



Attractive and sustainable returns from US solar power

Third Quarter Update

USF Quarter Highlights

- **Construction Assets:** At the start of the quarter, seven of the 41 total projects in US Solar Fund's (USF or the **Company**) portfolio remained in construction. During the quarter, five projects reached completion and one was completed after quarter-end in October. USF's only remaining in-construction project, Acquisition One, is progressing well toward completion in November.
- **Operating Assets:** More than 70% of USF's assets (by megawatt (MW_{DC})) are now operating and generating revenue for the Company. Operational assets across Acquisitions Three, Four, and Five, with capacity totaling 276MW_{DC}, performed 4.2% below weather-adjusted expectations as a result of inverter-related availability issues, grid outages, and the expected impact of wildfires in California and Oregon on the amount and quality of the solar irradiation reaching the solar panels.
- **Contracted Cashflows:** USF's 41 solar plants all have power purchase agreements (PPAs) with contracted prices for 100% of electricity generated. The portfolio weighted average PPA term is 15 years, and all PPA counterparties are investment-grade (S&P rated A to BBB+).
- **Dividend:** On 14 August 2020, USF paid a dividend of 0.50 cents per share for the quarter ending 31 March 2020. USF also announced its fifth dividend of 0.50 cents per share for the period ending 30 June 2020 (to be paid in November 2020). USF expects to cover the remaining 2020 dividends with operating cashflows and continues to be in a strong position to commence its 2021 annual dividend target of 5.5 cents per Ordinary Share.
- **Pipeline:** As of 30 September 2020, the Investment Manager's pipeline (**Pipeline**) included 2,233 MW_{DC} of assets with a cash equity value of \$2.1 billion and a weighted-average PPA term of 17 years.
- **COVID-19 Impact:** There continues to be no material impact on USF's operational or construction assets from the pandemic. The Investment Manager has been closely monitoring well-developed contingency plans in order to mitigate potential impacts.

CONSTRUCTION ASSET UPDATE

During the quarter, five of the six solar plants in Acquisition Two commenced operations. The remaining project, Willard, reached its Commercial Operations Date (COD) in October after the end of the period, bringing the six project, 39 MW_{DC} portfolio fully online. These projects immediately began to generate revenue for the Company under their long-term PPAs with a subsidiary of Duke Energy Corporation (S&P rating: A-). The PPAs set fixed prices for a weighted average term of 12.9 years.



Acquisition One, a 128 MW_{DC} project in Utah, remains under construction. Just after the period, the remainder of the modules were installed and the project is progressing well toward completion in November.



OPERATING ASSET UPDATE

Acquisitions Three, Four, and Five (totaling 276 MW_{DC}) generated 130 gigawatt hours (GWh) of electricity during the quarter against expected¹ production of 135 GWh, reflecting a production index (actual divided by expected) of 95.8% (2020 YTD 96.9%).

As the projects comprising Acquisition Two commenced operating during and after the quarter, they will be included in year-end reporting.

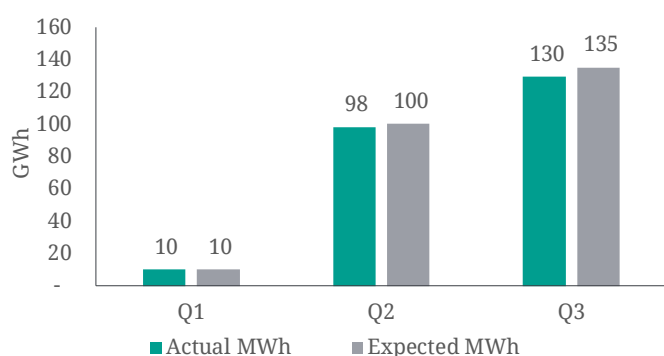
Production has continued to increase as the number of operational assets grew during the last quarter, with more than 70% of the portfolio now operational. While most of the assets are performing well, overall weather-adjusted performance was impacted by storm-related grid outages in North Carolina (1.1%), inverter-related availability issues (0.8%), unscheduled maintenance (0.6%), and soiling (0.1%). USF's Asset Management Team is working with the relevant Operations and Maintenance providers to resolve the inverter issues before year-end.

Wildfires in California and Oregon are also expected to have impacted the performance of projects in the Acquisition Four and Acquisition Five portfolios, contributing to up to 1.5% of the 4.2% weather-adjusted underperformance. This is likely to be due to the impact of smoke and dust on the amount and quality of the solar irradiation reaching the solar panels, however this has not yet been quantified.

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Production for the quarter is estimated to have displaced the equivalent of 97,000 tonnes of CO₂, comparable to removing approximately 21,000 cars from the road or powering 11,000 houses during the quarter².

