US Solar Fund

US Solar Fund PLC
(Company Registration Number 11761009)

INTERIM REPORT AND FINANCIAL STATEMENTS

for the period from 1 January 2022 to 30 June 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 sustainable dividends with an element of capital growth by investing in a diversified portfolio of solar power assets in North America and other OECD countries in the Americas.

OBJECTIVES

The Company acquires or constructs, owns and operates solar power assets that are expected to have an asset life of at least 30 years and generate stable and uncorrelated cash flows by selling electricity to creditworthy offtakers under long-term power purchase agreements (**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. The proceeds were used to refinance and reduce gearing on an existing portfolio and to acquire 100 megawatts (**MW_{DC}**) of Mount Signal 2 (50% interest).

PORTFOLIO

USF's current portfolio consists of 42 projects across four US states with a combined capacity of 543MW_{DC}. Its assets are fully operational, generating 452 gigawatt-hours (**GWh**) over the six-month period to 30 June 2022[1]. Power offtake agreements are in place for 100% of generation with creditworthy counterparties with a weighted average remaining life of 14.3 years[2], providing a resilient and uncorrelated income stream.[3]

TARGET RETURN

USF aims to deliver an annual cash-covered dividend of 5.5 cents per share, growing at 1.5 to 2% per annum, for each financial year from and including 2021. The target annual dividend for 2022 is 5.58 cents per share, a 1.5% increase over the prior year's annual dividend.


Milford 128 MW_{DC}


Pilot Mountain 7.5 MW_{DC}


Sarah 6.3 MW_{DC}


Cotten 6.8 MW_{DC}


West Hines 15.3 MW_{DC}


Mount Signal 2 200 MW_{DC}

1. Includes reimbursed curtailment.
2. Remaining PPA term from 30 June 2022.
3. 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}.

CONTENTS

Merrill 10.5MW_{DC}

1. Highlights

Turkey Hill 13.2MW_{DC}

1. Highlights

Table 1: Highlights for the period

	6 Months Ended 30 June 2022	12 Months Ended 31 December 2021	6 Months Ended 30 June 2021
FINANCIAL			
Net Asset Value (**NAV**)	\$321.2m	\$324.0m	\$313.3m
NAV per share*	\$0.967	\$0.975	\$0.943
Ordinary shares outstanding	332.2m	332.2m	332.2m
Share price based on closing price of indicated date	\$0.88	\$0.96	\$1.015
Premium (discount) to NAV*	(9.0%)	(1.6%)	7.6%
Market capitalisation based on closing price of indicated date	\$292m	\$319m	\$337m
Dividends paid[4]	\$10.0m	\$10.3m	\$2.0m
Dividend cover*	1.19x	1.82x	4.61x
Shareholder total return (from inception)*[5]	(4.06%)	3.13%	4.93%
Profit/(loss)	\$6.4m	\$15.0m	(\$5.0m)
Earnings per share (cents)	1.9	5.2	1.7
Ongoing charges[6]	1.35%	1.36%	1.36%
Gearing*	44.2%	38.4%	39.3%
OPERATIONAL			
Projects[7] in construction	–	–	–
Projects fully operational	42	42	42
Total capacity (ownership stake)	543MW_{DC}[8]	493MW_{DC}	493MW_{DC}
Total electricity generation	452GWh[8]	851GWh	449GWh
Generation % of budget	(3.0%)[8]	(3.9%)	(0.9%)
Weighted average PPA term remaining	14.3 years	14.4 years	14.9 years
Average offtaker credit rating	BBB+	BBB+	BBB+
ENVIRONMENTAL[9]			
CO_2 emissions displaced	336,000t	639,000t	339,000t
Equivalent US homes powered	46,000	87,000	46,000
Equivalent US cars removed from the road	73,000	139,000	74,000

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

4. Dividends paid by the Company at 30 June 2022 does not include the 1.27 cents per share dividend declared by the Company for 1Q 2022 on 24 May 2022, paid to shareholders on 8 July 2022.
5. Total return to shareholders is based on dividends paid and reinvested (at ex-dividend date) throughout the period and share price movement since the issue price of \$1.00.
6. The ongoing charges ratio is calculated in accordance with the Association of Investment Companies (**AIC**) methodology.
7. Solar Projects (**Projects**) or Solar Assets (**Assets**) are used interchangeably throughout the report.
8. Includes the second 50MW_{DC} tranche of MS2 from end of May to end of June, per financial close. Prior to end of May, only includes the first tranche of MS2, for a total of 493MW_{DC}
9. 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.

Milford 127.8MW_{DC}

2. Chair's Statement

West Hines 15.3MW_{DC}

2. Chair's Statement

I am pleased to present the Interim Report for US Solar Fund plc for the six-month period ended 30 June 2022. The Company now owns and operates more than half a gigawatt across 42 operating solar projects within four states across the United States. The Company has continued to deliver and cash cover the target dividend, with an increase of 1.5% in 2022 (its second full year of operations) to 5.58 cents. The first payment was made in July (for the period ending 31 March) and the second dividend, announced at the same time as the publication of this report, will be paid on or around 21 October 2022. At the 30 June share price of $0.88, with the 2022 target dividend of 5.58 cents, USF yields approximately 6.3%.

We are proud of the Company's progress since its IPO in 2019; however, we also recognize its share price performance has been disappointing compared to that of our peers who have a much greater exposure to merchant power prices than USF, which has none during the current PPA period. Therefore, the Board and the Investment Manager are exploring a number of options to continue to deliver value for the Company's shareholders. We believe that USF's steady cash flows from high-quality assets with investment-grade offtakers positions the Company as a strong ESG-oriented investment with defensive features that continue to be sought-after especially in volatile markets. We look forward to updating shareholders on USF's future plans as soon as practicable.

Whilst the world continues to experience extreme energy price volatility, USF remains a stable and solidly performing company. Energy prices rose as a result of the economic recovery from the COVID-19 pandemic; this was followed by the invasion of Ukraine by Russia. The Ukrainian crisis has resulted in severe disruption of Russian oil and gas supplies to Europe causing a dramatic price increase in all forms of energy. The average wholesale electricity price in the UK 2017 to 2019 was £50/MWh and increased over five-fold in late 2021 and early 2022 to the highest levels since the wholesale electricity market was established in 1990[10]. It remained over £150/MWh at half year-end, but is currently £260/MWh as of July 2022. Over the long-term, UK power price forecast curves are showing a substantial decline from current levels despite recent events and have been revised downwards over the last few periods, indicating that the market assumes that the current elevated prices will not persist beyond the next few years.[11]

Meanwhile in the US, abundant natural gas has historically kept energy prices low on an absolute level; this also means the market is less volatile. While recent global events have pushed short-term electricity prices up almost double over the last year, this is off a much lower base than in the UK, and the impact is not as dramatic. Further, during H1 2022, after a few periods of downward revision (though still escalating trends), independent forecasts of US merchant prices were generally revised upwards, resulting in a small positive impact ($0.002 cents per Ordinary Share) on the Fair Value of USF's portfolio since December 2021.

In addition to being solely exposed to the less volatile US market which is characterised by lower, more stable 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. The longest PPA has approximately 23 years remaining, the shortest has five years remaining; with a capacity weighted average PPA term remaining across the portfolio of 14.3 years at 30 June 2022. As a result, 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.

We believe one of the strengths of USF's strategy is its contracted cash flows which generate stable revenue from utility scale solar projects. Energy markets are broadly known for volatility, and whilst USF is not benefitting from extreme power price increases like some of its UK peers, the strategy also mitigates the impact of downward swings. Thus, we believe USF is an excellent complement to other renewable infrastructure funds that have more exposure to spot energy prices. It is noteworthy that as at 30 June, the yields of USF's peers ranged from approximately 4.2% to 6.2%, whereas the current yield on USF's shares is 6.3%.[12]

Throughout the period, USF shares have traded between $0.87 and $0.98 on the London Stock Exchange. At 30 June 2022, the Company's shares were trading at $0.88 per Ordinary Share. This represents a 9.0% discount to the NAV of $321.2 million or $0.967 per Ordinary Share. Including dividends paid and reinvested during the period, Shareholder total return from inception to 30 June is (4.06%), largely due to the share price reduction since listing. The NAV total return from inception to 30 June 2022 including dividends paid over the period is 7.8%.

10. https://www.ofgem.gov.uk/wholesale-market-indicators.

11. Wood Mackenzie and Hitachi UK wholesale price forecasts.

12. Based on AIC Renewable Energy Infrastructure Data as of 19 Aug 2022.

PORTFOLIO DEVELOPMENTS

In June 2022, USF announced it had completed financial close on a second $50MW_{DC}$ tranche of its $200MW_{DC}$ Mount Signal 2 (**MS2**) project in California. USF now owns 50% or $100MW_{DC}$ of the project. MS2 was built during 2018 and 2019 by Swinerton Renewable Energy, a leading US constructor, and has a 20-year PPA with Southern California Edison (**SCE**), that commenced in June 2020. Under the PPA, 100% of the electricity generated by MS2 is sold to SCE at an annually escalating price. SCE (S&P: BBB), a subsidiary of Edison International, serves a population of more than 15 million people and is the primary electricity provider for central, southern and coastal California.

After the period end, USF announced that it had sold a purchase option (**Option**) over its 50% interest in MS2 to MN8, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC. The other 50% of the asset is owned by New Energy Solar Limited (**NEW**) and is being sold to MN8 as part of a broader portfolio transaction. Under the terms of the Option, MN8 will pay USF a non-refundable option fee of $1 million and will have the option, for an initial term of six months extendable for a further three months by mutual agreement, to acquire USF's 50% interest in MS2 for an additional $52.2 million excluding working capital. The total proceeds of $53.2 million that USF will receive if MN8 exercises the Option imply a gross return of 11% per annum[13] since USF announced the agreement to acquire up to 50% of MS2 from NEW in December 2020.

As of 30 June, the portfolio comprised $543MW_{DC}$ across 42 fully operating projects in four states. During the period, the assets produced 452GWh of electricity. This was within the expected range of annual generation variance and ensured the continued strong cash cover of the dividend. Generation benefited from better-than-expected weather (3%) which was more than offset by a combination of contractually allowable and expected curtailment at MS2 in California during the first half of the year, isolated performance issues, and unplanned outages which resulted in a net 3% below forecast level of generation.

PERFORMANCE

USF's unaudited NAV at 30 June 2022 was $321.2 million or $0.967 per Ordinary Share, marginally higher than the 31 March NAV of $321.1 million or $0.967 per Ordinary Share. A small uplift in electricity price forecasts, improved operating cost assumptions, and valuation date roll forward drove the increase in fair value of the portfolio's underlying solar investments.

DIVIDEND

The Company declared a dividend of 1.27 cents per Ordinary Share for the quarter ending 31 March 2022, initiating the escalation of the initial target dividend following the first full year of operations. The 2022 target dividend is 5.58 cents per Ordinary Share, reflecting a 1.5% increase over the 2021 full year dividend of 5.5 cents. Reflecting the normal seasonality of cash flows, dividend cover for the six months to 30 June was 1.19x, noting the forecast coverage for the full year is 1.24x.

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.

