. Bert led a variety of M&A and capital markets transactions in both roles, ranging from IPOs to private company acquisitions. Earlier in his career, Bert worked in Macquarie Capital's Emerging Markets Division, where he structured equity-linked notes and other derivative products before moving to fixed income trading, where he made markets in corporate and sovereign bonds.

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.

BRIAN DISLER BA (UPenn), JD (Brooklyn)

HEAD OF US, NESM

Brian was previously Co-Head of the US Masters Residential Property Fund, a REIT listed on the Australian Securities Exchange, which owns 1-4 family residential properties in the New York Metro area. Prior to that, he was General Counsel of E&P's US Division, overseeing all legal functions for the group. Brian began his career as an attorney at a large NY based law firm – where his practice focused on a wide-range of real estate matters, predominately for large corporate clients.

Milford $127.8MW_{DC}$

4. Environmental, Social and Governance

Alkali $15.1MW_{DC}$

4. Environmental, Social and Governance

ESG AND SUSTAINABILITY REPORTING UPDATE

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. The Company's 2021 Annual Report initiated inclusion of the Company's reporting on the Taskforce on Climate-related Financial Disclosures (TCFD). The USF Sustainability report also includes and expands 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. In April 2021, the parent of the Investment Manager, E&P Financial Group, 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.

Key ESG and Sustainability metrics will be mentioned in the Annual and Interim Reports while fulsome reporting will be captured in the latest Sustainability Report.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

US Solar Fund commenced reporting against the TCFD framework in the 2021 annual report to further assist investors and other market participants to review and understand USF's approach and consideration of ESG and Sustainability risks and opportunities.

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–RELATED RISKS AND OPPORTUNITIES)

The disclosures on the following pages report against all 11 of the TCFD recommendations. USF has complied with LR9.8.6R by including climate-related financial disclosures consistent with the recommendations, other than including integrated climate-related risk scenarios, which will be included 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. A summary of their skills and experience is set out on in Section 6 of this report. 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. The Board and Investment Manager discuss risks related to climate change at least annually and have ultimate oversight of the Company's risk management framework. Climate change is also considered within the Company's risk register at each Board meeting. The Board considers the impacts of climate-related events through its discussions with the Investment Manager, notably in respect of opportunities through the Company's annual strategy reviews and risks through the Company's risk management framework. 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).

<table>
<tr><th>Strategy</th><th>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.</th></tr>
<tr><td></td><td>The pace of transition to a net zero carbon future in the US will determine the size of the opportunity for investors in the US solar market, balanced by the availability of equity and debt capital to access these opportunities. USF recognises there are climate change risks which could have an impact on the Company's returns and growth opportunities. These risks are identified and discussed as part of the Investment Manager's wider risk management processes. Primarily they are identified and assessed by the Investment Manager when making new investments (through due diligence and pipeline screening) and through asset management monitoring activities and reporting across the operating portfolio. 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 operational risks are discussed in more detail under Principal Risks and Uncertainties, and include changes to energy grid and mix impacting grid stability, and US incentives for new solar having a positive benefit. Physical risks relate to the impact of climate change on energy assets and operating companies. These include short term extreme weather events (wildfires, heavier snowfall or rainfall, flooding, severe storms, drought) and longer-term impacts such as rising sea levels and global temperatures which can reduce output.

USF notes that the following physical risks 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. Physical risks differ by asset locations, with our recent experience being storms, wind and flooding more common on the US east coast, whereas dust and ash panel contamination, and wildfire risks more prevalent on the west coast of the US.
• 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.
• 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 of the Annual Report for discussion of the impact of the risks and their mitigants.</td></tr>
<tr><td>4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.</td><td>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 considers risks from climate change to be a principal risk, which is covered in more detail in Section 5 – Principal Risks and Uncertainties. This includes an assessment of the impact of climate related opportunities and risks on USF's financial planning and strategy.

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. wildfires, heavy rainfall, extreme heat, heavy snowfall).

The Company minimises the impacts of medium-term climate-related risks including generation performance of solar assets, ongoing maintenance costs and forecast merchant power prices on revenue by undertaking sensitivity analysis, policy monitoring, engaging O&M contractors to respond to physical risks, improved grid monitoring, having geographic mix of asset locations and 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 13.8 years for the Company's entire portfolio). Medium-term contracts are also entered into with O&M providers to provide stability to maintenance costs.</td></tr>
</table>

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.
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 over the longer term (at least 30 years, approximating asset useful lives). They include downward changes in forecast power prices by 10% from current levels, which would reduce the Company's NAV by 7.3 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. Of course, the Russian invasion of Ukraine has disrupted European and world energy markets, and generally resulted in higher spot and term power prices. USF's near-term cashflows are insulated from volatility in wholesale power prices because of its long-term contracted cash flows. USF's revenues from electricity sales are 100% contracted through the PPA period. USF's exposure to power price fluctuation is only after the PPA period, at which point the Company may choose to re-contract at the prevailing price. 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 100 basis points would reduce the Company's NAV by 11.2 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 13.8 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 4.5 cents. The Company's climate-related risks and opportunities matrix is complex. It recognises climate/weather risk, and this risk is assessed relative to whole suite of financial, operational, legal and regulatory risks faced by USF.

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's Sustainability 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. The Company has appointed a third-party consultant to model and identify further climate-related risks with findings to be reviewed by the Managers and Board to consider mitigations. As part of this process, each asset will be reviewed according to specific location and key technology characteristics. 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 including design loading, geographic diversity, insurance, snow clearing and panel cleaning. 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.

Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
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.
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 has no employees and Board remuneration is fixed independently of performance metrics. 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:
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, 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, data is not available for fuel used in small, rented office premises, and the Company does not have owned vehicles or significant sources of refrigerant use. As a result, Scope 1 direct emissions are shown as nil. In 2021, USF measured emissions related to Investment Management including flights taken by the Investment Manager and emissions from office space, totalling 23 tonnes of CO_2. The emissions from USF's 42 operating solar plants for the year 2021 were estimated to be between 3,179.1–10,899.9 tonnes of CO_2 based on a study published in December 2017 in Nature Energy[27]. During 2022, the Company has engaged a consultant, Carbon Responsible to enhance its data collection and analysis for its emissions and carbon footprint calculation. Emissions data and methodology can be found below for 2022. Additional data and analysis is included throughout the Sustainability Report which is to be released following the Annual Report.

State	% of Budget Generation MWh	% of Revenue	% of NAV
North Carolina	26%	29%	42%
Oregon	25%	32%	29%
Utah	29%	15%	11%
California	20%	23%	17%
Total	**100%**	**100%**	**100%**

27. Pehl, M., Arvesen, A., Humpenöder, F. et al. Understanding future emissions from low-carbon power systems by integration of life-cycle assessment and integrated energy modelling. Nat Energy 2, 939–945 (2017). https://doi.org/10.1038/s41560-017-0032-9

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

	2022 (tCO_2e)	What is included
Scope 1	–	Emissions from fuel used in owned premises not recorded by US Solar Fund. The Company does not own vehicles.
Scope 2	11.8	Emissions from electricity
Scope 3	3,927.1	Emissions from water, business travel, electricity transmission and distribution and Well-to-tank, and emissions from contractors
Total	**3,938.9**	

This table contains Scope 1, 2 and 3 emissions from US Solar Fund's operations during the financial year 2022, that have been calculated by Carbon Responsible using the DEFRA 2022 conversion factors.

Scope 1 emissions have not been calculated as data is not available.

Scope 2 emissions are the emissions from the electricity consumed in US Solar Fund's premises in Sydney and New York, calculated using a location-based approach.

Scope 3 emissions include both corporate Scope 3 emissions (Water supply and treatment, Electricity Transmission and Distribution, Third-party fuel use, Business travel and Hotel Stay) and emissions from the contractors that operate US Solar Fund's sites. Emissions from contractors include Scope 1 and 2 emissions from the contractors' operations, together with the emissions from third-party vehicle use, in line with the SECR requirement and with data availability. When activity or emissions data for the contractors was not available, the impact has been estimated based on the available data and extrapolated using the 1st year energy production for each site.

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;
- tracking weather adjusted performance of each plant;
- tracking plant and grid outages and causes; and
- CO_2 emissions displaced.

USF's portfolio comprises 42 operational solar plants and the portfolio was responsible for displacing more than an estimated 618,000 tonnes[28] of CO_2 emissions.

More information on these targets can be found in the Company's Sustainability Report which will be released shortly after the Annual Report.

28. Six Environmental figures use actual generation figures for 2022. US CO^2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (AVERT).

Red Oak 6.9MW_{DC}

5. Principal Risk and Uncertainties

Davis Lane 7MW_{DC}

5. Principal Risk and Uncertainties

The Board is responsible for financial reporting and controls, including the approval of the Annual Report and Accounts, the dividend policy, any significant changes in accounting policies or practices, and treasury policies including 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 with the symbols (🡅), (🡇) and (⟷) denoting an increase, decrease and no change respectively in the assessed risk over the period since the 2021 Annual Report. The Directors do not consider that the risks to the Company resulting from Brexit, the Ukraine conflict or the Covid-19 pandemic significantly affect the principal risks and uncertainties set out 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[29] passed through Congress in November 2021, which included $65 billion to upgrade transmission capabilities, which will assist integration of renewable generation into US grids. In August 2022, the Inflation Reduction Act was passed which includes $370 billion in clean energy incentives, many of which are directly targeting the solar industry.
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. While the Company was able to raise capital in April 2021, it has not been in a position to do so since that time, contributing to the Board's decision to undertake the Strategic Review. 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 have lowered the political risk associated with investment in US renewable energy.

29. 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 at acquisition). 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.
Valuation of assets (↔)	The Investment Manager's due diligence process used 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 inputs.
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) and two assets in the Heelstone portfolio (Acquisition Four), with the respective tax equity partner 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 the Company's next facility maturity being the USF Avon LLC corporate revolving credit facility in September 2023.
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 IPO proceeds and 2021 capital raising proceeds are largely invested with $11 million remaining. In addition, the Company has an $36 million undrawn within the RCF to deploy. The ability of the Company to access suitable solar assets was a contributing factor to the Board's decision to commence the Strategic Review.