Figure 1: Operating portfolio performance CY 2020



CONTRACTED CASHFLOWS

More than 70% of USF's portfolio is now operational, with the remaining project on track to reach operational status by year-end. The USF portfolio has a weighted-average PPA term of 15 years as at 30 September, setting contracted prices for 100% of electricity generated with investment grade counterparties (S&P rated A to BBB+).

DIVIDEND

On 14 August 2020, the Company paid its fourth dividend of 0.50 cents per ordinary share for the prior period. USF also announced its fifth dividend of 0.50 cents per ordinary share for the period ending 30 June 2020, which will be paid in November. USF expects to cover the remaining 2020 dividends with operating cashflows and continues to be in a strong position to commence its 2021 annual dividend target of 5.5 cents per Ordinary Share

PIPELINE

As of 30 September, the Pipeline included 2,233 MW_{DC} of assets with a cash equity value of \$2.1 billion and a weighted-average PPA term of 17 years at the end of the period.

COVID-19 IMPACT

USF's plants have continued to operate throughout the pandemic and service personnel have been permitted to travel to sites to conduct work as needed. There has been no material impact on USF's operating or construction assets. For further information please see our COVID-19 Statement [here](#).

Utility Solar Market Update

Q3 2020 UTILITY-SCALE SOLAR MARKET UPDATE³

Across all electricity market segments in the US, solar photovoltaic (PV) accounted for 37% of new electricity-generating capacity through H1 2020. The growth of the US utility-scale solar PV market remained strong through Q2 with 2.5 gigawatts (GW_{DC}) of utility-scale PV installed, representing:

- a 115% increase compared to Q2 2020;
- a 242% increase to Q2 five years prior, and;
- the largest ever Q2 capacity growth.

During the quarter, the US utility-scale PV contracted pipeline grew by 8.7 GW_{DC} to a record Q2 high of 62 GW_{DC}. The pre-contract pipeline (the total capacity of solar without a signed PPA but in an interconnection queue) has grown to 314 GW_{DC}.

Figure 2: US utility-scale PV capacity installed by quarter³



The primary drivers of growth are the stepdown of the Investment Tax Credit (ITC) as developers and investors look to capture the last two years of the larger tax credit, upward revisions to state renewable targets, increasing corporate demand, and improving economic competitiveness. Thirty-eight states have a renewable portfolio standard or target set with 22 of them including a specific solar carveout.

While there were some concerns in the market of project delays or disruptions, the impact seems to have been minimal. Additionally, utility-scale PV experienced less severe construction impacts from COVID-19 than residential and community solar due to more limited consumer interaction and longer development timelines. Even in a higher-risk macroeconomic environment, the contracted pipeline is expected to grow over the next 18 months.

The US utility-scale PV capacity installation forecast from 2020 to 2025 has grown by 1.2 GW_{DC} to 83.9 GW_{DC}. The 2020 to 2021 forecast has slightly reduced due to minor delays caused by COVID-19 and uncertainty in the financing market. The 2022 to 2023 forecast has grown

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to account for spillovers from delayed projects while also expecting demand reduction from the planned ITC step-down. Of projects announced in Q2 2020, 88% are targeting operations during 2022 to 2023.

Wood Mackenzie expects the long-term demand for utility-scale PV to remain high even after the ITC is phased down to 10%. Long-term demand growth is expected to be bolstered by the increasing economic competitiveness and advances in energy storage technology.

A Biden win in the US election bodes well for the renewables industry in the US. During his campaign, President-elect Joe Biden explicitly committed to ensuring the U.S. achieves a 100% clean energy economy and net-zero emissions no later than 2050; however, we do not yet know what kind of support the solar industry might receive from these initiatives.

Fund Overview

US Solar Fund plc's investment objective is 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.

US Solar Fund listed on the LSE in April 2019, following its successful Initial Public Offering (IPO) which raised \$200 million.

The US is a leading global solar market and is expected to experience continued strong growth, largely driven by the improving cost competitiveness of solar PV and supportive state and federal policy schemes.

US Solar Fund is aiming to deliver:

- an annual dividend yield target of 5.5% once all solar power assets acquired with the proceeds from the IPO become operational, with an average growth rate of 1.5-2.0% per annum (on a fully invested and geared basis)
- initial target annual dividend yield of 2-3% until all Solar Power Assets are fully operational
- target net total return over the life of the Solar Power Assets of at least 7.5% per annum.

US Solar Fund is managed by New Energy Solar Manager (NESM). NESM was established in 2015 and also manages New Energy Solar (www.newenergysolar.com.au) which has committed over \$800 million to 16 solar power projects (14 of which are in the US).