OUTLOOK

After a record year in 2021, the US Solar Market slowed in early 2022 due to supply chain constraints, high commodity prices and complex trade policy. In Q1, over 2.2GW of solar came online; while this is a significant amount of capacity, it was the lowest first quarter since 2019. Despite the near-term slowdown, the US utility-scale market is expected to add 112GW between 2022 and 2027 as growth is expected to return in 2023. In addition to a strong forecast for recovery, recent political events are expected to provide meaningful tailwind to the industry.

In early June, President Biden removed tariffs on solar panels for at least 24 months. The tariff exemption is an important move as the concern that taxes would be levied after the completion of projects, would have been likely to have a significant softening impact on the industry. The pause allows projects to go ahead for at least two years. Concurrently, the US government is working to bring more solar panel production online in the US, to help mitigate concerns around human rights violations that are connected to some solar panels produced in China.

13. Before tax and based on USF's announcement date of 31 December 2022, second 25% option exercise date of 10 February 2022, MN8 option date of 21 August 2022, and an assumed completion date of 31 March 2023.

The growth of the US market received another boost 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. The measures could result in reducing annual emissions by as much as 44 percent by the end of this decade.[14] The key initiative in achieving this huge shift is replacing existing fossil fuel generation with new, cheaper clean energy to increase its share of energy production in the US. The measures include lifting (to 30%) and extending (through the end of 2024) the Investment Tax Credit and adds a production tax credit which starts in 2022 at $0.026 /kWh and rises with inflation. After 2024, tax credits become emissions-based, technology-neutral tax credits available to any facility with zero or net-negative carbon emissions and the facilities can choose either a production tax credit or an investment tax credit. Standalone battery storage is now also eligible for the Investment Tax Credit.

The focus on Environmental, Social and Governance (**ESG**) investments continues – both with significant demand and with increased scrutiny. Large financial institutions have come under criticism for greenwashing, and we expect that this will continue. The ESG and Sustainable investing space is still relatively young, and as the market matures, scrutiny will help improve standards and integrity. We believe USF is particularly well-positioned as an ESG investment because it is a renewable energy producer. Of course, we also recognise that we must consider ESG criteria across all aspects of running the business, to maintain our focus on the quality and integrity of our ESG reporting.

We believe that reporting on ESG and Sustainability considerations is important for our stakeholders, and see it as hugely valuable for the Company; the assessment of criteria and resulting data help us better understand where and how we can improve on our commitments. As a result, we have been incorporating various frameworks to help support our reporting and are engaging with consultants to ensure we are providing the best data available.

In April 2021, the parent of the Investment Manager became a signatory to the United Nations sponsored Principles for Responsible Investing (**UN PRI**); reporting will commence in 2023 based on recommendations from the UNPRI. In February 2022, USF published its first annual Sustainability Report covering 2021 and included initiation of USF's reporting through the Sustainable Financial Disclosure Regulation (**SFDR**) Annexe One and with the 2021 Annual Report, USF initiated reporting with guidance from the Task Force on Climate-related Financial Disclosures (**TCFD**). We will no longer include ESG and Sustainability reporting in the Interim Report as full, detailed analysis will be included in the annual Sustainability Report, with additional detail in the Annual Report.

While the US solar market is going from strength to strength, the world – in terms of financial markets, geopolitics, and climate – has had a difficult year, so far, to say the least. We have seen extreme volatility in financial markets, the tragic action by Russia in Ukraine, and droughts and wildfires across the globe. We believe that in a time of such turmoil, an investment like USF has an important role to play. Our portfolio of 42 high-quality solar plants across four states of the US has been fully operational for more than 18 months and generates stable cashflows from a range of investment-grade PPAs that are uncorrelated with short-term power prices. We believe that these stable cashflows are a welcome source of stability in such turbulent times.

GILL NOTT
CHAIR

26 September 2022

14. https://www.theatlantic.com/science/archive/2022/08/manchin-climate-bill-carbon-emissions-2030/671049/

Tate 6.5MW$_{DC}$

3. Investment Manager's Report

Davis Lane 7MW$_{DC}$

3. Investment Manager's Report

SUMMARY OF THE PERIOD

During the period the Investment Manager completed the acquisition of a second tranche of 25% of MS2 and has continued working to improve the operating performance of the portfolio. The Company has continued to pay and cash-cover the target dividend including a 1.5% increase in 2022 as the portfolio moved into its second full year of operations. All cash flows from USF's assets are contracted with US investment-grade offtakers for a weighted average remaining term of 14.3 years[15]. USF's Q1 and Q2 2022 dividends are 1.27 cents per share, on target to meet the annual target of 5.58 cents per Ordinary share. Coverage of dividends paid during the period by free cash flow and any cash flows carried forward was 1.19x, and the Investment Manager expects to continue to fully cash cover dividends paid in 2022. The Investment Manager has continued to investigate plant performance and worked to improve operations as well as potential future impacts. The DC health of each facility is one of the major areas of focus related to plant performance and the Investment Manager in conjunction with the site's O&M providers are continuing to evaluate this DC performance through on-site scans and desktop advanced analytical analysis. To help reduce the duration of future outages, the team is continually reviewing the site spare parts inventory and evaluating items that may be subject to increased lead time or manufacturing constraints.

COVID-19, various strains of which continue to evolve, has not had a material impact on USF's operations or portfolio during the reporting period.

NAV

USF's unaudited NAV at 30 June 2022 was $321.2 million or $0.967 per Ordinary Share, marginally higher than the 31 March NAV of $321.1 million or $0.967 per Ordinary Share. A small uplift in electricity price forecasts, improved operating cost assumptions, and roll forward drove the increase in fair value of the portfolio's underlying solar investments.

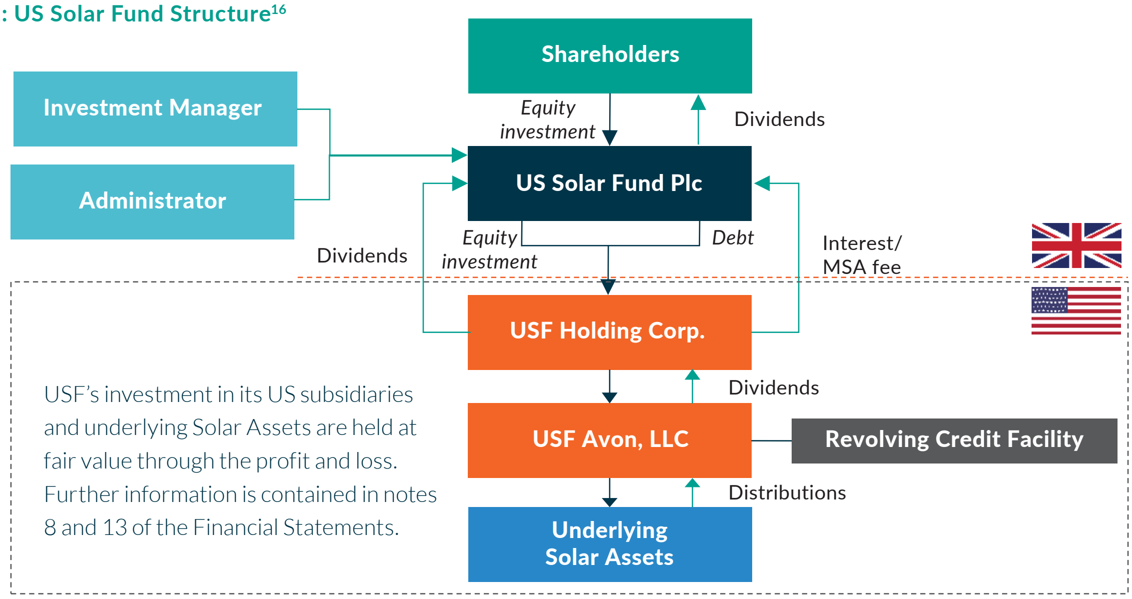
PORTFOLIO UPDATE

USF exercised its option over Tranche Two of MS2 for $21 million and financial close was announced in June. This increases USF's total portfolio to 543MW_{DC} of assets diversified across four states. The portfolio is fully operating with all production sold to a variety of investment-grade offtakers (S&P rated: A to BBB). As the acquisition only closed in late May (announced in June), it is included in total portfolio capacity at June 30 but has only been included in performance data from the end of May, not for the entire period.

US SOLAR FUND STRUCTURE

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

Figure 1: US Solar Fund Structure[16]



15. Remaining PPA term from 30 June 2022

16. Underlying 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 30 June 2022, the Company and USF Holding Corp. have available cash of $6.5 million and $4.7 million respectively, for a total balance of $11.2 million which may be used to meet the obligations of USF. At 30 June 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 GENERATION UPDATE

Figure 2: Operating Portfolio Performance for H1 2022

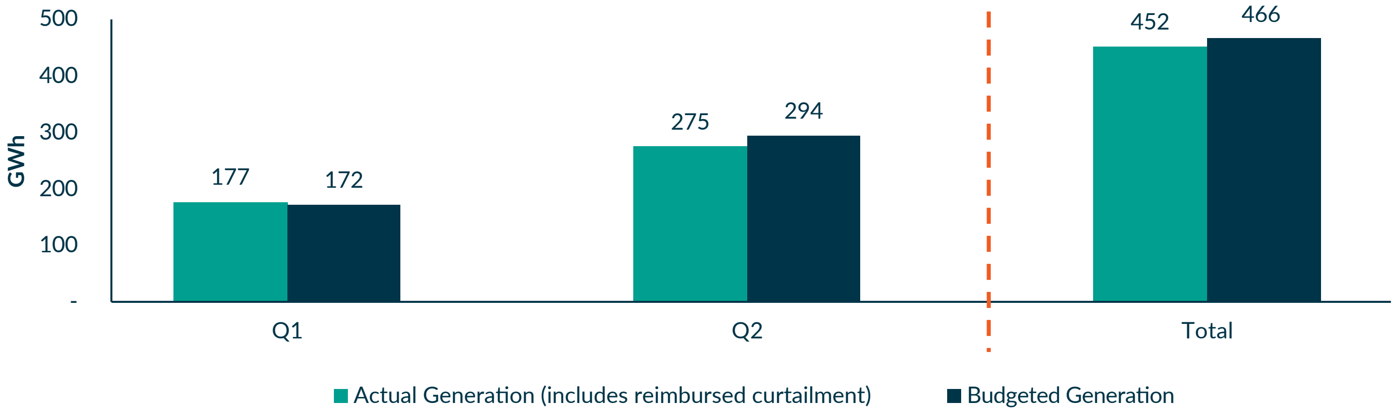
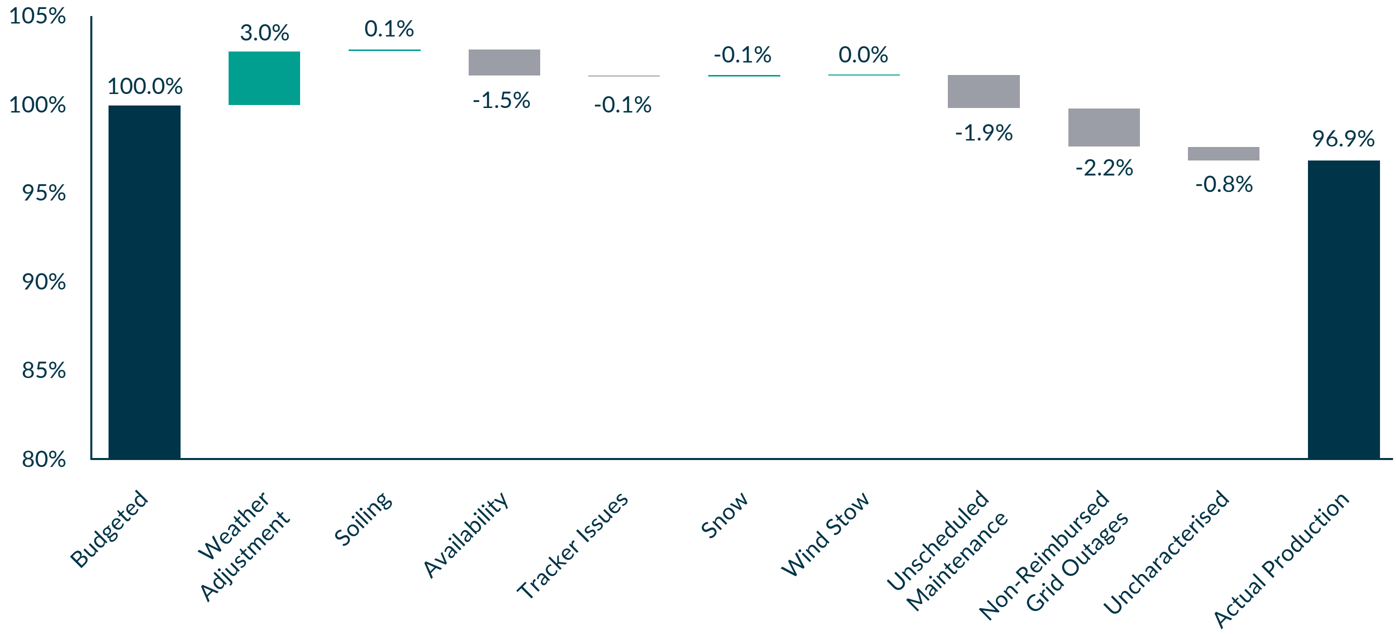