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 which would partially offset rising rates. Higher capital costs, operating costs and required returns of capital are likely to present additional challenges to new projects. If USF is investing in new projects, 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.
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 consider the impacts of climate change risks on financial planning by conducting sensitivity analysis over the medium term (5 years) and longer term (useful asset life) 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. Wider climate change risks include changes to the US energy grid and mix which may impact grid stability; with US federal and state- based incentives for new solar having positive benefits for the Company. The Investment Manager performs sensitivity analysis as, policy monitoring, retains capable O&M contractors to respond to physical risks, improved grid monitoring and having geographic mix of assets (to monitor physical and transitional risk).
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 **(↔)**	Global health concerns often translate to elevated uncertainties in financial markets and have detrimental effects on the global economy. Pandemics 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. The Company was able to successfully raise funds in 2021 during the recent Covid-19 pandemic.

Risk	Impact on Company	Mitigant
Counterparty credit risk **(↔)**	There is the potential for losses to be incurred due to defaults by PPA counterparties, EPC contractors, derivative counterparties, and deposit taking institutions.	There have been no material changes to the creditworthiness of any of the USF counterparties as a result of COVID-19, and the Company and the Investment Manager diversifies credit risk across multiple investment-grade counterparties. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's unless specifically approved by the Board. The Investment Manager will continue to monitor credit market conditions, including as they apply to PPA counterparties.
Supply chain disruption **(↑)**	The potential for financial losses from not being able to obtain essential parts, components or specialist skills when required to keep availability at desired levels due to delays or blockages in supply chains	The Investment Manager is acutely aware of the potential for foregone revenue where supply chain delays or blockages do not enable the timely repair and replacement of components. Where feasible, the Investment Manager works with O&M contractors to hold adequate inventories of spare parts. In addition, industry connections are maintained with component manufacturers, engineering advisors and other industry participants to enable the early identification of potential supply chain issues.
Stability of the Investment Manager **(↑)**	With changes to the Company's strategy, stability and retention of the Investment Manager and key staff will be important as the Board works through the Strategic Review.	The Investment Manager's initial 5-year management agreement with the Company to provide investment management and other services to the Company expires in April 2024. In circumstances where the Investment Manager can no longer provide the contracted services stipulated in the management agreement, subject to its terms, the Board can replace the Investment Manager with an alternative investment manager with the requisite capabilities.

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 if the Strategic Review does not subsequently lead to an earlier realisation of the portfolio. 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 principal risks facing the Company 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 Board considers longer term viability in the context of the current base case forecast, and given the Company is relatively sensitive to electricity production, were there to be a generation/production shortfall of 10% across the whole portfolio for the entirety of the forecast period. This is viewed as conservative as USF operated at 4.9% below budget in 2022 (2021: 3.9% below). The Board reviews the sensitivities impact on forecast cash flows, dividend cover and average dividend yield over a five-year timeframe.

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 many of the emerging and principal climate, regulatory and operational risks the Company is 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.

The Company's dividend policy is to target increasing annual dividends of 1.5% to 2.0% per annum from a 5.5 cents per share from when the Company's solar portfolio became fully operational in 2020. This takes into consideration forecast operating cash flows, expected dividend cover, inflation, the outlook for electricity prices and the operational performance of the Company's portfolio. Dividends are discretionary and declared quarterly. Each year, as the target dividend for the next financial year is established, the Directors consider the expected forward-looking cash flows and consider the sustainability of the proposed dividend. Each quarter, as dividends are declared, the Directors consider the projected operating cash flows and dividend cover levels.

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 in recent years 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 Operations and Maintenance (**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. The Company has no employees, however the Board reviews health and safety metrics from external O&M service providers at each quarterly Board meeting and there were no lost time incidents on any sites during the year.

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. The Board held a face-to-face strategy day with the CEO of the Investment Manager in attendance during 2022. There have also been a number of virtual annual strategy 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 3 — Investment Manager Report and Section 9 — Corporate Governance Report.
(b) The interests of the Company's employees.	The Company has no employees.

Section 172(1) Statement Area	Comments and References
(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.
(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 2023 which 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 and 2022, 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

24 March 2023

6. Board of Directors

Red Oak 6.9MW_{DC}

Milford 127.8MW_{DC}

6. Board of Directors

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

GILLIAN NOTT **NON-EXECUTIVE CHAIR**

Mrs Nott spent the majority of her career working in the energy sector, including positions with BP. In 1994 she became CEO of ProShare, a not for profit organisation promoting financial education, savings and investment, and employee share ownership. She was a non-executive director of the Financial Services Authority from 1998 until 2004. Subsequently she has held numerous board roles, including being a non-executive director of Liverpool Victoria Friendly Society, a leading insurer, and deputy chair of the Association of Investment Companies. Mrs Nott has served as both a non-executive director and chair of a number of venture capital trusts and investment trusts. She is currently chair of 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 low carbon sectors. Ms Nutter is Director for Project Development at Climate Impact Partners (formerly 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.

DIVERSITY

The Remuneration and Nomination Committee is aware of the Hampton Alexander Review on board gender diversity, the Parker Review on ethnic diversity and the requirements of the FCA's policy statement on diversity and inclusion on company boards and executive management. The Board of Directors has comprised at least 50% women since the Company's inception in 2019 and is chaired by Gill Nott. The Management Engagement and Remuneration and Nomination Committees are chaired by Rachael Nutter, and the Audit Committee is chaired by Jamie Richards. USF has no employees beyond its non-executive Board, with executive management of USF provided by its Investment Manager. The table below reflects the gender and ethnic backgrounds of the Board and its Committees and Investment Manager based on which ethnicity category and which gender identity the individuals identify.

Gender identity and ethnic background reporting as at 31 December 2022

	NUMBER OF USF BOARD MEMBERS	PERCENTAGE OF USF BOARD	NUMBER OF COMMITTEE CHAIR POSITIONS ON THE USF BOARD	NUMBER IN EXECUTIVE MANAGEMENT AT NESM	PERCENTAGE OF EXECUTIVE MANAGEMENT AT NESM
Gender identity					
Women	2	50%	2	1	17%
Men	2	50%	1	5	83%
Ethnic background					
White British or other white (including minority-white groups)	4	100%	3	6	100%
Asian/Asian British	0	0%	0	0	0%
Other ethnic group	0	0%	0	0	0%

The Company has not met the diversity targets set out in listing rules 9.8.6(9)R/14.3.33(1)R, namely the requirement that at least one individual on its Board be from a minority ethnic background. The Board currently comprises four members each serving their initial terms, and the Remuneration and Nomination Committee will address ethnic diversity when the composition of the Board next changes.

Red Oak 6.9MW$_{DC}$

7. Directors' Report

Turkey Hill 13.2MW$_{DC}$

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 (**USD or $**) and currently consists of Ordinary Shares. The Company's principal activity is to invest in a diversified portfolio of Solar Power Assets located in North America and other countries forming part of the Organisation for Economic Co-operation and Development (**OECD**) in the Americas. Energy generation and carbon emissions information are included in Section 1 – Highlights and Section 4 – Environmental, Social and Governance, as part of the TCFD disclosures.

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. As at the date of this report, and in so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

DIRECTOR	ANNUAL FEE RECEIVED IN PERIOD 31 DECEMBER 2022 (£)
Gillian Nott*	63,000
Jamie Richards**	52,500
Rachael Nutter	42,000
Thomas Plagemann	42,000

*This includes £21,000 per annum in respect of serving as Chair of the Board.

**This includes £10,500 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 2022 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%

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2022, 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	36,748,735	11.06%
Sarasin & Partners LLP	28,888,501	8.69%
Newton Investment Management	27,708,259	8.34%
Cantor Fitzgerald Ireland Ltd	25,620,201	7.71%
CCLA Investment Management	24,978,298	7.52%
Baillie Gifford & Co	23,064,927	6.94%
Fidelity Investments	22,631,733	6.81%
Gravis Advisory Ltd	15,505,965	4.67%
Hargreaves Lansdown Asset Management	14,221,768	4.28%
Privium Fund Management BV	12,130,000	3.65%

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. While the Strategic Review may ultimately result in a sale of the Company or its assets, there is not yet any certainty that any transaction will occur. 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.

2023 AGM

Shareholders are invited to attend the Company's AGM to be held on Wednesday, 24 May 2023 at 12:00 p.m., at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF. The AGM notice is set out on pages 113 to 117.

Those shareholders who are unable to attend the AGM in person are encouraged to raise any questions in advance with the Company Secretary at USSolarFund-CompanySecretary@jtcgroup.com (please include 'USF AGM' in the subject heading and include your name and shareholder reference number, which can be found on your share certificate, proxy form or email broadcast from the Company). To the extent that it is appropriate to do so, we will respond to any questions received in a Q&A which will be posted on our website, in advance of the AGM. Please note all questions should be submitted by close of business on Wednesday, 17 May 2023. If you are unable to locate your reference number, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 703 6253. From overseas +44 (0370) 703 6253.

You may not use any electronic address provided in this section to communicate with the Company for any purposes other than those expressly stated.

Further, the Investment Manager will make available a presentation to shareholders in advance of the AGM. The presentation is expected to be available on the Company's website (www.ussolarfund.co.uk/) on Monday 15 May 2023.

RESOLUTIONS TO BE PROPOSED AT THE AGM

There are 12 resolutions being proposed at the forthcoming AGM, 10 as ordinary resolutions, including approval of the Annual Report and Audited Financial Statements for the year ended 31 December 2022, as well as approving the Directors Remuneration Report contained within the 2022 Annual Report (**Resolution 1 and 2**). Ordinary Resolutions require 50% of the votes cast, whereas the two Special Resolutions require a 75% of the votes cast to be in favour of the relevant resolution, for that resolution to carry. Further information on these resolutions is given below.

ORDINARY RESOLUTIONS

Resolution 1: Receive the Annual Report and Financial Statements

The *Companies Act 2006* (the "Companies Act") requires the directors of a public company to lay before the company in general meeting copies of the annual report, directors' report and its auditor's report in respect of each financial year. These are contained in the Company's annual report and financial statements for the financial year ended 31 December 2022 (the "2022 Annual Report"). Accordingly, a resolution to receive the 2022 Annual Report is included as an ordinary resolution.