NESM is owned by Walsh & Company, the funds management division of Evans Dixon, an ASX listed company (ASX: ED1) with over A\$21 billion of funds under advice.

KEY FINANCIAL FACTS AT 30 SEPTEMBER 2020

COMPANY INFORMATION

Ordinary Shares Issued	200,092,323	
Ticker	USF (\$)	USFP (£)
Share Price	0.98	0.7650
NAV (\$) ⁴	192m	
NAV/share (\$) ⁴	0.961	
Premium to NAV ⁴	2.0%	
Market Cap (\$)	196m	
Ongoing Charges ⁵	1.48%	
Target Dividend Yield ^{6,7}	5.5%	
Next Dividend	November 2020	
Target Net Total Return ^{7,8}	Min 7.5%	

Listing:	London Stock Exchange Premium Segment
SEDOL	BJCWFX4 (\$) BHZ6410 (£)
ISIN	GB00BJCWFX49
Registered Number:	11761009
Ticker:	LSE: USF (\$)/USFP (£)
Dividend Payments:	Quarterly
Financial Year End:	31 December
Website:	www.ussolarfund.co.uk

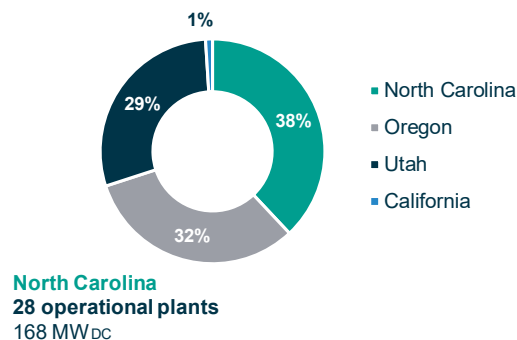
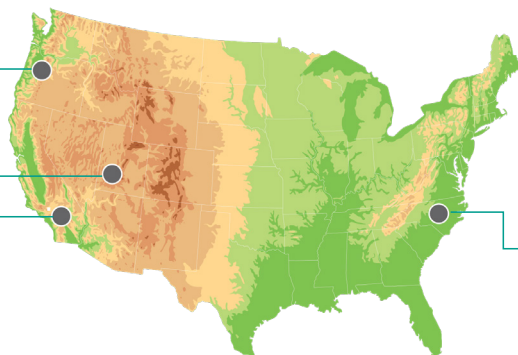
Fact Sheet

Portfolio Overview

Oregon
10 operational plants
140 MW_{DC}

Utah
1 plant in construction
128 MW_{DC}

California
2 operational plants
7 MW_{DC}



Status	Acquisition Portfolio	Asset	Capacity (MW _{DC})	Location	Acquisition Date	Energy Offtaker ⁹	Offtaker Credit Rating ¹⁰	Remaining PPA Length (Years)	COD ¹¹
●	One	Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: A	25.0	Nov 20
Construction Total			127.8					25.0⁹	
●	Two	Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	12.9	Aug 20
●	Two	Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	12.9	Aug 20
●	Two	Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	12.9	Jul 20
●	Two	Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: A-	12.9	Sep 20
●	Two	Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	12.9	Aug 20
●	Two	Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	12.9	Oct 20
●	Three	Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	9.5	Jun 15
●	Three	Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	10.1	Oct 15
●	Three	Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	9.2	Jul 15
●	Three	Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	10.0	Oct 15
●	Three	Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: A-	9.7	Jun 15
●	Three	S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: A-	6.8	Jul 12
●	Three	Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: A-	11.5	Apr 12
●	Three	Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: A-	7.3	Apr 13
●	Four	County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	10.9	Sep 16
●	Four	Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	11.0	Sep 16
●	Four	Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	10.9	Dec 16
●	Four	Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	10.9	Dec 16
●	Four	Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.1	Nov 16
●	Four	Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	10.9	Dec 16
●	Four	Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	11.2	Dec 16
●	Four	Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	11.2	Dec 16
●	Four	Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	10.9	Dec 16
●	Four	Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: A-	10.9	Dec 16
●	Four	Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: A-	10.9	Dec 16
●	Four	Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	16.0	Sep 16
●	Four	Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	16.2	Dec 16
●	Four	Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: A	11.1	Dec 17
●	Four	Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: A	11.1	Jan 18
●	Four	Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: A	11.1	Dec 17
●	Four	Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.1	Mar 18

Fact Sheet

Portfolio Overview (continued)