Figure 2 above shows actual and budgeted generation from the assets in the portfolio for the two quarters in the period, including 50% of MS2 generation from the end of May 2022. The increase in production from Q1 to Q2 is largely attributable to the seasonality of production as we moved into the summer months.

During the period, the assets produced 452GWh (including reimbursed curtailment). As shown in Figure 3 below, a 3% 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 3% below budget. During this period, non-reimbursed grid curtailment included approximately 21,000 MWh of CAISO (California system operator) curtailment at MS2 in late May. The Investment Manager is of the view that this curtailment was in error and is seeking to recover the lost revenue. This type of extended CAISO curtailment is not expected to reoccur and the Investment Manager expects the majority of future curtailment to be reimbursable as per the PPA curtailment provisions. 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.

The Asset Management team actively addresses all large, ongoing identified issues to remediate production losses as quickly as possible. The smaller identified losses include nuisance-type outages, grid-related outages and other non-recurring events. The Asset Management team is pursuing initiatives to address ongoing issues through improved data analytics and an increased focus on proactive identification of DC health issues including aerial and thermal scans.

Figure 3: Operating Portfolio production waterfall for H1 2022



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

PIPELINE UPDATE

During the six-month period, the Investment Manager screened over 4.3 GW_{DC} of solar projects, with a total cash equity value of over $5.6 billion. The market for development-stage and construction ready projects has rebounded in Q2 2022 following a pause in early 2022 resulting from a federal investigation into trade violations involving solar panels purchased from Asian suppliers. The Biden administration's intervention to enact a two-year suspension of potential tariffs on solar imports from Asia, combined with the recent passage of the Inflation Reduction Act with extensions to key economic incentives for renewable energy, has spurred life into the market and led to an increase in new opportunities. Throughout 2022, the Investment Manager has continued to screen numerous opportunities that include energy storage and has engaged with specialist consultants to explore retrofit opportunities at existing sites. In addition, the Investment Manager has continued its efforts to broaden origination efforts into emerging US state solar markets, multi-offtake arrangements, distributed generation, and suitable co-investment opportunities.

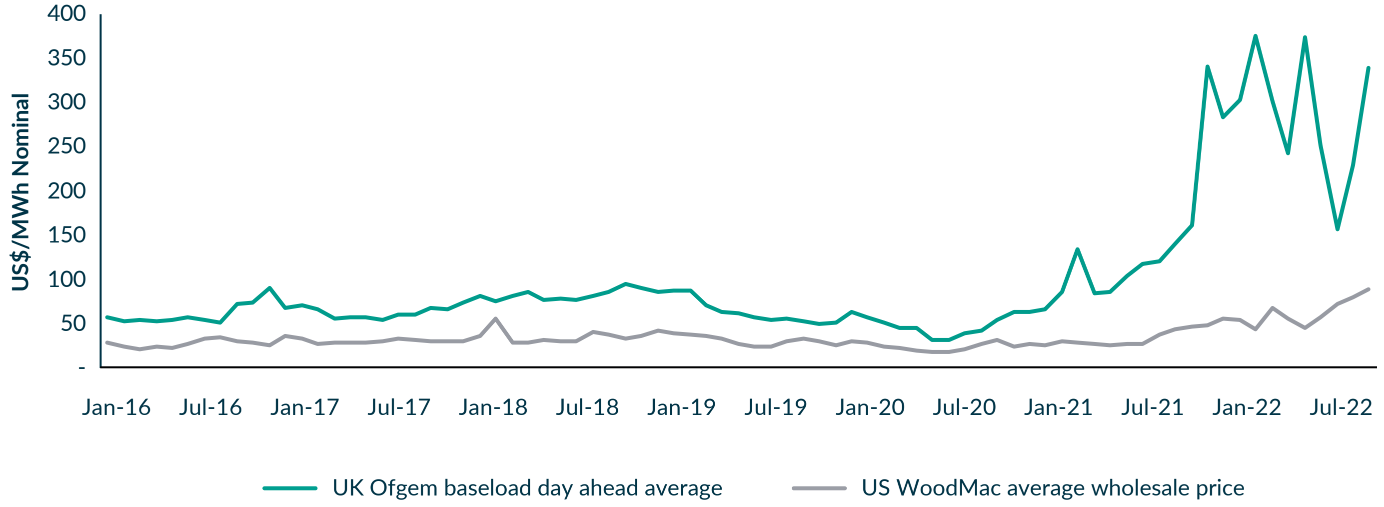
ENERGY MARKETS AND POWER PRICE UPDATE

The last two years have been volatile for energy markets – from shutdowns during the COVID-19 pandemic to starts and stops as countries emerged, re-entered and re-emerged from lockdowns, markets were already seeing tumult before the start of 2022. This year has brought even greater chaos as a result of the tragic events in Ukraine. As the UK and Europe are largely dependent on natural gas imports, reduced Russian supply has pushed electricity prices to historical levels. In late 2021, UK wholesale power prices trebled from £90/MWh in January to £260/MWh[17] by December; the highest prices since the wholesale electricity market was established in 1990. Prices have remained above £150/MWh for most of 2022.

While US spot power prices have approximately doubled over the last year, abundant domestic natural gas keeps prices relatively low and less volatile. The chart below compares US and UK historic prices, showing difference in both volatility and absolute prices.

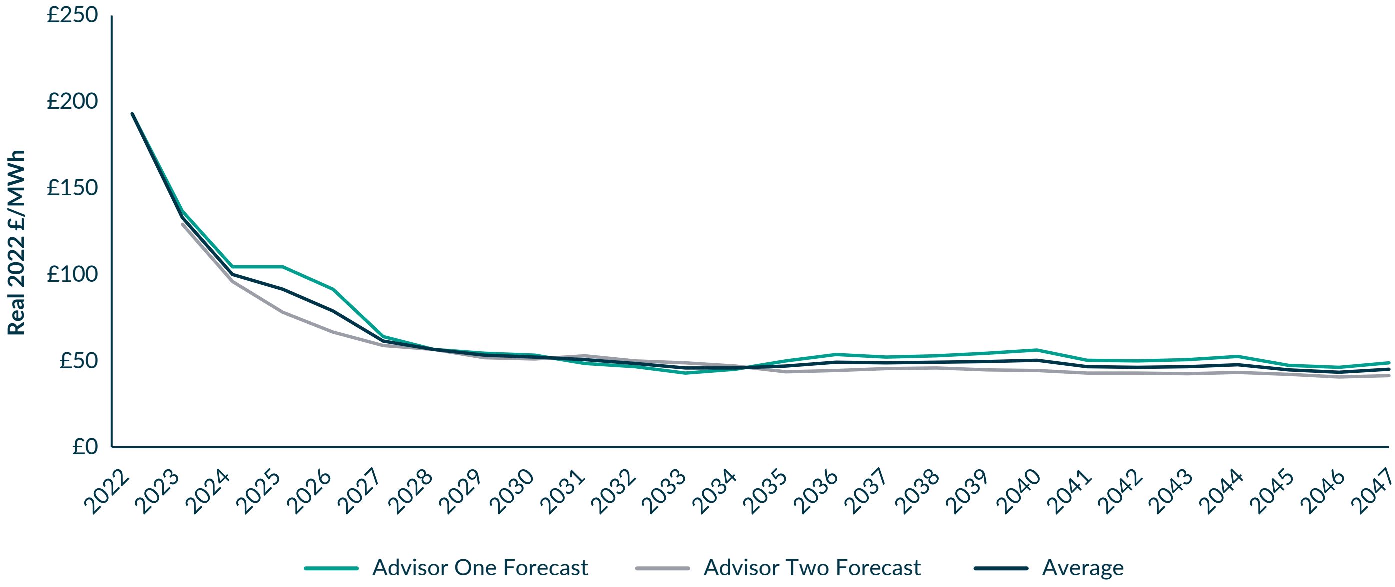
17. https://www.ofgem.gov.uk/wholesale-market-indicators

Figure 4: US v UK Wholesale Electricity Markets



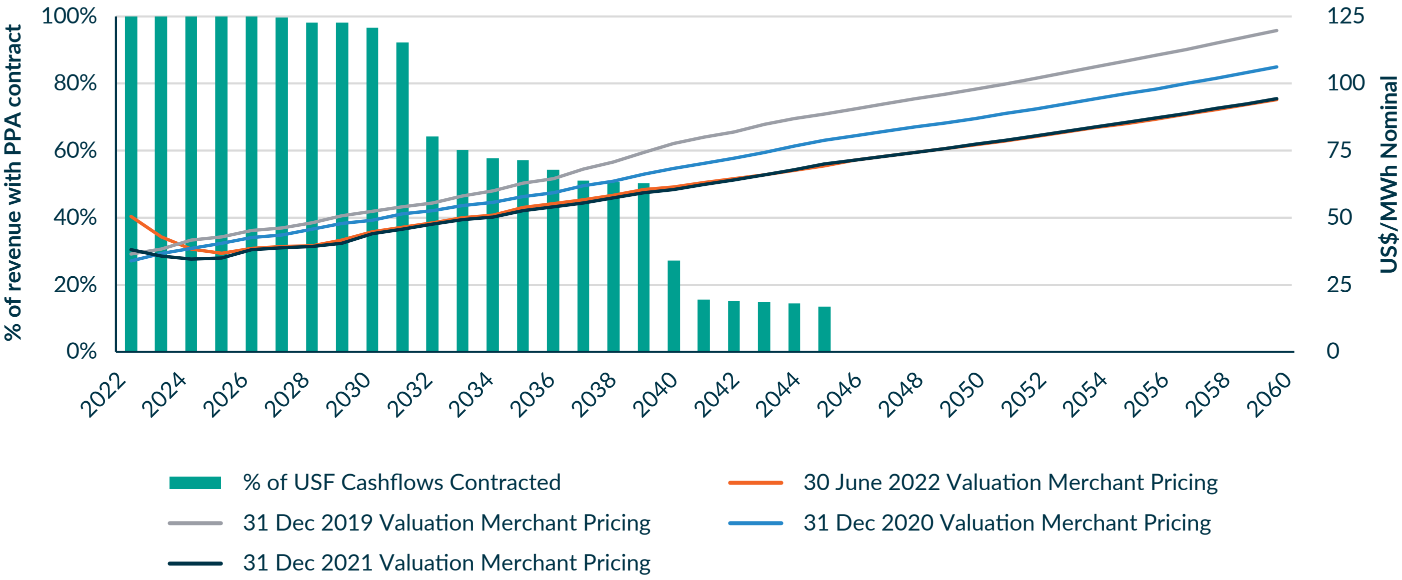
While current high UK wholesale electricity prices have driven strong performance in USF's peers who are exposed to such prices, the current price scenario is generally viewed as short-term with most forecasters expecting prices to normalise over the next few years. The chart below shows UK electricity price forecasts from the same two forecasters who provide USF's US electricity price forecasts; Wood Mackenzie and Hitachi.