Resolution 2: Approve the directors' remuneration report

The directors' remuneration report can be found on pages 73 to 76 of the 2022 Annual Report and is subject to an advisory vote by Shareholders, which is proposed as an ordinary resolution. It details the payments that have been made to Directors during the year, in accordance with the current remuneration policy.

The remuneration report will be presented to Shareholders on an annual basis.

Resolution 3 – Approve the Directors' Remuneration Policy

The directors' remuneration policy can be found on page 74 of the 2022 Annual Report and is subject to a binding vote by Shareholders every three years. If approved, the policy will take effect immediately after the end of the AGM. No changes are proposed to the Directors' current remuneration arrangements.

Resolutions 4 and 5: Appointment of auditors and auditors' remuneration

Resolution 4 relates to the appointment of Deloitte LLP as the Company's auditors to hold office until the conclusion of the Company's next annual general meeting. This resolution is recommended by the Company's audit committee and endorsed by the Board. Accordingly, it is proposed, as an ordinary resolution, to appoint Deloitte LLP as the Company's auditors. Similarly, resolution 5 authorises the Directors, upon recommendation from the Company's Audit Committee, to fix the auditors' remuneration.

The Directors, having regard to the audit committee's recommendation, consider that the level of consultancy related non-audit fees to audit fees undertaken by Deloitte LLP is appropriate for the advisory work required to be undertaken for the year to 31 December 2022 and that these do not create a conflict of interest on the part of the independent auditor.

Resolutions 6 to 9: Election of directors

The Company's articles of association specify that any director who has been appointed by the Board of directors during the year shall hold office only until the next annual general meeting of the Company. Each of the existing Directors will retire from office with effect from the conclusion of the AGM and will stand for re-election by the Shareholders.

Brief biographies of each member of the Board standing for election (or re-election) can be found on page 40 of the 2022 Annual Report.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and the sector in which it operates to enable it to provide effective strategic leadership and proper guidance of the Company. The Board confirms that, following the evaluation process set out in the Corporate Governance Report on page 53, the performance of each of the Directors is, and continues to be, effective and demonstrates their respective commitment to the role. The Board believes, therefore, that it is in the interests of shareholders that Gill Nott, Jamie Richards, Rachael Nutter and Thomas Plagemann be re-elected.

Resolution 10: Approval of the dividend policy

Resolution 10 concerns the approval of the Company's dividend policy which is to pay interim quarterly dividends to the Ordinary Shareholders, in US Dollars.

SPECIAL RESOLUTIONS

Resolution 11: Market purchase of own shares

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 49,795,646 of its ordinary shares, or, if less, 14.99 per cent of the Company's issued ordinary share capital immediately prior to the passing of this resolution (excluding treasury shares).

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of 15 months from the passing of the resolution and the Company's next annual general meeting.

The directors do not currently have any intention of exercising the authority granted by this resolution. The directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of Shareholders generally and will result in an increase in earnings per ordinary share.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The directors currently intend to cancel all shares purchased under this authority.

The Company does not have any options or outstanding share warrants.

Resolution 12: Notice period for general meetings

Resolution 12 is to be proposed as a special resolution to allow the Company to hold general meetings (other than annual general meetings) on at least 14 clear days' notice.

The minimum notice period for general meetings of listed companies is 21 days, but companies may reduce this period to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the company offers a facility for shareholders to vote by electronic means. This condition is met if the company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

If approved, the resolution will be effective until the end of the Company's next annual general meeting. The Board will consider on a case-by-case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive.

ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders are strongly advised to vote on the resolutions to be proposed at the AGM in advance. To do this, please register your proxy vote electronically by accessing our Registrar's website www.investorcentre.co.uk/eproxy, using control number 918388, Shareholder Reference Number (SRN) and PIN, all of which are available on the front of your Proxy form or within your Email (if applicable). Alternatively, the form of proxy accompanying the AGM notice may be completed and returned, in accordance with the instructions printed on it, to the Company's registrars at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event it must be received by no later than 12.00 p.m. on Monday, 22 May 2023.

If you need help with voting, please contact our Registrar, Computershare Investor Services PLC on 0370 703 6253. From overseas +44 (0370) 703 6253. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare are open between 08.30 a.m. – 5.30 p.m., Monday to Friday excluding public bank holidays in England and Wales) or via email at webqueries@computershare.co.uk.

Shareholders who hold their shares through an investment platform or other nominee service are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for votes to be lodged on their behalf.

RECOMMENDATION ON RESOLUTIONS TO BE PROPOSED AT THE AGM

The Board is of the opinion that all resolutions which are to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and therefore unanimously recommends that you vote in favour of the resolutions, as the Directors intend to do in respect of all shares in respect of which they have voting control, which amount in aggregate to 171,429 shares representing approximately 0.05% of the existing issued Ordinary Share capital of the Company (excluding treasury shares).

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the period.

POST-BALANCE SHEET EVENTS

On 23 January 2023, the Company announced that MN8, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC, has exercised its purchase option over USF's 50% interest in the 200MW_{DC} Mount Signal 2 asset.

On 24 March 2023, the Company declared a dividend of 1.52 cents per Ordinary Share for the period ending 31 December 2022, bringing total dividends declared for the twelve-month period to 5.58 cents per Ordinary Share, meeting the dividend target. The dividend is expected to be paid on or around 28 April 2022.

The Company's events after the period ended are discussed in the Investment Manager's Report on page 11.

Signed by order of the Board,

GILL NOTT
CHAIR
24 March 2023

Lakeview 13.7MW_{DC}

8. Directors' Responsibility Statement

Turkey 13.2MW_{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 2022.

Signed by order of the Board,

GILL NOTT
CHAIR

24 March 2023

Davis Lane 7MW_{DC}

9. Corporate Governance Report

Lakeview 13.7MW_{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 67 to 71.

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 67 to 71. 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 forthcoming AGM as part of the regulatory three yearly approval process. Full details on this Policy can be found in the Remuneration Report on pages 73 to 76.

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. Noting that, the Directors' fees were increased by 5% from 1 January 2022 following the prior year's review being the first increase since the 2019 IPO; the Committee concluded that the current fee levels remained appropriate. The full details for the directors fees paid during 2022 and to be paid in 2023 are set out on page 75.

BOARD EVALUATION

During the year, the Board undertook a formal internal annual evaluation of its own performance by way of a questionnaire that was tailored to suit the needs of the Company, which was completed by each Director. The assessment was led by the Chair of the Committee and along with the Chair of the Board the results were then discussed with the remaining Board members and appropriate action was taken 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 objectives in the best interest of the Company and its shareholders. Each Director made positive contribution and the Board was considered well balanced with no weaknesses in the Board's capabilities being identified.

TENURE OF CHAIR AND SUCCESSION POLICY

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

The Board's policy for succession planning is that there should be forward-looking and detailed succession and refreshment plans when proposing re-election of long-serving members. Any member of the Board who has served for nine years will be subject to a particularly rigorous review and evaluation process to determine whether they remain independent and should continue in their position. Each Board member is subject to annual re-election at each AGM. To date no Director has been on the Board for 9 years or more, with Gill Nott, Jamie Richards and Rachael Nutter's tenure being four years and Thomas Plagemann's tenure being three years. Due consideration will be given to tenure and succession in respect of three members having joined the Board at the same time.

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. A robust evaluation of the performance of the Investment Manager and AIFM was conducted by the Committee Taking into consideration the current Strategic Review and other activities that occurred throughout the year, it was 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 fees paid to the Investment Manager and the AIFM was reviewed by the Committee and it was concluded that these were at a similar level to the fees paid by the Company's peers and remained reasonable.

Following its review, the Committee remains firmly of the view that the Investment Manager and AIFM demonstrate the skills and commitment to perform their roles satisfactorily, 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 page 76.

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	3*/4	2*/3	1/1	1/1

* Due to an additional bank holiday scheduled in the UK at short notice, and with Board members and the Investment Manager working across multiple time-zones, Mr Plagemann was unable to attend one Board meeting and one Audit Committee meeting during the year, however he was able to provide input prior to the unattended meetings.

The Board meets formally on a quarterly basis and attendance is shown in the table above. During the period there were additional ad hoc meetings, these are generally called to approve specific announcements or to discuss the Strategic Review 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 2022

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, which included:

- considering capital structure;
- discussing asset acquisitions and pipelines;
- Strategic Review process;
- reviewing conflicts of interest register and significant shareholdings; and
- reviewing the risk register.

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 pages 35 and 37.

In relation to the conduct of the Company's 2023 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 AND RISK MANAGEMENT

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 28.

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

24 March 2023

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, but undertakes an annual effectiveness review to ensure it has the required skills mix and capabilities to generate value for shareholders.
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 34 as well as the viability statement on pages 34 and 35.
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% or more cast against any resolutions proposed at the 2022 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(1) statement on pages 35 to 37.
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 43 to 47. The Annual Report also contains a Committee Report for each Board Committee. These can be found on pages 67 to 79. The Board has not appointed a Senior Independent Director.
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 non-executive and independent from the Investment Manager, who is responsible for delivery of the Board's strategy, and reporting progress to the Board on at least a quarterly basis.
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.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 6: Division of Responsibilities (continued)	
Provisions – Board and Director Independence (continued)	
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.
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 pages 54 to 55 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 77 to 79. 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 77 to 79.
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 77 to 79.
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 53. 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 53 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 2022. 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 77 to 79.
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 52 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 67 to 71.
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	This is detailed on page 70 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, page 55 and pages 67 to 71.
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.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 8: Audit, Risk and Internal Control (continued)	
Provisions (continued)	
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; • developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; and • reporting to the Board on how it has discharged its responsibilities.	The main roles and responsibilities of the Audit Committee are set out in its Report on pages 67 to 71. 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 67 to 71.
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 67 to 71. 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 67 to 71.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 8: Audit, Risk and Internal Control (continued)	
Provisions (continued)	
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 55 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 45 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.
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 73 to 76.
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 73 to 76.
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 74 of the Directors' Remuneration Report.