Status	Acquisition Portfolio	Asset	Capacity (MW _{DC})	Location	Acquisition Date	Energy Offtaker ⁹	Offtaker Credit Rating ¹⁰	Remaining PPA Length (Years)	COD ¹¹
●	Four	Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.2	Dec 17
●	Four	Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: A	11.2	Dec 17
●	Four	Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	12.3	Dec 17
●	Four	Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	7.2	Dec 17
●	Four	Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	12.9	Oct 18
●	Five	Alkali	15.1	Oregon	May 20	Portland General Electric	S&P: BBB+	10.9	Jun 20
●	Five	Rock Garden	14.9	Oregon	May 20	Portland General Electric	S&P: BBB+	10.9	Jun 20
●	Five	Suntex	15.3	Oregon	May 20	Portland General Electric	S&P: BBB+	10.8	Jul 20
●	Five	West Hines I	15.3	Oregon	May 20	Portland General Electric	S&P: BBB+	10.8	Jun 20
Operational Total			315.2					11.1¹²	
Portfolio Total			443.0					15.1¹²	

KEY ● Operational ● Under construction

- ¹ "Actual" production is the number of MWh produced and sold to the offtaker. "Expected" production is the forecast P50 production of the plant adjusted for the solar resource actually available during the period.
- ² US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "Avoid Emissions and generation Tool" (AVERT).
- ³ Wood Mackenzie / SEIA Q3 2020 U.S. Solar Market Insight®. The Q3 2020 report provides data through Q2 2020.
- ⁴ Based on the unaudited NAV as at 30 September 2020.
- ⁵ The ongoing charges ratio is calculated in accordance with the Association of Investment Companies ("AIC") methodology. The estimated total cost as laid out in the prospectus was 1.35% based on proceeds of \$250 million. As total proceeds of the IPO were \$200 million, this ratio is slightly higher than estimated at IPO.
- ⁶ Once fully operational and on a fully invested and geared basis. USF has set an initial target annual dividend of 2-3% on the IPO issue price in respect of the period from listing until all the Solar Power Assets are fully operational.
- ⁷ The initial target annual dividend yield, target annual dividend yield and target net total return are targets only and are not profit forecasts. There can be no guarantee that these targets will be met and they should not be taken as an indication of the Company's expected or actual future results.
- ⁸ Over the life of the solar power assets (expected to have a typical asset life of 30 to 35 years, and potentially up to 40 years) net of all fees and expenses but before tax, on the basis of the IPO issue price, once the Company is fully invested.
- ⁹ 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.
- ¹⁰ Bloomberg as of 5 October 2020.
- ¹¹ Commercial Operation Date.
- ¹² Capacity-weighted average remaining PPA term as at 30 September 2020.

SENIOR MANAGEMENT

JOHN MARTIN *Chief Executive Officer*



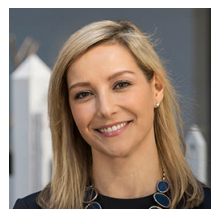
- Over 30 years experience in Energy, Infrastructure, Resources and Finance.
- 10+ years experience in renewable energy (wind, hydro, and solar).
- Previous roles with ABN Amro, RBS, NAB, PwC, Zurich and Aquasia.

LIAM THOMAS *Chief Investment Officer*



- Over 16 years experience in Energy, Infrastructure, Mining and Agribusiness.
- 5+ years experience in renewable energy and has led all NESM acquisitions.
- Previous roles with Origin Energy, Aurizon, Orica and AWB.

JACLYN STRELOW *Chief Operating Officer*



- Over 14 years experience in M&A, debt and equity markets, and funds management.
- Previous roles with Aurizon, Instinet, PwC Legal and Mallesons Stephen Jacques.

WARWICK KENEALLY *Head of Finance*



- Over 18 years experience in funds management, corporate finance and restructuring.
- Previous roles with McGrathNicol and KPMG.

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CORPORATE CALENDAR

Dividend, NAV and Trading Update	November 2020
Company Financial Year End	December 2020
Annual Dividend, NAV and Trading Update	March 2021
Annual General Meeting	May 2021
Dividend, NAV and Trading Update	May 2021
Company Financial Half-Year	June 2021

DISCLAIMER

This Quarterly Update (**Update**) has been prepared by the Investment Manager (New Energy Solar Manager Pty Limited) of US Solar Fund. An investment in US Solar Fund is subject to various risks, many of which are beyond the control of its Investment Manager. The past performance of US Solar Fund is not a guarantee of its future performance. This Update contains statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. Neither the Investment Manager nor US Solar Fund, their respective officers, employees, agents, analysts or advisers nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfillment of the forward-looking statements or any of the assumptions upon which they are based. Unless otherwise specified, all references to currency are to US dollars. Due to rounding, numbers presented in this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.