Figure 5: UK Wholesale Electricity Price forecast



While UK renewables tend to have significant exposure to short- and medium-term spot power prices, USF does not because of its long-term contracted cashflows (weighted average across the portfolio of 14.3 years at 30 June).

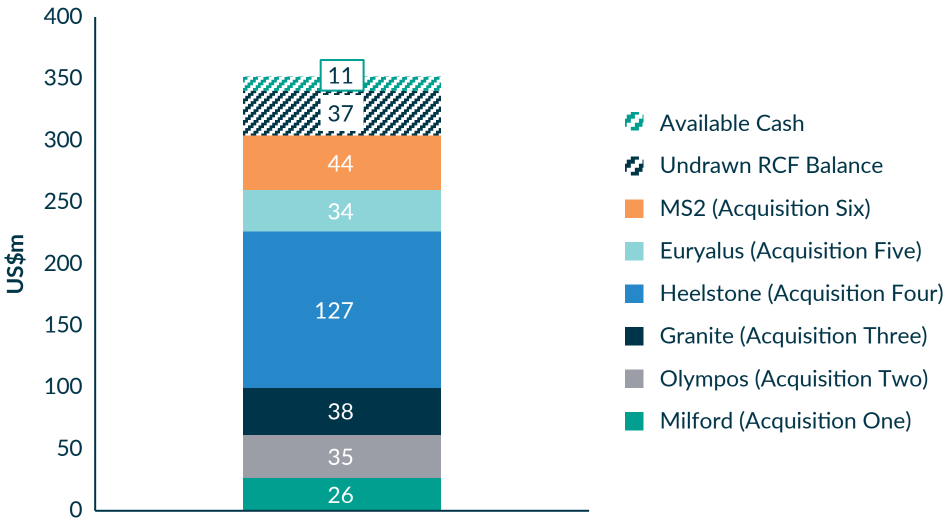
Figure 6: USF PPAs and Merchant Electricity Power Price Forecast



As a result, USF has no exposure to short term price volatility. Of course, at the moment, this means that USF does not participate in the rising market; however, it also means that USF is likely to be less impacted by prices if and when they fall. This stability is core to USF's strategy and makes it an excellent complement to more volatile peers. We have seen how unpredictable energy markets can be and there is no guarantee that prices will remain elevated as they are now.

FUNDS COMMITTED

Figure 7: USF Net Equity Invested and Funds Available



At 30 June 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, which is intended to be used for future distributions, corporate operating expenses and pipeline opportunities. The available cash and undrawn RCF balance has reduced since 31 December 2021 to fund corporate level expenses and operations. These balances are expected to be replenished through Q3 2022 and Q4 2022 project distributions.

EVENTS AFTER THE PERIOD

In August, USF announced it had sold an Option over its 50% interest MS2 to MN8, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC.

Under the terms of the Option, MN8 will pay USF a non-refundable option fee of $1 million and will have the option, for an initial term of six months extendable for a further three months by mutual agreement, to acquire USF's 50% interest in MS2 for an additional $52.2 million excluding working capital. The total proceeds of $53.2 million that USF will receive if MN8 exercises the Option imply 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.

MS2 is the only jointly-owned asset in the USF portfolio[19]. With NEW announcing the sale of its US portfolio to MN8 on 22 August 2022[20], including its 50% interest in MS2, the Board and Investment Manager believe this is an attractive opportunity for USF to realise the value in the MS2 investment. The Option structure allows MN8 to complete the acquisition of USF's 50% interest after its acquisition of NEW's 50% while providing price certainty to USF.

On 26 September 2022, the Company announced a dividend of 1.27 cents per Ordinary Share for the quarter ending 30 June 2022, bringing total dividends declared for the six-month period to 2.54 cents per Ordinary Share. The dividend is expected to be paid on or around 21 October 2022.

INVESTMENT PORTFOLIO

As at 30 June 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 3 sets out the location and further information regarding each project.

Table 3: Portfolio Overview

Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[21]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[22]
Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: A	23.4	Nov 20
MS2	99.8[23]	California	Mar 21	Southern California Edison	S&P: BBB	17 9	Jan 20
Suntex	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.1	Jul 20
West Hines	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.1	Jun 20
Alkali	15.1	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.2	Jun 20
Rock Garden	14.9	Oregon	Jun 20	Portland General Electric	S&P: BBB+	9.2	Jun 20
Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.5	Jan 18
Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.3	Mar 18
Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	9.5	Dec 17
Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: A	9.3	Dec 17
Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: A	9.3	Dec 17
Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: A	9.3	Jan 18
Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.2	Jul 20
Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: BBB+	11.2	Sep 20
Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	10.5	Dec 17
Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	11.1	Oct 18
Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	5.5	Dec 17
Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.1	Dec 16
Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.5	Dec 16
Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	9.5	Dec 16
Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.1	Dec 16

18. Before tax and based on USF's announcement date of 31 December 2022, second 25% option exercise date of 10 February 2022, MN8 option date of 21 August 2022, and an assumed completion date of 31 March 2023.

19. On a cash equity basis, excluding tax equity interests.

20. https://www.asx.com.au/asxpdf/20220822/pdf/45d36l4qvs8s6j.pdf

21. 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.

22. Commercial Operation Date.

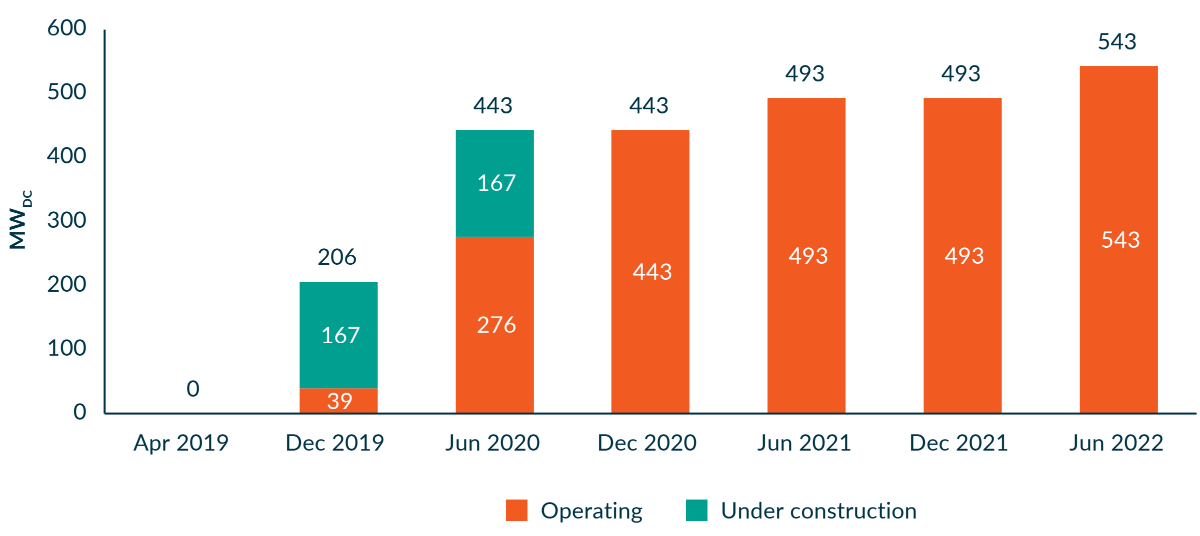
23. Table as of 30 June 2022.

Asset	Capacity (MW_{DC})	Location	Acquisition Date	Energy Offtaker[21]	Offtaker Credit Rating	Remaining PPA Length (Years)	COD[22]
Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.4	Nov 16
Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.1	Dec 16
Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.1	Dec 16
Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.3	Oct 15
Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.3	Oct 15
Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.2	Aug 20
Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.1	Dec 16
Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.2	Sep 16
S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: BBB+	5.1	Jul 12
Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	8.0	Jun 15
Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.4	Jul 15
Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	9.1	Dec 16
Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.2	Oct 20
Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.2	Aug 20
Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	11.2	Aug 20
Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	14.2	Sep 16
Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	14.4	Dec 16
County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	9.1	Sep 16
Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	9.8	Apr 12
Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	5.5	Apr 13
Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.8	Jun 15
Grand Total	**542.8**					**14.3**[24]	

ACQUISITIONS

As at 30 June 2022, the Company had closed six acquisitions. Milford (Acquisition One) and Olympos (Acquisition Two) completed in 2019, Granite (Acquisition Three), Heelstone (Acquisition Four) and Euryalus (Acquisition Five) were completed in 2020. The first 25% tranche of MS2 (Acquisition Six) was completed in 2021 and subsequent second tranche financially closed in 2022, bringing the total portfolio to 543MW_{DC} as at 30 June 2022.

Figure 8: Portfolio by Stage[25]



24. Capacity-weighted average remaining PPA term as at 30 June 2022.
25. June 2020 operational figure includes Acquisition Five assets which were all mechanically complete by June 2020.

INVESTMENT PERFORMANCE

At 30 June 2022, the Company's shares were trading at $0.88 per Ordinary Share and have continued to trade at or around this level since the end of the period. This represents a 9.0% discount to the 30 June 2022 NAV of $321.2 million or $0.967 per Ordinary Share. The NAV is defined as the total assets less any liabilities.

The Company generated a profit after tax of $6,449,702 ($0.02 per Ordinary Share) during the period. Dividend income of $6,519,609, intercompany loan interest income of $991,758, MSA fee income of $3,217,740, an unrealised loss on investment of $1,783,237 and interest income of $1,294 sum to a net gain from the Company's investment in USF Holding Corp. over the period of $8,947,164 or 2.7 cents per share. This was offset by foreign exchange losses of $299,181 on funds that were retained in GBP, and administrative and other expenses of $2,198,281

The financial statements of the Company are presented in Sections 9-12 of this document. For further detail, please see Section 9: Condensed Statement of Profit and Loss and Other Comprehensive Income on page 32.