PRINCIPLE/PROVISION	DETAILS OF HOW THE COMPANY COMPLIES
Section 9: Remuneration (continued)	
Principles (continued)	
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 52. 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 74.

Alkali 15.1MW_{DC}

10. Audit Committee's Report

Merrill 10.5MW_{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. Representatives of the Administrator and 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;
- monitoring the progress of the Company's Strategic Review and determining the impact on the annual report and financial statements; 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. The Company's risk assessment process is a risk-based approach to internal control through a matrix which identifies key risks undertaken by the Investment Manager and Administrator, the risks associated with each activity and the controls employed to minimise risks. A pre-control scoring based on 1 to 7 for Likelihood and 1 to 7 for Impact are used and these are multiplied together to provide a total pre-control risk score. Mitigation and controls are considered to provide a post control Likelihood and Impact score (again multiplying the post control scores for Likelihood and Impact based on 1 to 7).

Based on the results the Audit Committee establishes the Company's risk appetite against which the Investment Manager reports three times a year. The Board and the Investment Manager have clearly defined investment criteria, return targets, risk appetite and counterparty exposure limits. Reports on these performance measures, combined with cash projections and quarterly investment valuations are submitted to the Board for review at each quarterly meeting.

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. Valuation of investments is discussed in more detail below given its significance.

VALUATION OF INVESTMENTS

As outlined in notes 10 and 17 to the financial statements, the total carrying value of the investments at fair value as at 31 December 2022 was \$317.6 million (2021: \$314.4 million). Market quotations are not available for these financial assets, and as such, their valuation is undertaken using a discounted cash flow methodology. This requires a series of material judgements to be made, as further explained in Note 3 to the financial statements.

The valuation process and methodology were discussed by the Audit Committee with the Investment Manager at the time of the interim review, in October 2022 prior to the year-end valuation process, and again in March 2023 as part of the year-end sign-off process. The Investment Manager carries out a valuation semi-annually and an independent valuer, KPMG, provides a detailed valuation report to the Company. Including a review of the valuation discount rates at 31 December 2022. In October 2022 the independent valuer provided a report to the Audit Committee that corroborated the valuation of the portfolio at 30 June 2022. The expert also provided a report to the Audit Committee in March 2023 confirming that the discount rates adopted at 31 December 2022 were reasonable.

KEY FORECAST ASSUMPTIONS

The Audit and Risk Committee considered in detail those assumptions that are subject to judgement that have a material impact on the valuation. A significant proportion of the solar projects' income streams are power income under long-term PPAs; some of which have fixed price mechanisms. However, over time the proportion of power income that is fixed reduces and the proportion where the Company has exposure to wholesale electricity prices increases. The Investment Manager considers the forecasts provided by two expert energy advisers and adopts a profile of assumed future power prices by location of their solar assets.

The Investment Manager's valuation methodology is set out in the Valuation section of the Investment Manager's Report, and other key macroeconomic, asset life and cost assumptions and sensitivities considered by the Audit and Risk Committee are included in Note 17 to the Financial Statements.

AUDITOR INTERACTION

The external auditor explained the results of their review of the valuation, including their consideration of the Company's underlying cash flow projections, the macro economic assumptions and discount rates to the Audit Committee. On the basis of their audit work there were no adjustments proposed that were material in the context of the 31 December 2022 financial statements as presented.

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.

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 fourth 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 2023

Milford 127.8MW$_{DC}$

11. Directors' Remuneration Report

Davis Lane 7MW$_{DC}$

11. Directors' Remuneration Report

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

Under the requirements of Section 497 of the *Companies Act 2006*, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 81 to 88.

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.

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 be put to a vote at the upcoming 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 £42,000 quarterly in arrears for their services. In addition to this fee, Gill Nott was paid an additional £21,000 per annum for her role as Chair of the Board. Jamie Richards was paid an additional £10,500 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.

DIRECTORS' REMUNERATION

DIRECTOR	CURRENT ANNUAL FEE (£)	FEES PAID FROM 1 JAN – 31 DEC 2022 (£)	FEES PAID FROM 1 JAN – 31 DEC 2021 (£)
Gillian Nott*	63,000	63,000	60,000
Jamie Richards**	52,500	52,500	50,000
Rachael Nutter	42,000	42,000	40,000
Thomas Plagemann	42,000	42,000	40,000
Total	**199,500**	**199,500**	**190,000**

*This includes £21,000 per annum in respect of serving as Chair of the Board.
**This includes £10,500 per annum in respect of serving as Chair of the Audit Committee.

DIRECTORS' SHAREHOLDINGS

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 2022 and 31 December 2021 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 2022 ($)	PAYMENTS MADE FROM 1 JAN – 31 DEC 2021 ($)
Directors' total remuneration*	266,446	271,591
Dividends declared	18,469,890	14,288,657
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.

2023 REMUNERATION

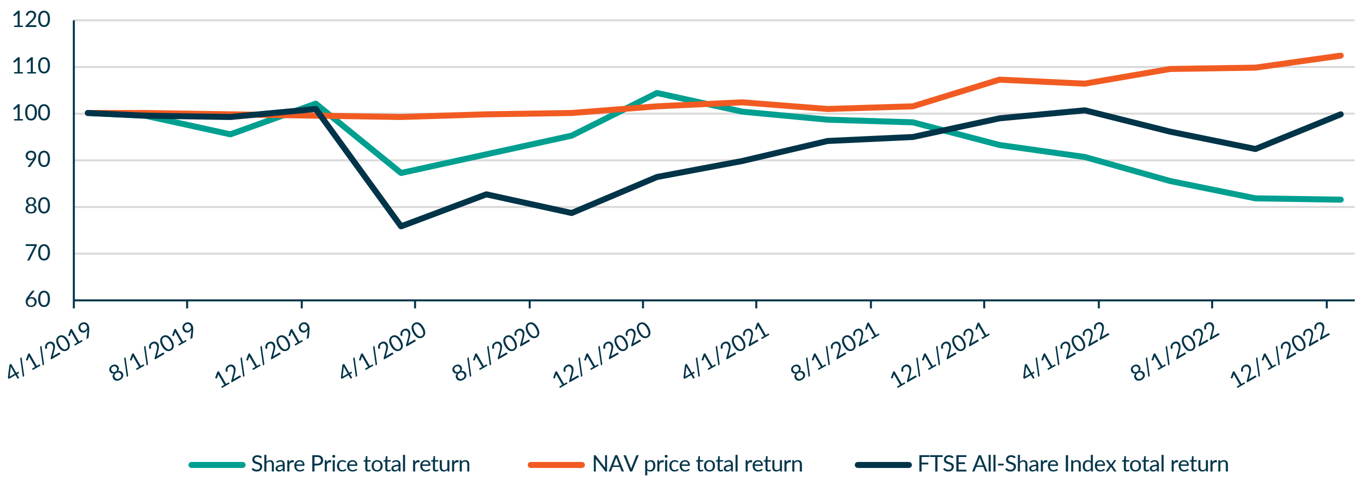
The remuneration levels for the forthcoming year for the Directors of US Solar Fund plc are shown in the Current Annual Fee column in the above table.

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 9: Share price and NAV total return



STATEMENT OF VOTING AT AGM

At the AGM on 24 May 2022, the votes in respect of the resolution to approve the Director's Remuneration Report were as follows:

In favour	99.99%
Against	0.01%
Withheld	0.00%

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.

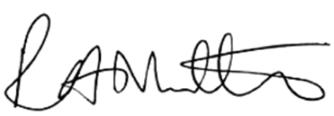
COMPANY-WIDE CONSIDERATIONS

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 2022 in relation to Directors' fees. Following publication of the 2022 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 2023 and is signed on its behalf by Rachael Nutter (Director and Chair of the Remuneration and Nomination Committee).



RACHAEL NUTTER
DIRECTOR

24 March 2023

12. Management Engagement Committee's Report

West Hines 15.3MW_{DC}

Alkali 15.1MW_{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. The service levels of the Investment Manager and other key service providers to the Company was evaluated. The Committee's terms of reference were also reviewed and deemed appropriate.

INVESTMENT MANAGER REVIEW

The Committee also carried out a robust 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, demonstrated the required level of skill and complied with the terms of its engagement, and had met its obligations to the Company.

The Committee has taken into consideration the Strategic Review, and has ensured that the Investment Manager serves the Company and its stakeholders. The Committee is of the view that the Investment Manager has demonstrated the level of skill and commitment during this process.

The Committee recommended the Investment Manager's continued appointment to the Board and it was agreed that this was in the best interest of shareholders.

SERVICE PROVIDERS REVIEW

The Committee undertook a full performance review of all its service providers 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 concluded that the Company's service providers were all performing satisfactorily.

RACHAEL NUTTER
DIRECTOR

24 March 2023

Milford 127.8MW$_{DC}$

13. Independent Auditor’s Report

Tate 6.5MW$_{DC}$

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 2022 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;
- 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: Similar level of risk
Materiality	The materiality that we used in the current year was $4.8 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 the company's investment commitments and opportunities alongside the funding strategy and availability of existing facilities;
- assessing the assumptions used in the forecast cashflows, including performing sensitivity analysis in relation to key assumptions;
- assessing the amount of headroom in the forecasts;
- assessing the evidence available from the ongoing strategic review and the associated impact on the company; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

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	TThe company's investments, held at fair value as required by IFRS 10, 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 2022. The total value of investments, including loan receivables, recognised at fair value as at the reporting date is \$317.6 million (2021: \$314.4 million). The valuation of investments in line with the requirements of IFRS 13 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, merchant price forecasts, operational expenses, economic life of operational assets and discount rates applied to future cashflows, as well as the potential impact of climate change. Due to the inherent risks described above we have identified a risk of error and a potential fraud risk relating to the possibility that investments may be valued inappropriately. In the current year additional consideration has been given to evidence arising as a result of the ongoing strategic review and the impact of changes in macro-economic factors including interest rates and energy prices. 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 the directors' assessment of fair value of investments at the reporting date. We challenged the key assumptions and the valuation recognised through the following procedures: • obtaining an understanding of relevant controls related to the valuation process at 31 December 2022; • 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 and the ongoing strategic review; • involving valuation specialists and utilising other sources of evidence to assess and evaluate the valuation methodology applied, the financial models prepared by the investment manager and key assumptions adopted including discount rates, merchant price assumptions and useful economic life assumptions ; • using macroeconomic data and observable market data to challenge key assumptions including consideration of the impact of climate change; • assessing the arithmetic accuracy of the models prepared by the investment manager; • obtaining and evaluating the share purchase agreements for any newly acquired assets or increases in shareholding in order to agree the acquisition cost, the nature and amount of any 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 of a reasonably possible change on the fair value of investments 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 and relevant disclosures are appropriate.