Table 5 below summarises the performance of the Company during the period.

Table 5: Performance Summary

	6 Months Ended 30 June 2022	3 Months Ended 31 March 2022	12 Months Ended 31 December 2021	6 Months Ended 30 June 2021
Number of projects[26]	42	42	42	42
Capacity of projects	$543MW_{DC}$	$493MW_{DC}$	$493MW_{DC}$	$493MW_{DC}$
NAV	$321.2m	$321.1m	$324.0m	$313.3m
NAV per share	$0.967	$0.967	$0.975	$0.943
Ordinary shares issued	332m	332m	332m	332m
Closing share price (USF)	$0.88	$0.935	$0.96	$1.015
Market capitalisation (based on closing price)	$292m	$310m	$319m	$337m
Dividends paid[27]	$10.0m	$5.0m	$10.3m	$2.00m
NAV total return performance	7.76%	6.19%	5.55%	(0.29%)
Share price total return performance (from inception)	(4.06%)	0.45%	3.13%	4.93%

The Figure below shows the Company's NAV progression from 31 December 2021 to the end of the period, 30 June 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 flat NAV performance, in the absence of large movements in discount rates or electricity prices, is reflective of lower cash flows from the winter months in the first half of the year.

The US components of the NAV bridge sum to the 2.7 cents per share gain on the Company's investment in USF Holding Corp. noted above.

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

27. Dividends paid excludes the 1.27 cents per share dividend declared by the Company for 1Q 2022 on 24 May 2022, paid to shareholders on 8 July 2022.

Figure 9: NAV Bridge 31 December 2021 to 30 June 2022

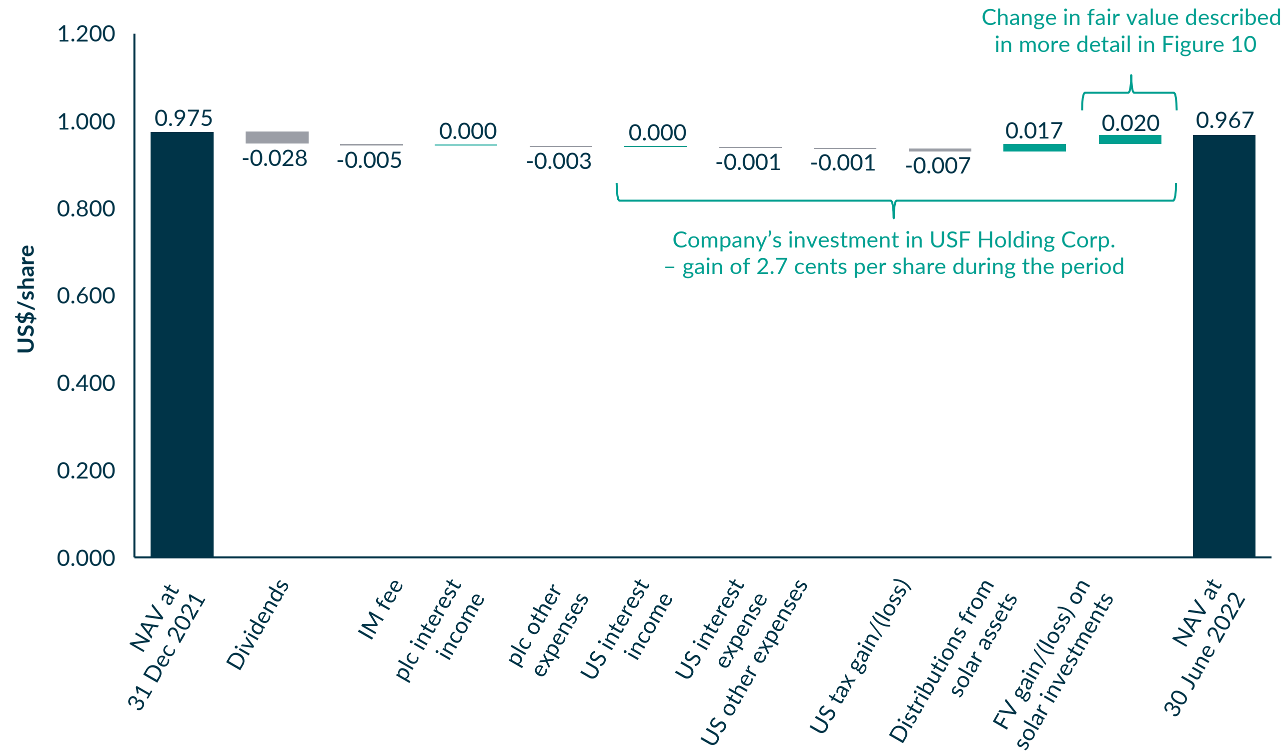


Figure 10: Fair Value Bridge of FV Gain on Solar Investments (USF Hold Corp.) 31 December 2021 to 30 June 2022

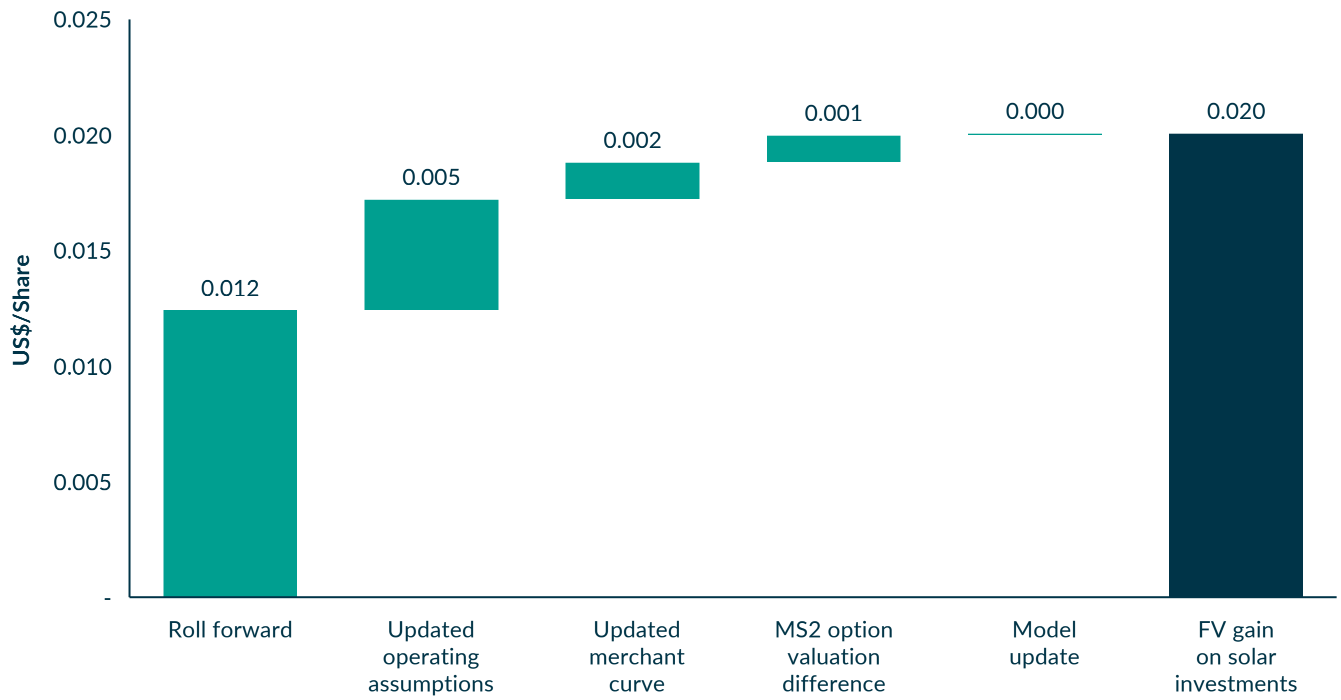


Figure 10 details the $0.020 cents per Ordinary Share movement in the "FV gain on solar investments" category shown in Figure 9. The increase reflects the MS2 Tranche 2 valuation adjustment, roll forward, updated operating assumptions and updated merchant curves.

The roll forward uplift is a result of bringing forward the valuation date to 30 June 2022, thereby removing cash flows from prior periods and bringing forward future cash flows. This resulted in a positive increment this period primarily due to the cash flow profiles of Heelstone and MS2.

Updated operating expense items such as new MSA fees or recontracted O&M fees are captured in the updated operating assumptions category. These changes had a net positive effect on the FV of the portfolio over the period through price reductions, 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 H1 2022, independent forecasts of merchant prices have generally been revised upwards, resulting in a positive impact on NAV.

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 Euryalus portfolio model to adjust for the actual timing of received cashflows, resulting in a relatively immaterial impact on the portfolio FV.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.35% of the average NAV for the period ended 30 June 2022. The ratio has been calculated using the AIC recommended methodology.

VALUATION

The NAV for the period ending 30 June 2022 is $321.2 million, or $0.967 per Ordinary Share. 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 30 June 2022.

Further detail on NAV calculation and valuation methodology are included in the Annual Report. There have been no changes to Tax Equity status of any of the Solar Assets during the period. Further detail on Tax Equity can also be found in the Annual Report.

GEARING

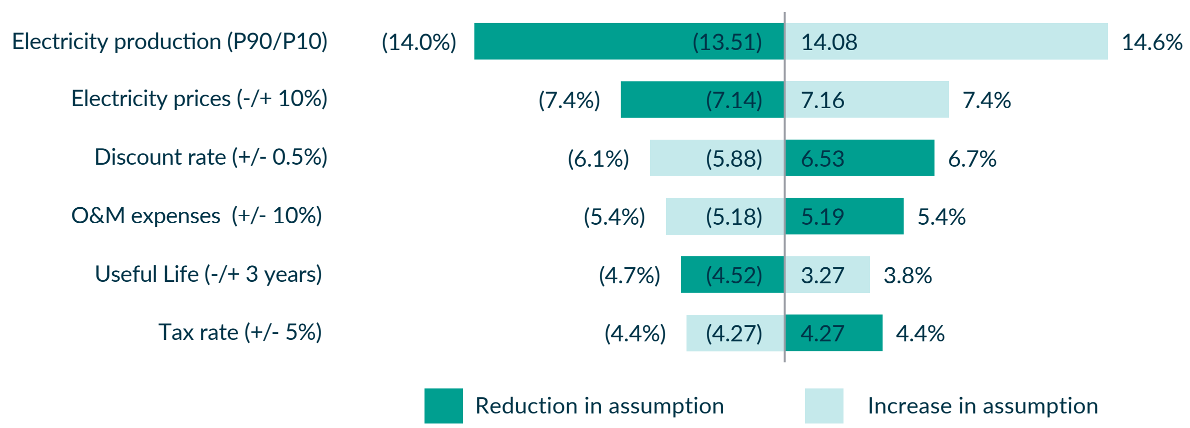
Taking the US operating subsidiaries and holding companies into account (which we also refer to as being on a look-through basis), USF had outstanding debt of $255 million as at 30 June 2022, based on the face value of drawn debt ($201.9 million as at 31 December 2021). This equates to 44.2% of Gross 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 11 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 11: Sensitivity Analysis (Change in Cents Per Share)[28]



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

INFLATION

Rising inflation continues to be a focus in the US during the first six months of 2022. USF considers inflation in terms of potential impact on cash flows from the existing portfolio, NAV, and pipeline opportunities.

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

In terms of NAV, in a sustained inflationary environment USF expects the discount rates used in valuation to increase. However, the price at which the projects can re-contract or sell electricity after the PPA period expires could also be expected to increase with higher inflation and interest rates, which would partially offset the impact of higher discount rates.

For pipeline opportunities, higher raw material prices for new projects mean those projects need higher revenues to earn the same return. However, the competitive economics of solar, as well as legislation that has recently passed Congress could reasonably be expected to offset the impacts of inflation for the majority of pipeline opportunities. Importantly, USF does not invest until PPA prices and construction costs are certain, thus its decisions are made once inflation impacts can be seen.

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

During the period, 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 30 June 2021 to 31 December 2022.

INFORMATION ON THE INVESTMENT MANAGER

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

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

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager who are responsible for the management of US Solar Fund have remained unchanged since 31 December 2021 are set out in the latest annual report. Further information on the Investment Manager team is provided at **www.ussolarfund.co.uk**.

Alkali 15.1MW_{DC}

4. Environmental, Social and Governance

Turkey Hill 13.2MW_{DC}

4. Environmental, Social and Governance

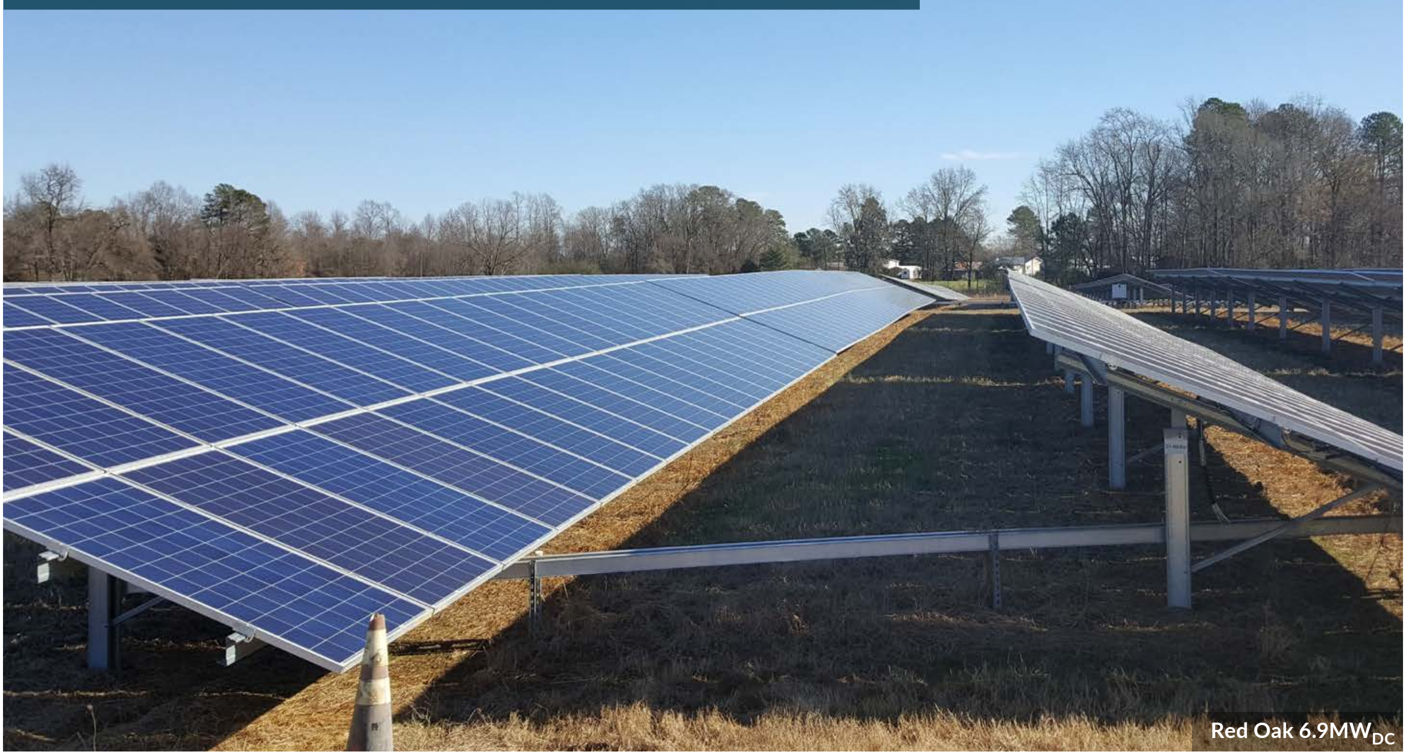
ESG AND SUSTAINABILITY REPORTING UPDATE

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.

USF will include full, detailed reporting in its annual Sustainability Report with further support in the Annual Report, as appropriate. Frameworks referenced in USF's reporting to date include: the Taskforce on Climate-related Financial Disclosures (**TCFD**). the United Nations Sustainable Development Goals (**UN SDG**) and the European Union Sustainable Financial Disclosure Regulation (**EU SFDR**) Annex One framework. We will continue to review, refine and add frameworks as appropriate in our reporting, endeavouring to meet the needs of our stakeholders for clear, thorough data. We are considering engaging a consultant to support our ESG and Sustainability reporting to enhance our data and help ensure we are meeting best practices.

Davis Lane 7MW_{DC}

5. Principal Risk and Uncertainties



Red Oak 6.9MW_{DC}

5. Principal Risk and Uncertainties

The Board is responsible for financial reporting and controls, including the approval of the Interim 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.

Since 31 December 2021, US inflation concerns have continued. The impact on long-term risk-free interest rates resulting in higher equity discount rates (which decrease the fair value of Company's equity in its solar assets), remains one of the principal risks the Board and Investment Manager continue to monitor. In the US, the Federal Open Market Committee (**FOMC**) has stated its overarching focus is to return inflation to 2%. In a speech in Jackson Hole on 26 August 2022, the Chairman of the US Federal Reserve (**Fed**), Jerome Powell, flagged the potential for further interest rate increases at the Fed's upcoming September meeting to further temper inflation. As was widely anticipated, the Fed announced a further 75bps increase following its September 2022 meeting, which followed consecutive 75bps rate rises, the second of those at the meeting of the Fed in July 2022. The Company's share price continued to trade at a discount to NAV during the period, which has limited the Company's access to capital during the period and led to the Board reviewing options for the Company to deliver value to Shareholders. The Board believes that other than inflation and the persistent trading discount of the Company's shares, principal risks for the period and six months to 31 December 2022 remain substantially unchanged from risks set out in the 31 December 2021 annual report. A table of the Company's principal risks and mitigants is provided in Section 5 of the 2021 Annual Report.

LONGER TERM VIABILITY

The Board is responsible for financial reporting and controls, including the approval of the Interim Report and Accounts, the dividend policy, any significant changes in accounting policies or practices, and treasury policies including the use of derivative financial instruments. The Board of the Company is also required to assess the long-term prospects of the Company according to the Association of Investment Companies (**AIC**) Code. The Board has assessed the principal risks facing the Company set out above over a five-year period, which it considers appropriate given the long-term nature of the Company's investments and its long-term planning horizon. The Board considers a five-year timeframe to be reasonable on the basis that the Company is in the initial stage of operating assets. The key risks facing the Company have been individually assessed by the Board. The likelihood and impact of each risk on the Company prior to and after specific risk mitigation controls have taken place have been evaluated.

The Company owns a portfolio of Solar Assets in the US that are fully constructed, operational and generating renewable electricity. As a result, it benefits from predictable and reliable long-term cash flows and is subject to a set of risks that can be identified and assessed. Each Solar Asset is supported by a detailed financial model at acquisition and incorporated into the Company's valuation model for quarterly valuations, which are independently reviewed every half-year. The Board believes the geographical diversification within the Company's portfolio of Solar Assets helps to withstand and mitigate 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.

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.

GILL NOTT

CHAIR

Date: 26 September 2022

6. Board of Directors

6. Board of Directors

The Directors are responsible for the determination of the Company's investment objective and policy and its investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the supervision and control of the Investment Manager. The Directors have delegated responsibility for managing the assets comprising the portfolio to the Investment Manager. The Directors have remained unchanged since 31 December 2021 are set out in the latest annual report. Further information on the Board is provided at **www.ussolarfund.co.uk**.

Milford 127.8MW_{DC}

7. Directors' Responsibility Statement

Red Oak 6.9MW_{DC}

7. Directors' Responsibility Statement

The Directors are responsible for preparing the Interim 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 Interim Report and accounts include a fair view of important events that have occurred during the financial period; and

c) the Interim 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 30 June 2022.

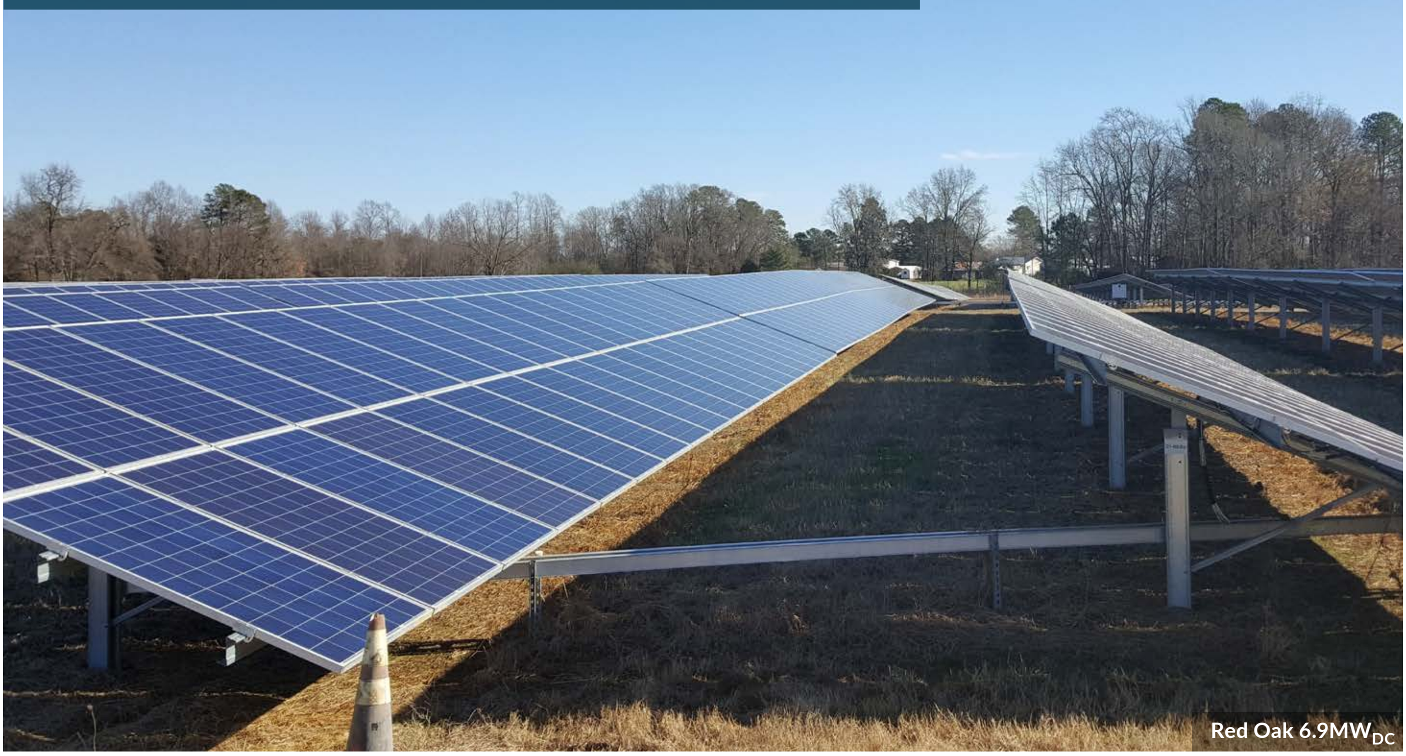
Signed by order of the Board,

GILL NOTT
CHAIR

26 September 2022

Davis Lane 7MW_{DC}

8. Independent Review Report



Red Oak 6.9MW_{DC}

8. Independent Review Report to US Solar Fund plc.

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

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

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

CONCLUSION RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

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

In preparing the half-yearly financial report, 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.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP.