6. OUR APPLICATION OF MATERIALITY

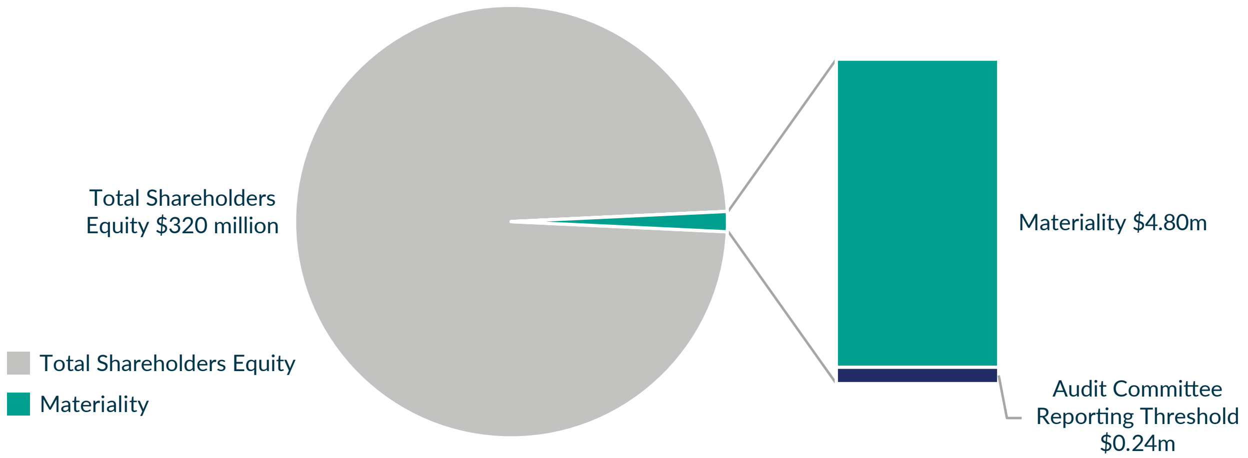
6.1. MATERIALITY

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	$4.80 million (2021: $4.87 million)
Basis for determining materiality	1.5% of total shareholders' equity (2021: 1.5% of total shareholders' equity)
Rationale for the benchmark applied	We consider total shareholders equity to be the key benchmark used by members of the company in assessing financial performance. Net asset value is a key metric communicated to shareholders and investors and, due to the nature of the company as an investment entity, reflects both the performance and position of the company.

A lower materiality threshold of $0.22 million based upon 5% of expenses (2021: $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 2022 audit (2021: 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;
- low level of identified uncorrected misstatements in prior periods;
- 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 $0.24 million (2021: $0.20 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 obtained an understanding of the processes and relevant controls, and evaluated the design effectiveness of the relevant controls within the key business cycles, being the investment cycle and the financial reporting cycle. Reflecting the limited segregation of duties and timing of control activities, 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 1 to 41 and the principal risks set out on pages 30 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 planning our audit, we have considered the potential impact of climate change on the company's business and its financial statements. In addition, we have:

- assessed the key financial statement line items and estimates which are more likely to be materially impacted by climate change risks given the more notable impacts of climate change on the business are expected to arise in the medium to long term.
- 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 22 to 28 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, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- 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 valuation and ESG 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 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 the fair value of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; 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 45;
- 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 50;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 55; and
- the section describing the work of the audit committee set out on page 52.

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 4 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

ANTHONY MATTHEWS FCA
(SENIOR STATUTORY AUDITOR)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
24 March 2023

14. Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

		FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	Notes	Revenue $	Capital $	Total $	Revenue $	Capital $	Total $
Net (loss)/gain on investments at fair value through profit and loss	10	–	(4,008,758)	(4,008,758)	–	9,118,692	9,118,692
MSA fee income	10	5,499,339	–	5,499,339	4,673,924	–	4,673,924
Dividends received	10	15,911,710	–	15,911,710	2,996,992	–	2,996,992
Intercompany interest income	10	1,988,965	–	1,988,965	1,988,957	–	1,988,957
Interest income	6	3,905	–	3,905	–	–	–
Total income		**23,403,919**	**(4,008,758)**	**19,395,161**	**9,659,873**	**9,118,692**	**18,778,565**
Expenditure							
Administrative and other expenses	7	(4,533,404)	–	(4,533,404)	(3,930,271)	–	(3,930,271)
Operating profit for the year		**18,870,515**	**(4,008,758)**	**14,861,757**	**5,729,602**	**9,118,692**	**14,954,943**
Loss on foreign exchange		–	(366,763)	(366,763)	–	106,649	106,649
Profit before taxation		**18,870,515**	**(4,375,521)**	**14,494,994**	**5,729,602**	**9,225,341**	**14,954,943**
Taxation	8	–	–	–	–	–	–
Profit and total comprehensive income for the year		**18,870,515**	**(4,375,521)**	**14,494,994**	**5,729,602**	**9,225,341**	**14,954,943**
Earnings per share (basic and diluted) – cents/share	9	5.681	(1.317)	4.363	2.009	3.235	5.244

All items dealt with in arriving at the result for the year relate to continuing operations. No other sources of other comprehensive income, therefore no separate statement is presented.

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 93 to 110 form an integral part of these financial statements

15. Statement of Financial Position

AS AT 31 DECEMBER 2022

	Notes	31 DECEMBER 2022 $	31 DECEMBER 2021 $
Non-current assets			
Investment held at fair value	10	317,634,210	314,442,968
		317,634,210	**314,442,968**
Current assets			
Trade and other receivables	11	1,215,366	243,782
Cash and cash equivalents	12	7,325,703	16,161,464
		8,541,069	**16,405,246**
Total assets		**326,175,279**	**330,848,214**
Current liabilities			
Trade and other payables	13	1,104,143	1,868,616
Dividends payable	14	5,049,324	4,982,886
		6,153,468	**6,851,502**
Net current assets		**1,316,402**	**9,553,744**
Total net assets		**320,021,811**	**323,996,712**
Shareholders equity			
Share capital	18	3,321,924	3,321,924
Share premium	18	128,035,864	128,035,864
Capital reduction reserve	18	175,007,789	175,080,315
Capital reserve	19	8,470,669	12,648,250
Retained earnings	19	5,185,565	4,910,359
Total shareholders equity		**320,021,811**	**323,966,712**
Net asset value per share	20	0.963	0.975

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 2023. They were signed on its behalf by:

GILL NOTT
DIRECTOR

Date: 24 March 2023

The Notes on pages 93 to 110 form an integral part of these financial statements

16. Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	SHARE CAPITAL $	SHARE PREMIUM $	CAPITAL REDUCTION RESERVE $	CAPITAL RESERVE $	RETAINED EARNINGS $	TOTAL EQUITY $
Balance at 1 January 2022		**3,321,924**	**128,035,864**	**175,080,315**	**12,648,250**	**4,910,359**	**323,996,712**
Dividends	14	–	–	(72,526)	–	(18,397,369)	(18,469,895)
Tax credit/(charge)	8	–	–	–	197,940	(197,940)	–
Total comprehensive income for the year		–	–	–	(4,375,521)	18,870,515	14,494,994
Balance at 31 December 2022		**3,321,924**	**128,035,864**	**175,007,789**	**8,470,669**	**5,185,565**	**320,021,811**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	SHARE CAPITAL $	SHARE PREMIUM $	CAPITAL REDUCTION RESERVE $	CAPITAL RESERVE $	RETAINED EARNINGS $	TOTAL EQUITY $
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 credit/(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**

The Notes on pages 93 to 110 form an integral part of these financial statements

17. Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	YEAR ENDED 31 DECEMBER 2022 $	YEAR ENDED 31 DECEMBER 2021 $
Cash flows from operating activities			
Profit for the year		14,494,994	14,954,943
Adjustments for:			
Net loss/(gain) on investments at fair value through profit and loss	10	4,008,758	(9,118,692)
Gain/(loss) on foreign exchange		366,763	(106,649)
Operating cash flows before movements in working capital		**18,870,515**	**5,729,602**
Increase in trade and other receivables		(971,582)	(198,195)
(Decrease)/increase in trade and other payables		(764,474)	1,135,893
Net cash generated from operating activities		**17,134,459**	**6,667,300**
Cash flows used in investing activities			
Purchases of investments	10	(7,200,000)	(110,000,000)
Net cash inflow/(outflow) from investing activities		**(7,200,000)**	**(110,000,000)**
Cash flows generated from/(used in) financing activities			
Dividends paid		(18,403,457)	(10,306,733)
Proceeds from issue of ordinary shares at a premium		–	131,032,911
Share issue costs		–	(1,861,833)
Net cash outflow from financing activities		**(18,403,457)**	**(4,002,347)**
Net increase/(decrease) in cash and cash equivalents for the year		(8,468,998)	(15,531,645)
Effect of foreign exchange rate movements		(366,763)	106,649
Cash and cash equivalents at the beginning of the year		16,161,464	523,170
Cash and cash equivalents at the end of the year		**7,325,703**	**16,161,464**

The Notes on pages 93 to 110 form an integral part of these financial statements

Turkey Hill $13.2MW_{DC}$

Notes to the Financial Statements

Davis Lane $7MW_{DC}$

18. Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

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 using accounting policies consistent with UK-adopted international accounting standards in conformity with the requirements of the *Companies Act 2006* and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies, (the **AIC SORP**) in July 2022. The financial statements have been prepared on a historical cost basis, except for the investment portfolio at fair value through the profit and loss. The principal accounting policies are set out in Note 5.