Deloitte LLP
Statutory Auditor
London, UK
26 September 2022

Alkali 15.1MW_{DC}

Financial Statements

Turkey Hill 13.2MW_{DC}

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

FOR THE PERIOD ENDED 30 JUNE 2022

		Six Months Ended 30 June 2022			Six Months Ended 30 June 2021		
	Notes	Revenue USD	Capital USD	Total USD	Revenue USD	Capital USD	Total USD
Net loss on investments at fair value through profit and loss	8	–	(1,783,237)	(1,783,237)	–	(6,880,876)	(6,880,876)
Dividends received		6,519,609	–	6,519,609	–	–	–
MSA fee income	2,8	3,217,740	–	3,217,740	2,568,123	–	2,568,123
Intercompany loan interest income	8	991,758	–	991,758	991,750	–	991,750
Interest income	4	1,294	–	1,294	–	–	–
Total income		**10,730,401**	**(1,783,237)**	**8,947,164**	**3,559,873**	**(6,880,876)**	**(3,321,003)**
Expenditure							
Administrative and other expenses	5	(2,198,281)	–	(2,198,281)	(1,844,297)	–	(1,844,297)
Operating profit/(loss) for the period		**8,532,120**	**(1,783,237)**	**6,748,883**	**1,715,576**	**(6,880,876)**	**(5,165,300)**
(Loss)/gain on foreign exchange		–	(299,181)	(299,181)	–	180,245	180,245
Profit/(loss) before taxation		**8,532,120**	**(2,082,418)**	**6,449,702**	**1,715,576**	**(6,700,631)**	**(4,985,055)**
Taxation	6	–	–	–	–	–	–
Profit/(loss) and Total Comprehensive Income for the period		**8,532,120**	**(2,082,418)**	**6,449,702**	**1,715,576**	**(6,700,631)**	**(4,985,055)**
Earnings per share (basic and diluted) – cents/share	7	2.569	(0.627)	1.942	0.599	(2.340)	(1.741)

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

The total column of this statement represents the Company's profit and loss account. The financial statements have been prepared in accordance with UK-adopted international accounting standards. The supplementary revenue and capital columns are presented for information purposes, in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies, as further explained in Note 2.

The notes on pages 40 to 48 form an integral part of these financial statements.

10. Condensed Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	30 June 2022 USD	31 December 2021 USD
Non-current assets			
Investment held at fair value	8	318,659,731	314,442,968
		318,659,731	**314,442,968**
Current assets			
Trade and other receivables	9	1,419,555	243,782
Cash and cash equivalents	10	6,475,581	16,161,464
		7,895,136	**16,405,246**
Total assets		**326,554,867**	**330,848,214**
Current liabilities			
Trade and other payables	11	1,091,338	1,868,616
Dividends payable	12	4,218,843	4,982,886
		5,310,181	**6,851,502**
Net current assets		**2,584,954**	**9,553,744**
Total net assets		**321,244,686**	**323,996,712**
Shareholders equity			
Share capital		3,321,924	3,321,924
Share premium		128,035,864	128,035,864
Capital reduction reserve		175,007,789	175,080,315
Capital reserve		10,565,832	12,648,250
Retained earnings		4,313,277	4,910,359
Total shareholders equity		**321,244,686**	**323,996,712**
Net asset value per share	14	0.967	0.975

The notes on pages 40 to 48 form an integral part of these financial statements.

11. Condensed Statement of Changes in Equity

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	Share Capital USD	Share Premium USD	Capital Reduction Reserve USD	Capital Reserve USD	Retained Earnings USD	Total Equity USD
Balance at 1 January 2022		**3,321,924**	**128,035,864**	**175,080,315**	**12,648,250**	**4,910,359**	**323,996,712**
Dividends		–	–	(72,526)	–	(9,129,202)	(9,201,728)
Loss & total comprehensive income for the period		–	–	–	(2,082,418)	8,532,120	6,449,702
Balance at 30 June 2022		**3,321,924**	**128,035,864**	**175,007,789**	**10,565,832**	**4,313,277**	**321,244,686**

FOR THE PERIOD ENDED 30 JUNE 2021

	Notes	Share Capital USD	Share Premium USD	Capital Reduction Reserve USD	Capital Reserve USD	Retained Earnings USD	Total Equity USD
Balance at 1 January 2021		**2,001,924**	**184,786**	**188,176,521**	**3,271,402**	**524,715**	**194,159,348**
Issue of share capital		1,320,000	130,680,000	–	–	–	132,000,000
Equity issue costs		–	(2,717,547)	–	–	–	(2,717,547)
Dividends		–	–	(4,653,368)	–	(500,000)	(5,153,368)
Loss & total comprehensive income for the period		–	–	–	(6,700,631)	1,715,576	(4,985,055)
Balance at 30 June 2021		**3,321,924**	**128,147,240**	**183,523,153**	**(3,429,229)**	**1,740,291**	**313,303,379**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share Capital USD	Share Premium USD	Capital Reduction Reserve USD	Capital Reserve USD	Retained Earnings USD	Total Equity USD
Balance at 1 January 2021		**2,001,924**	**184,786**	**188,176,521**	**3,271,402**	**524,715**	**194,159,348**
Issue of share capital		1,320,000	127,851,078	–	–	–	129,171,078
Dividends		–	–	(13,096,206)	–	(1,192,451)	(14,288,657)
Tax charge		–	–	–	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 40 to 48 form an integral part of these financial statements.

12. Condensed Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	1 January 2022 to 30 June 2022 USD	1 January 2021 to 30 June 2021 USD
Cash flows from operating activities			
Profit/(loss) for the period		6,449,702	(4,985,055)
Adjustments for:			
Net loss/(gain) on investments at fair value through profit and loss	8	1,783,237	(1,719,385)
(Gains)/losses on foreign exchange		299,181	671
Operating cash flows before movements in working capital		**8,532,120**	**(1,266,455)**
Increase in trade and other receivables		(1,175,773)	(36,241)
(Decrease)/increase in trade and other payables		(777,278)	34,302
Net cash generated/(utilised) in operating activities		**6,579,069**	**(1,161,964)**
Cash flows used in investing activities			
Purchases of investments	8	(6,000,000)	(47,051,332)
Net cash outflow from investing activities		**(6,000,000)**	**(47,051,332)**
Cash flows used in financing activities			
Dividends paid		(9,965,771)	(6,154,328)
Proceeds from issue of ordinary shares at a premium		–	132,000,000
Share issue costs		–	(2,717,547)
Net cash (outflow) from financing activities		**(9,965,771)**	**123,128,125**
Net (decrease)/increase in cash and cash equivalents for the period		(9,386,702)	15,408,098
Effect of foreign exchange rate movements		(299,181)	180,245
Cash and cash equivalents at the beginning of the period		16,161,464	523,170
Cash and cash equivalents at the end of the period		**6,475,581**	**16,111,513**

The notes on pages 40 to 48 form an integral part of these financial statements.

Merrill 10.5MW_{DC}

13. Notes to the Financial Statements

Milford 127.8MW_{DC}

13. Notes to the Financial Statements

FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 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 Condensed Consolidated Interim 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 or loss. The accounting policies and methods of computation are the same as those applied in the Company's annual financial statements (with the exception of a change in presentation of the MSA fee as described in the paragraph below) and should be read in conjunction with the Company's annual financial statements as at 31 December 2021.

Previously, a Management Services Agreement (**MSA**) fee charged to its subsidiary USF Holding Corp (note 8), were 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.

A copy of the statutory accounts for the year ended 31 December 2021 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498(2) or (3) of the *Companies Act 2006*.

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

GOING CONCERN

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

The Company generated a profit after tax of $6.4 million which included a fair value loss of $1.8 million and operating cash inflows of $4.5 million for the period. As at 30 June 2022, the company is in a net current asset position of $2.6 million and has available cash of $6.5 million. As of the same date, the Company's subsidiary, USF Holding Corp., has available cash of $4.7 million, which is available to meet the obligations of the Company. The Directors and the Investment Manager have so far 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) had access to a $40 million revolving credit facility with Fifth Third Bank National Association ("**RCF**"). The RCF provides liquidity for capital expenditures, working capital and general corporate purposes. With an undrawn balance of $36.5 million as at 30 June 2022, the RCF provides additional liquidity for capital expenditures, working capital and general corporate purposes.

SEGMENTAL INFORMATION

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

3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

APPLICATION OF NEW AND REVISED STANDARDS

The accounting policies adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Company's Annual Report and Accounts for the year ended 31 December 2021. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at 30 June 2022.

NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

- 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.

4. INTEREST INCOME

	1 January 2022 to 30 June 2022 USD	1 January 2021 to 30 June 2021 USD
Bank interest	1,294	–
	1,294	**–**

[1] Zero interest rate on deposits in the current period.

5. ADMINISTRATIVE AND OTHER EXPENSES

	1 January 2022 to 30 June 2022 USD	1 January 2021 to 30 June 2021 USD
Administrative fees	72,329	71,659
Director & officer insurance	48,030	29,138
Directors fees	132,942	132,395
Fees payable to the Company's auditor for the audit of the Company's financial statements	75,262	67,210
Fees payable to the Company's auditor for non-audit services[1]	19,900	45,643
Investment Management expenses	37,970	22,495
Investment Management fees[2]	1,597,219	1,264,117
Legal and professional fees	30,800	38,357
Regulatory fees	7,660	15,311
Sundry expenses	176,169	157,972
	2,198,281	**1,844,297**

[1] The non-audit services provided related to the review of the interim report as well as an agreed-upon procedures engagement.
[2] Investment Management fees increased directly as a result of the May 2021 capital raise.

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

6. TAXATION

The Company is approved as an Investment Trust Company and is subject to tax at the UK corporation tax rate of 19%. An Investment Trust Company can claim a corporation tax deduction for dividends designated as interest distributions that are derived from net interest income. Therefore, no UK corporation tax charge has been recognised by the Company for the period ended 30 June 2022.