In the prior year, the MSA fees charged to its subsidiary USF Holding Corp (Note 10) were included in the net fair value movement. This is now included in profit and loss on an accrual basis in order to give a true and fair view of the transaction. This has not been applied retrospectively as the effect on earlier periods is not considered material.

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 the US Dollar (**$** or **USD**), which is also the presentation currency.

GOING CONCERN

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. In addition, Note 16 to the financial statements includes the policies and processes for managing its capital, its financial risk management, details of its financial instruments and its exposure to credit risk and liquidity risk.

The Company generated profit after tax of $14.5 million and operating cash flows of $18.9 million for the year. As at 31 December 2022, the company is in a net current asset position of $1.3 million and has available cash of $7.3 million. As of the same date, the Company's subsidiary, USF Holding Corp., has available cash of $3.5 million, which is available to meet the obligations of the Company. The Directors and the Investment Manager have been able to ensure the operational and trading integrity of the Company and based on the aforementioned, the Company appears to have sufficient cash resources to continue its operations for a period of at least 12 months from the date of approval of the accounts. 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 addition, the Company (through a wholly owned US subsidiary) has access to a $40 million revolving credit facility with Fifth Third Bank National Association (**RCF**). With an undrawn balance of $36.5 million at 31 December 2022, the RCF provides additional liquidity for capital expenditures, working capital and general corporate purposes. The RCF matures in September 2023, and the Investment Manager expects to amend and extend the facility agreement. In accordance with the terms of the facility, at the date of this report, the RCF had been paid down to nil as part of its annual 30-day paydown requirement. As noted in the Chair's letter, at this early stage the range of potential outcomes arising from the Strategic Review process being undertaken by the Board are not sufficiently certain and therefore do not to alter the Directors assessment of the going concern basis of preparation.

3. CRITICAL ACCOUNTING 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:

CRITICAL ACCOUNTING JUDGEMENTS

ASSESSMENT AS AN INVESTMENT ENTITY

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

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

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

c. the Company measures and evaluates the performance of substantially all of its investments on a fair value basis. The Company meets the criteria as follows:

- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually;
- the stated strategy of the Company is to deliver stable returns to shareholders through investing in a diversified portfolio of utility-scale solar power plants and associated infrastructure, which may include transmission and storage (e.g. batteries) assets which will typically be co-located with the solar power plant (together, Solar Power Assets) located in North America and other OECD countries in the Americas; and
- the Company measures and evaluates the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

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

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

As at 31 December 2022, 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 carries the most significant risk of a material effect on next year's financial statements is the fair value of investments. The determination of the fair value of investment in subsidiary depends on certain assumptions, which include selection of the discount rate, operational life, power generation, post-PPA period merchant prices and re-contracted O&M costs, which have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year. Refer to note 17 for further year-end detail on the fair value measurement as at 31 December 2022 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 2022 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 2022.

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 2022 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.

INCOME

Income comprises interest income (bank interest and loan interest), Management Services Agreement (MSA) fee and dividend income. 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. Previously, the MSA fee was included in the net fair value movement. This is now included in profit and loss on an accrual basis in order give a true and fair view of the transaction. This has not been applied retrospectively as the effect on earlier periods are not considered material.

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 Tax Act 2010* and Part 2 Chapter 1 Statutory Instrument 2011/2999 for accounting periods commencing on or after 16 April 2019. The approval is subject to the Company continuing to meet the eligibility conditions of the *Corporation 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. 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.

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. The MSA fee receivable is classified as trade and other receivables following its inclusion in profit and loss on an accrual basis.

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; and
- 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 OR and financial instruments classified as trade and other receivables.

FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT LOSS

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

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

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

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

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

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

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

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

RECOGNITION AND DERECOGNITION

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

FAIR VALUE MEASUREMENT AND HIERARCHY

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

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

The fair value hierarchy to be applied under IFRS 13 is as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

6. INTEREST INCOME

	31 December 2022 $	31 December 2021 $
Bank interest	3,905	–
	3,905	–

7. ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2022 $	31 December 2021 $
Administrative fees	157,333	140,409
Director & officer insurance	97,822	79,910
Directors' fees	266,760	271,591
Fees payable to the Company's auditor for the audit of the Company's financial statements	144,063	137,730
Fees payable to the Company's auditor for non-audit services[1]	23,987	45,643
Investment Management expenses/(recoupment)	75,190	38,867
Investment Management fees	3,220,609	2,880,537
Legal and professional fees	211,799	55,559
Regulatory fees	27,315	7,151
Sundry expenses	308,526	272,874
	4,533,404	**3,930,271**

[1] The non-audit services provided relates to the review of the interim financial statements. In addition Deloitte LLP is paid to audit certain subsidiary investments at a cost of $50,000.

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 2022.

	31 December 2022 $	31 December 2021 $
Tax charge in profit or loss:		
– UK corporation tax	–	–

	31 December 2022 $	31 December 2021 $
Reconciliation of the tax charge for the year		
Profit before tax	14,494,994	14,954,943
Tax at UK main rate of 19%	2,754,049	2,841,439
Tax effect of:		
Fair value gains/(losses) on investments not taxable	563,724	(1,884,059)
Foreign exchange (gain) / loss not taxable	69,685	(20,263)
Non-deductible expenditure	24,031	759
(Utilisation)/non-utilisation of excess expenses that no deferred tax is recognised on	(11,043)	8,115
Non-taxable dividend income	(3,023,225)	(569,428)
Dividends designated as interest distributions	(377,221)	(376,563)
Tax charge for the year	–	–

The tax credit of $377,221 (2021: $376,563) 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 $21,758 (2021: $36,288) 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% (2021: 25%).

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 2022 $	31 December 2021 $
Net profit attributable to ordinary shareholders	14,494,994	14,954,939
Weighted average number of ordinary shares for the year	332,192,437	285,178,711
Earnings per share – Basic and diluted (cents per share)	**4.363**	**5.244**

During the year ended 31 December 2022, the Investment Manager acquired 361,464 shares at an average price of $0.89 per share (2021: 221,176 shares at an average price of $1.01 per share) reflecting the Management Share Amount due to the Investment Manager from 1 July 2021 to 30 June 2022.

10. INVESTMENT IN SUBSIDIARY

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

	Opening Equity And Loans $	Equity Acquisitions during the Year $	Loans: Principal Advanced during the Year $	Net Fair Value Movement During the Year $	Closing Balance: Equity and Loans $
USF Holding Corp.	314,442,968	7,200,000	–	(4,008,758)	317,634,210

From establishment to 31 December 2022, 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 $7,200,00 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 2022 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 total fair value movement of $4,008,758 are dividends paid to USF from underlying US entities of $15,911,710.

The net fair value movement comprises the following:

	Total $
Fair value gain on investments	25,400,945
Dividends paid	(15,911,710)
Operating costs of USF Holding Corp (excluding MSA fee)	(6,009,852)
Total fair value movement	3,479,383
MSA fee income – cash received transferred to revenue reserve	(1,041,792)
MSA fee income – cash receivable and received for the year	(4,457,384)
Intercompany interest – cash received transfer to revenue reserve	(1,988,965)
Net fair value movement	(4,008,758)

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. Previously, the MSA fee was included in the net fair value movement. This is now included in profit and loss on an accrual basis in order give a true and fair view of the transaction. This has not been applied retrospectively as the effect on earlier periods are not considered material.

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

	31 December 2022 $	31 December 2021 $
Fair value of underlying solar asset interests held [(i)]	545,080,586	499,868,185
Cash or cash equivalents	3,526,852	21,038,732
Fair value of 3rd party loan funding provided [(ii)]	(253,302,242)	(201,916,761)
Fair value of interest rate swaps on 3rd party loan funding provided [(ii)]	30,994,646	(7,462,104)
Deferred tax liability	(8,080,938)	(3,572,073)
Other net assets and liabilities	(584,694)	6,487,010
Investment balance	**317,634,210**	**314,442,968**

(i) The balance recorded at 31 December 2022 relates to the company's interest in the Milford, Olympos, Granite, Heelstone, Euryalus and MS2 portfolio solar power plants.

(ii) Fair value of 3rd party loan funding provided and the fair value of interest rate swaps at 31 December 2022 was $222,307,595 (2021: $209,378,865) is comprised of the following:

Issuing Bank	Loan Type	Held By	Facility Size ($ million)	Drawn Face Value ($ million)	Drawn Fair Value of Debt and Swaps ($ million)
Fifth Third Bank, National Association	Revolving Credit Facility	USF Avon, LLC	40.0	3.5	3.5
Zions Bancorporation, N.A.	Term Loan	USF Bristol Class B Member, LLC (Milford)	23.6	23.6	18.0
KeyBank National Association	Term Loan	USF Bristol Class B Member, LLC (Milford)	23.6	23.6	18.0
Fifth Third Bank, National Association	Term Loan	Heelstone Energy Holdings, LLC (Heelstone)	68.8	68.8	60.7
Fifth Third Bank, National Association	Term Loan	SC Oregon 2, LLC (Euryalus)	34.3	34.3	29.0
Multiple Lenders	Term Loan	NES Hercules Class B Member, LLC (MS2)	99.5	99.5	93.1
Multiple Lenders	Revolving Loan Facility	NES Hercules Class B Member, LLC (MS2)	4.3	–	–
Total			**294.1**	**253.3**	**222.3**

USF Bristol Class B Member, LLC as Acquisition One borrower, is party to a financing agreement with Zions Bancorporation, N.A. and KeyBank National Association, each as lenders. The facility is 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 seven-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 2022, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $11.2 million.

In May 2021, the Live Oak Bank debt held by the projects in Acquisition Four (Heelstone) was repaid and a new term loan was entered into between Heelstone Energy Holdings LLC and Fifth Third Bank, National Association. The new debt facility has a tenor of seven years but is fully amortised over approximately 16 years to match the duration of the underlying power purchase agreements. The term loan is hedged with fixed interest rate swaps for the full duration of the loan, with a mark-to-market valuation as at 31 December 2022 of $8.07 million, included in the drawn fair value of the loan.

SC Oregon 2, LLC, entered into a term loan agreement with Fifth Third Bank, National Association in September 2020. The term loan has a miniperm structure and will be fully amortised over an 11-year period, with the initial tenure maturing in June 2026. In June 2021, SC Oregon 2, LLC prepaid $7.14 million of the outstanding principal balance. The 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 2022 of $5.32 million, included in the drawn fair value of the loan.

In March 2020, NES Hercules Class B Member LLC, the Acquisition Six borrower, 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 amortised over a 20-year period, with the initial tenure maturing on 31 January 2028. USF owns a 50% interest in the plant therefore only 50% 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 2022, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $6.42 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 Expense as required by the project. As at 31 December 2022, the revolving loan was undrawn. The revolving loan matures on 31 January 2028. USF owns a 50% interest in the plant therefore only 50% of the available facility value has been recorded.

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 $19.8 million, expiring in November 2026 concurrent with the mini-perm structure and will be refinanced thereafter.
- Zions Bancorporation, N.A. has provided a Letter of Credit to USF Bristol Class B Member, LLC to the value of $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 Heelstone Energy Holdings, LLC to the value of $6.8 million, expiring in May 2028 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 $4.5 million, expiring in June 2026 concurrent with the mini-perm structure and will be refinanced thereafter.
- CoBank, ACB has provided a Letter of Credit 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 $28.3 million LC expiring in March 2023 and a $7.9 million LC expiring in March 2025.

11. TRADE AND OTHER RECEIVABLES

	31 December 2022 $	31 December 2021 $
MSA fee receivable	1,071,201	–
Prepayments	81,808	86,324
VAT receivable	62,357	157,458
	1,215,366	**243,782**

12. CASH AND CASH EQUIVALENTS

	31 December 2022 $	31 December 2021 $
Cash at bank	7,325,703	16,161,464
	7,325,703	**16,161,464**

13. TRADE AND OTHER PAYABLES

	31 December 2022 $	31 December 2021 $
Creditors and operating accruals	213,801	250,876
Investment management fee accrual	890,342	1,617,740
	1,104,143	**1,868,616**

14. DIVIDENDS PAYABLE

During the year, the Company declared dividends totaling $18,469,895 (31 December 2021: $14,288,657) of which $13,420,570 (31 December 2021: $9,305,771) has been paid as at 31 December 2022. The Company declared a dividend of 1.52 cents per share, totaling $5,049,323.88 for the period ending 30 September 2022. The dividend was paid on 7 January 2023.

15. CATEGORIES OF FINANCIAL INSTRUMENTS

	31 December 2022 $	31 December 2021 $
Financial assets		
Financial assets at fair value through profit and loss: Investment in subsidiary	317,634,210	314,442,968
Financial assets at amortised cost:		
Cash at bank	7,325,703	16,161,464
Total financial assets	**324,959,913**	**330,604,432**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	1,104,143	1,868,616
Total financial liabilities	**1,104,143**	**1,868,616**

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. The symbols (🡅), (🡇) and (⬌) denoting an increase, decrease and no change respectively in the assessed risk over the period since the 2021 Annual Report.

CREDIT RISK (⬌)

The Company is exposed to third-party credit risk 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 2022.

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 2022 USF Holding Corp. held cash at bank of $2,858.869 and had trade and other payables totaling $661,500. 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 the Company's financial assets and liabilities.

As at 31 December 2022	<1 year $	1 to 2 years $	2 to 5 years $	>5 years $	Total $
Financial assets					
Financial assets at fair value through profit and loss:					
Loan to subsidiary*	–	–	–	41,791,694	41,791,694
Financial assets at amortised cost:					
Cash at bank	7,325,703	–	–	–	7,325,703
Total financial assets	**7,325,703**	**–**	**–**	**41,791,694**	**49,117,397**

As at 31 December 2022	<1 year $	1 to 2 years $	2 to 5 years $	>5 years $	Total $
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	1,104,143	–	–	–	1,104,143
Total financial liabilities	**1,104,143**	**–**	**–**	**–**	**1,104,143**

As at 31 December 2021	<1 year $	1 to 2 years $	2 to 5 years $	>5 years $	Total $
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 2021	<1 year $	1 to 2 years $	2 to 5 years $	>5 years $	Total $
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 interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business in order to manage market risks.

PRICE RISK (↔)

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 December 2022, the Company had no direct exposure to price risk. The effect of price risk on the Company's investments is considered in note 17.

INTEREST RATE RISK (↑)

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

The Company does not have any borrowings as at 31 December 2022. 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 2022, the Company is indirectly exposed to interest rate risk through its investment in the subsidiary. However this risk is managed at a subsidiary level and the effect of Interest rate risk on the Company is considered immaterial.

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

CURRENCY RISK (↔)

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

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

CAPITAL RISK MANAGEMENT (↔)

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

17. FAIR VALUE MEASUREMENT

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 December 2022:

	Level 1 $	Level 2 $	Level 3 $
Investment in subsidiary	–	–	317,634,210

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 $	Level 2 $	Level 3 $
Investment in subsidiary	–	–	314,442,968

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 2022 $	31 December 2021 $
Opening balance	314,442,968	195,324,276
Add: purchases during the year	7,200,000	110,000,000
Less: receipt of MSA fee income	(5,499,176)	(4,673,924)
Less: receipt of intercompany interest	(1,988,965)	(1,988,957)
Total fair value movement through the profit or loss (capital)	3,479,383	15,781,573
Closing balance	**317,634,210**	**314,442,968**

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 2022 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 the implied risk premium over relevant risk-free rates.

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

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

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

VALUATION PROCESS

NESM has engaged independent valuer KPMG to calculate the fair value of its operating renewable energy assets. KPMG is one of the largest valuation firms in the United States with significant experience in estimating the fair value of solar and other renewable energy assets. In accordance with Company policy, all 42 operating assets were externally valued at 31 December 2022 (construction assets were held at cost in previous periods). The valuation has been calculated in accordance with Uniform Standards of Professional Appraisal Practice (**USPAP**) as applied to photovoltaic electricity generation systems in the United States.

Primary valuation methodology:

- The equity fair values of USF's construction assets are based on the equity purchase price plus transaction costs (no assets were valued at cost for 31 December 2022 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 2022. This methodology more accurately reflects the valuation impact of the discrete debt instruments that USF has in place when compared to an unlevered valuation.
- A post-tax valuation is conducted at the US Holding Corp. level to compare the implied post-tax discount rate.

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

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

$	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 2021	**36,145,085**	**35,949,175**	**34,495,622**	**119,658,198**	**36,723,035**	**26,003,488**	**25,468,358**	**9,553,751**	**323,996,712**
Additions (at cost)	–	106,432	–	606,243	–	21,133,863	(27,969,500)	(7,166,150)	(13,289,111)
Change in fair value	311,993	2,361,160	82,255	6,952,681	46,727	4,559,395^	(5,000,000^)	–	9,314,210
31 December 2022	**36,457,078**	**38,416,767**	**34,577,876**	**127,217,121**	**36,769,763**	**51,696,747**	**(7,501,142)~**	**2,387,601**	**320,021,811**

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

^ Includes a $5 million reallocation from 'US Cash and WC' to 'MS2 - Acquisition Six' related to the derivative asset value of the option over the second tranche of MS2 that was recorded as at 31 December 2021. The sale closed in May 2022 and the $5 million is now reflected in the 'Change in Fair Value' of MS2.

The Company's total net asst value (NAV) of $320,021,811 (31 December 2021: $323,996,731) less WC in the UK of $2,387,601 (31 December 2021: $9,553,744) equals the fair value of the Company's investment in its US subsidiary of $317,634,210 (31 December 2021: $314,442,968).

~ Excluding undrawn revolver capacity of $36.5 million as at 31 December 2022.

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.

	REDUCTION OR INCREASE IN INPUT	CHANGE IN INPUT	CHANGE IN NAV ($'M)	CHANGE IN NAV PER SHARE (cents per share)
Discount rate	Increase	+1.0%	-37.25	-11.21
	Reduction	-1.0%	+45.70	+13.76
Electricity production (change from P50)	Reduction	P90	-45.89	-13.81
	Increase	P10	+45.93	+13.83
Merchant Period Electricity Prices	Reduction	-10%	-24.23	-7.29
	Increase	+10%	+24.23	+7.29
Operations and maintenance expenses	Increase	+10%	-16.82	-5.06
	Reduction	-10%	+16.06	+4.83
Operating life	Reduction	- 3 years	-14.83	-4.46
	Increase	+ 3 years	12.2	+3.67
Tax rate	Increase	+5%	-15.36	-4.63
	Reduction	-5%	+15.40	+4.64

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 2022. A range of +/- 1.0% has been considered to determine the resultant impact on the Company's NAV per share and the fair value of its solar asset investments.

As at 31 December 2022, the weighted average discount rate range used was 7.0% (December 2021: 6.3%) on a WACC basis, and 7.8% (December 2021: 7.8%) 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 (nor for the duration of current PPAs). For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of the Company's operating solar asset investments.

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

OPERATING EXPENSES

The operating costs of the assets underlying the Company's solar asset investments include annual operations and maintenance (O&M), asset management (AM), insurance expenses, land lease expenses, major maintenance and general administration expenses. Most operating expenses for the Solar Power Assets are contracted and as such there is typically little variation in annual operating costs. However, there may be cases where all operating costs are recontracted at a 10% premium or discount.

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

OPERATING LIFE

The useful operating life of a solar asset is generally accepted by independent valuers to be the lesser of the lease term for asset site and the independent engineer's assessment of the asset's useful life. The Company's maximum useful life assumption is 40 years (December 2021: 40 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 #	SHARE CAPITAL $	SHARE PREMIUM $	CAPITAL REDUCTION RESERVE $	TOTAL SHAREHOLDERS EQUITY $
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 0.01	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**
Dividends	–	–	–	(72,526)	(72,526)
As at 31 December 2022	**332,192,361**	**3,321,924**	**128,035,866**	**175,007,789**	**306,365,577**

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 1.52 cents per share, totaling $5,049,324 for the period ending 30 September 2022. The dividend was paid on 7 January 2023. This brought total dividends declared during the year to $18,469,895 '(or 5.6 cents per share). For the year ended 31 December 2022, the Company paid total dividends of $13,420,570 (or 4.04 cents per share).