	1 January 2022 to 30 June 2022 USD	1 January 2021 to 30 June 2021 USD
Tax charge in profit or loss:		
– UK corporation tax	–	–

7. EARNINGS PER SHARE

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

	1 January 2022 to 30 June 2022 USD	1 January 2021 to 30 June 2021 USD
Net profit/(loss) attributable to ordinary shareholders	6,449,702	(4,985,055)
Weighted average number of ordinary shares for the period	332,192,361	286,263,594
Earnings per share – Basic and diluted (cents per share)	**1.942**	**(1.741)**

8. INVESTMENT IN SUBSIDIARY

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

	Opening Equity And Loans USD	Equity Acquisitions during the Year USD	Loans: Principal Advanced during the Year USD	Net Fair Value Movement During the Year USD	Closing Balance: Equity and Loans USD
USF Holding Corp. Delaware, US	314,442,968	6,000,000	–	(1,783,237)	318,659,731

The net fair value movement comprises the following:

	Total USD
Fair value gain on investments	12,248,623
Interest income	–
Dividends paid	(6,519,609)
Operating costs (excluding MSA fee)	(3,302,753)
Total fair value movement	**2,426,261**
MSA fee income – cash received transferred to revenue reserve	(1,041,792)
MSA fee income – cash received and receivable for the half year	(2,175,948)
Intercompany loan interest – cash received transferred to revenue reserve	(991,758)
Net fair value movement	**(1,783,237)**

On 28 June 2019, the Company entered into a Management Services Agreement (**MSA**) with its subsidiary USF Holding Corp. The Board of the Company, with further assistance by delegation of its duties to the Investment Manager, provides strategic management services to USF Holding Corp relating to its current portfolio of US Solar Assets and potential acquisitions. The fair value gain for the period to 30 June 2021 included an MSA fee of $1,792,322. From 1 January 2022 to 30 June 2022, an MSA fee of $2,175,948 was included in profit and loss, of whjch $1,137,934 was recorded as receivable by the Company at period end. A further $1,041,792 relating to the 4Q 2021 MSA fee expensed and paid during the period was transferred to revenue reserve.

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

	30 June 2022 USD	31 December 2021 USD
Purchase price of underlying solar asset interests held (i)	557,129,674	499,868,185
Cash or cash equivalents	4,731,068	21,038,732
Fair value of 3rd party loan funding provided (ii)	(254,848,498)	(201,916,761)
Fair value of interest rate swaps on 3rd party loan funding provided (ii)	17,580,766	(7,462,104)
Deferred tax liability	(6,015,569)	(3,572,093)
Other net assets and liabilities	82,291	6,487,010
Investment balance	**318,659,731**	**314,442,968**

(i) The balance recorded at 30 June 2022 relates to the Company's interests in the Acquisition One – Milford, Acquisition Two – Olympos, Acquisition Three – Granite, Acquisition Four – Heelstone, Acquisition Five – Euryalus and Acquisition Six – MS2 portfolio solar asset plants.

(ii) Fair value of 3rd party loan funding provided and the fair value of interest rate swaps at 30 June 2022 was $237,267,732 (December 2021: $209,378,865), comprised of the following:

Issuing Bank	Loan Type	Held By	Facility Size USD(M)	Drawn Face Value USD(M)	Drawn Fair Value USD(M)
Fifth Third Bank, National Association	Revolving Credit Facility	USF Avon, LLC	40.00	3.50	3.50
Zions Bancorporation, N.A.	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	23.82	23.82	19.56
KeyBank National Association	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	23.82	23.82	19.65
Fifth Third Bank, National Association	Term Loan	Heelstone Energy Holdings, LLC (Acquisition Four – Heelstone)	69.35	69.35	63.76
Fifth Third Bank, National Association	Term Loan	SC Oregon 2, LLC (Acquisition Five – Dorset)	34.34	34.34	30.22
Multiple Lenders	Term Loan	NES Hercules Class B Member, LLC (Acquisition Six – MS2)	100.01	100.01	100.57
Multiple Lenders	Revolving Loan Facility	NES Hercules Class B Member, LLC (Acquisition Six – MS2)	4.25	–	–
Total			**295.59**	**254.84**	**237.26**

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 30 June 2022, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $8.44 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 30 June 2022 of $5.59 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 mini-perm structure and will be fully amortized 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 30 June 2022 of $4.11 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 amortized 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 30 June 2022, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of $(0.56) 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 30 June 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 $17.0 million LC expiring in March 2023 and a $7.9 million LC expiring in March 2025

9. TRADE AND OTHER RECEIVABLES

	30 June 2022 USD	31 December 2021 USD
MSA fee receivable	1,137,934	–
Prepayments	107,457	86,324
VAT receivable	174,164	157,458
	1,419,555	**243,782**

10. CASH AND CASH EQUIVALENTS

	30 June 2022 USD	31 December 2021 USD
Cash at bank	6,475,581	16,161,464
	6,475,581	**16,161,464**

11. TRADE AND OTHER PAYABLES

	30 June 2022 USD	31 December 2021 USD
Creditors and operating accruals	208,831	250,876
Investment management fee accrual	882,507	1,617,740
	1,091,338	**1,868,616**

12. DIVIDENDS PAYABLE

During the period, the Company declared dividends totalling $9,201,728 (30 June 2021: $5,153,368) of which $4,982,885 (30 June 2021: $5,153,368) has been paid as at 30 June 2022. The Company declared a dividend of 1.27 cents per share, totalling $4,218,843 for the period ending 31 March 2022. The dividend was paid by the Company on 8 July 2022.

13. FAIR VALUE MEASUREMENT

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 30 June 2022. The fair value hierarchy to be applied under IFRS13 is as follows:

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

	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiary	–	–	318,659,731

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 31 December 2021:

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

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

	30 June 2022 USD	31 December 2021 USD
Opening balance	314,442,968	195,324,276
Add: purchases during the year	6,000,000	110,000,000
Less: transfer of MSA fee income	(3,217,740)	(4,673,924)
Less: receipt of intercompany loan interest	(991,758)	(1,988,957)
Total fair value movement through the profit or loss	2,426,261	15,781,573
Closing balance	**318,659,731**	**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 30 June 2022 have been valued by an external valuation expert, as they are now fully operational.

	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)	–	–	–	–	–	21,000,000	(23,445,614)	(6,968,797)	**(9,414,411)**
Change in fair value	(36,558)	1,661,575	830,287	2,990,079	(887,693)	7,104,695**	(5,000,000**)	–	**6,662,385**
30 June 2022	**36,108,527**	**37,610,750**	**35,325,908**	**122,648,277**	**35,835,342**	**54,108,183**	**(2,977,256)**	**2,584,954**	**321,244,686**

Notes: * 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 $321,244,686 (31 December 2021: $323,996,731) less WC in the UK of $2,584,954 (31 December 2021: $9,553,744) equals the fair value of the Company's investment in its US subsidiary of $318,659,731 (31 December 2021: $314,442,968).

SENSITIVITY ANALYSIS

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

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

	Change In Input	**Capital Reduction Reserve (USDM)**	**Total Shareholders Equity (USD Cents)**
Discount rate	+0.5%	-19.53	-5.88
	-0.5%	+21.68	+6.53
Electricity production (change from P50)	P90	-44.89	-13.51
	P10	+46.76	+14.08
Merchant Period Electricity Prices	-10%	-23.73	-7.14
	+10%	+23.78	+7.16
Operating expenses	+10%	-17.20	-5.18
	-10%	+17.23	+5.19
Operating life	- 3 years	-15.02	-4.52
	+ 3 years	+12.40	+3.72
Tax rate	+5%	-10.95	-3.30
	-5%	+17.43	+5.25

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 30 June 2022. A range of +/- 0.5% has been considered to determine the resultant impact on the Company's NAV per share and the fair value of its solar asset investments. A sensitivity of +/-0.5% is considered reasonable given historic Company discount rate changes and is inline with discount rate sensitivities utilised by the Company's peers.

As at 30 June 2022, the weighted average discount rate range used was 6.7% (December 2021: 6.3%) on a WACC basis, and 7.6% (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.

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

MERCHANT PERIOD ELECTRICITY PRICES

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

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase / decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis. A 10% increase / decrease has been used as merchant period prices are determined upon the discretion of expert market consultants.

OPERATING EXPENSES

The operating costs of the assets underlying the Company's solar asset investments include annual operations and maintenance (**O&M**), asset management (**AM**), insurance expenses, land lease expenses, major maintenance, and general administration expenses. Most operating expenses for the Solar Power Assets are contracted for a defined period of up to five years and as such there is typically little variation in annual operating costs. Provisions are also raised at the underlying project or SPV level of ongoing major maintenance/repairs and replacement parts throughout the assets' useful lives. However, there may be cases where all operating costs are recontracted at a 10% premium or discount.

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

OPERATING LIFE

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

14. NET ASSET VALUE PER SHARE

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

	30 June 2022 USD	**31 December 2021 USD**
Net assets per Statement of Financial Position	321,244,686	323,996,712
Ordinary shares in issue as at period end	332,192,361	332,192,361
NAV per share – Basic and diluted	**0.967**	**0.975**

15. 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 $132,942 were incurred in respect of the period (30 June 2021: $132,395) with none being outstanding and payable at the period end.

SUBSIDIARY

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

INVESTMENT MANAGER

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

Assets Under Management	Fee Based on NAV
< $500 million	1.0% per annum
$500 million to $1 billion	0.9% per annum
> $1 billion	0.8% per annum

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

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

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

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

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

A management fee of $1,597,219 was incurred during the period (30 June 2021: $1,264,117), of which $882,507 remained payable at 30 June 2022 (30 June 2021: $930,244).

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

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

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; and

c) a fee for the provision of asset management services of $1–$4/kW per year based on the capacity of the project. Services include facility operations, insurance, government approvals and inspections, which are paid for by the Company's underlying US subsidiaries.

No debt arrangement fees and no asset construction services fees were paid during the period. An asset management fee of $926,605 was incurred during the period (30 June 2021: $141,893), of which $262,768 remained payable at 30 June 2022 (30 June 2021: $141,893).

16. CAPITAL COMMITMENTS

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

17. POST-BALANCE SHEET EVENTS

On 22 August 2022, the Company announced it had sold a purchase option for its 50% interest in its 200MW_{DC} MS2 plant to MN8 Energy LLC (**MN8**), a renewable energy business formerly known as Goldman Sachs Renewable Power LLC. Under the terms of the Option, MN8 has paid USF a non-refundable option fee of $1 million and will have the option, for an initial term of six months extendable for a further three months by mutual agreement, to acquire USF's 50% interest in MS2 for an additional $52.2 million excluding working capital. The total proceeds of $53.2 million that USF will receive if MN8 exercises the Option are consistent with the net asset value at which USF holds MS2 at 31 March 2022, compared to the 30 June 2022 net asset value of $54.1 million.

On 26 September 2022, the Company announced a dividend of 1.27 cents per Ordinary Share for the quarter ending 30 June 2022, bringing total dividends declared for the six-month period to 2.54 cents per Ordinary Share. The dividend is expected to be paid on or around 21 October 2022.

Other than the matter noted above, there were no events after reporting date which requires disclosure.

Davis Lane 7MW$_{DC}$

14. Directors and Advisers

Red Oak 6.9MW$_{DC}$

14. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
Thomas Plagemann

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