19. RESERVES

The nature and purpose of each of the reserves included within equity at 31 December 2022 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 2022 the share premium account has a balance of $128,035,864 (2021: $128,035,964).
- 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 2022 the capital reduction reserve has a balance of $175,007,789 (2021: $175,080,315).
- 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 2022 the capital reserve reflects a profit of $8,470,669 (2021: $12,648,250).
- 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 2022, retained earnings reflects a profit of $5,185,565 (2021: $4,910,359).

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 2022 $	31 DECEMBER 2021 $
Net assets per Statement of Financial Position	320,021,811	323,996,712
Ordinary shares in issue as at 31 December	332,192,437	332,192,437
NAV per share – Basic and diluted ($/share)	**0.963**	**0.975**

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 2022 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 £42,000 per annum. In addition to this, Gillian Nott receives £21,000 per annum in respect of serving as Chair of the Board and Jamie Richards receives £10,500 per annum in respect of serving as Chair of the Audit committee.

Total Directors' fees of $266,759 (2021: $271,591) were incurred in respect of the year with none being outstanding and payable at the year-end (2021: $nil).

SUBSIDIARY

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

INVESTMENT MANAGER

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

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

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

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

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

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

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

A management fee of $3,220,609 (2021: $2,880,537) was incurred during the year ($322,061 paid or payable in ordinary shares), of which $890,342 (2021: $1,617,740) remained payable at 31 December 2022 ($162,339 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.

No debt arranging fees were incurred during the year (2021: $381,236). Asset management and construction services fees totaling $1,641,728 ($294,470 accrued; $1,347,259 paid) were incurred during the year (2021: $476,277).

23. CAPITAL COMMITMENTS

Other than 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 SHEET EVENTS

On 24 March 2023, the Company declared a dividend of 1.52 cents per Ordinary Share for the period ending 31 December 2022.

In January 2023, the Company announced that MN8 had exercised its purchase option over USF's 50% interest in the 200MW_{DC} Mount Signal 2 asset, with financial close expected to occur in Q2 2023.

Red Oak 6.9MW_{DC}

19. Directors and Advisers

Chiloquin 14.0MW_{DC}

19. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
Thomas Plagemann

ADMINISTRATOR AND SECRETARY

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

REGISTERED OFFICE

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

INVESTMENT MANAGER

New Energy Solar Manager Pty Limited
Level 32, 1 O'Connell Street
Sydney NSW 2000
Australia

JOINT CORPORATE BROKERS

Cenkos Securities PLC
6, 7 & 8 Tokenhouse Yard
London
EC2R 7AS

Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

AUDITOR

Deloitte LLP
1 New Street Square
Holborn
London
EC4A 1HQ

LEGAL ADVISERS

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

20. Notice of the Annual General Meeting of US Solar Fund PLC

20. Notice of the Annual General Meeting of US Solar Fund PLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the *Financial Services and Markets Act 2000* if you are resident in the United Kingdom or, if you are not resident in the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in US Solar Fund plc, please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

NOTICE OF THE ANNUAL GENERAL MEETING OF US SOLAR FUND PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of US Solar Fund plc will be held on Wednesday, 24 May 2023 at 12:00 p.m., at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. THAT the Annual Report and Financial Statements for the year to 31 December 2022, together with the directors' reports and auditors' report on those accounts, be received.
2. THAT the Directors' Remuneration Report (excluding the Director's Remuneration Policy), as set out on pages 73 to 76 of the Company's Annual Report and Financial Statements for the year to 31 December 2022 be approved.
3. THAT the directors' remuneration policy, as set out on page 74 of the directors' remuneration report, which takes effect immediately after the end of the annual general meeting, be approved.
4. THAT Deloitte LLP be re-appointed as the Company's Auditor from the conclusion of this meeting until the conclusion of the next Annual General Meeting.
5. THAT the Directors be authorised to determine the Auditor's remuneration.
6. THAT Gill Nott be re-elected as a Director of the Company.
7. THAT Jamie Richards be re-elected as a Director of the Company.
8. THAT Rachael Nutter be re-elected as a Director of the Company.
9. THAT Thomas Plagemann be re-elected as a Director of the Company.
10. THAT the Company's dividend policy be approved.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

SPECIAL RESOLUTIONS

11. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act to make market purchases (within the meaning of Section 693(4) of the Companies Act) of Ordinary Shares of $0.01 each in the capital of the Company on such terms and in such manner as the directors may from time to time determine, provided that:

    a) the maximum aggregate number of Ordinary Shares that may be purchased is 49,795,646 Ordinary Shares or, if less, 14.99% of the issued Ordinary Share capital of the Company immediately prior to the passing of this resolution (excluding treasury shares);

    b) the minimum price (excluding expenses) which may be paid for each Ordinary Share or is $0.01;

c) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of:

   a. 105% of the average market value of an Ordinary Share in the Company for the five business days prior to the day the purchase is made; and

   b. the higher of the last independent trade and the highest current independent bid on the London Stock Exchange;

d) unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier; and

e) the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its Ordinary Shares in pursuance of any such contract.

12. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the Company's next annual general meeting.

By order of the Board

JTC (UK) Limited

Company Secretary
Company number: 04301763

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

NOTES

a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member, subject to any Government restrictions on travel or gatherings in place at the time of the Annual General Meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chair or another person as his proxy although the Chair will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chair) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes.

b) Under section 319A of the Companies Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:

- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

c) To be valid, a Form of Proxy and (if required) the Power of Attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the *Powers of Attorney Act 1971* of such power and written authority, must be delivered to the Company's registrars Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by 12:00 p.m. on 22 May 2023 or, if adjourned, not less than 48 hours (excluding weekends and public holidays) prior to the adjourned meeting. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by 12:00 p.m. on 22 May 2023 before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) below, the proxy appointment will remain valid.

You may submit your proxy electronically at www.investorcentre.co.uk/eproxy. To do this, please register your proxy vote electronically by accessing our Registrar's website www.investorcentre.co.uk/eproxy, using control number 918388, Shareholder Reference Number (SRN) and PIN, all of which are available on the front of your Proxy form or within your Email (if applicable).If you need help with voting, please contact our Registrar, Computershare Investor Services PLC on 0370 703 6253. From overseas +44 (0370) 703 6253. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare are open between 08.30 a.m.-17.30 p.m., Monday to Friday excluding public bank holidays in England and Wales) or via email at webqueries@computershare.co.uk.

d) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent Computershare Investor Services PLC (under CREST ID number 3RA50), no later than 12.00 p.m. on 22 May 2023, or by no later than 2 business days prior to the time appointed for the holding of any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Group may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

e) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 6:00pm (GMT) on 22 May 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time, subject to any Government restrictions on travel or gatherings in place at the time of the Annual General Meeting. Changes to entries on the Register of Members after 6:00pm (GMT) on 22 May 2023 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

f) Appointment of proxies by joint holders.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

g) As at 24 March 2023 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital comprised 332,192,361 Ordinary Shares and the total number of voting rights in the Company were 332,192,361 Information regarding the number of Shares and voting rights may be obtained from the website, at http://www.ussolarfund.co.uk.

h) If you are a person who has been nominated under section 146 of the Companies Act to enjoy information rights ("Nominated Person"):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chair at the registered office set out above.

l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

m) Under section 338 of the Companies Act, members meeting the threshold requirements set out in that section have the right to require the Company to give notice of a resolution which may properly be moved at the Annual General Meeting. Any such request, which must comply with s.338(4) of the Companies Act, must be received by the Company no later than six weeks before the date fixed for the Annual General Meeting.

n) Under section 338A of the Companies Act, members meeting the threshold requirements set out in that section have the right to require the Company to include a matter (other than a proposed resolution) in the business to be dealt with at the Annual General Meeting. Any such request, which must comply with s.338A(3) of the Companies Act, must be received by the Company no later than six weeks before the date fixed for the Annual General Meeting.

o) Members satisfying the thresholds in section 527 of the Companies Act can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting, that the members propose to raise at this Annual General Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any such statement that the Company has been required to publish on its website.

Turkey Hill 13.2MW$_{DC}$

21. Alternative Performance Measures (APM's) Glossary

Suntex 15.3MW$_{DC}$

21. Alternative Performance Measures (APM's) Glossary

The measures described below are used throughout the Annual Report and are measures that are not defined within IFRS but provide additional information about financial performance and position that is used by the Board to evaluate the Company's performance. These measures have been defined internally and may therefore not be comparable to APMs presented by other companies.

APM	Definition
NAV per share	This is a measure of Net Asset Value (or **NAV**) per ordinary share in the Company and is calculated as the NAV divided by the total number of shares in issue at the balance sheet date.
Premium/ (discount) to NAV	The percentage by which the closing share price on comparable dates exceeds/(falls short of) the NAV per share.
Dividend cover	Dividend cover is calculated as net operating cash flows divided by dividends paid in the year, with an adjustment for cash flow reserves carried forward from operating cash flows generated in prior periods.

	12 months to 31 December 2022 ($'m unless stated)
Project revenue	53.9
Project operating expenses	-13.9
Payments to tax equity	-10.3
Portfolio debt expenses	-9.9
Project cash flows after debt service	**19.7**
Management fees	-3.9
Corporate operating expenses	-1.9
Revolver interest and fees	-0.3
Underlying operating cash flows	**13.6**
Cash flow reserve carried forward	8.5
Total underlying cash flows (A)	**22.1**
Dividends paid (B)	**18.4**
Dividend cover (A)/(B) (times)	**1.20x**

APM	Definition
Shareholder total return (from inception)	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.
NAV total return (from inception)	NAV total return is based on dividends paid throughout the period and NAV movement since inception.
Gearing	The face value of drawn debt as a percentage of the Gross Asset Value (GAV – calculated as NAV plus outstanding debt).