

US Solar
Fund

Attractive and sustainable returns from US solar power

Quarterly Update | 31 December 2022

Fourth Quarter Update

USF Quarter Highlights

- **NAV update:** US Solar Fund's (USF or the Company) unaudited NAV at 31 December 2022 was \$320.0 million or \$0.963 per share, a decrease from the 30 September 2022 NAV of \$322.2 million or \$0.970 per share.
- **Portfolio performance:** During the year, the portfolio produced 904GWh (including reimbursed curtailment). Generation in 2022 remains within the expected range of annual variance. We continue to see the benefits of a high-quality, diversified portfolio as assets largely continued performing well with their long-term PPAs. The distribution of assets across different locations gave the portfolio the benefit of varying weather conditions, mitigating volatility from any particular event or local weather trend throughout the year.
- **Contracted cash flows:** All assets in the portfolio have power purchase agreements (PPAs) with contracted prices for 100% of electricity generated. The portfolio weighted average PPA term is 13.8 years as of 31 December 2022, and all PPA counterparties are investment-grade (S&P rated A to BBB).
- **Dividends:** The Company paid its Q3 2022 dividend of 1.52 cents per Ordinary Share on 6 January 2023. The Q4 2022 dividend will be announced with the audited financial reports which are expected to be released in March.
- **Dividend cover:** Dividend cover for the twelve months to 31 December 2022 was 1.20x.
- **Option Agreement:** On 23 January 2023, the Company announced that MN8 Energy LLC, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC, has exercised its purchase option over USF's 50% interest in the 200MW_{DC} Mount Signal 2 asset (MS2), with financial close expected to occur in Q2 2023. The sale will generate total proceeds (including the option fee) of \$53.2 million and implies a gross return of 11% per annum since USF announced the agreement to acquire up to 50% of MS2 from NEW in December 2020. The Company will update shareholders regarding use of proceeds at the conclusion of the Strategic Review, referenced below, (or the financial close of the MS2 sale if earlier).
- **Strategic Review:** In October 2022, USF's Board announced that it was undertaking a strategic review of the options available to the Company to maximise value for shareholders (Strategic Review) and that it expected to conclude the Strategic Review by the end of Q1 2023.

The Strategic Review is considering all options available to the Company including a sale of the entire Company, a sale of the Company's portfolio assets, or changing the Company's investment management arrangements. Since the Strategic Review commenced the Board and its advisors have engaged with a significant number of parties and, following receipt of indicative proposals, have shortlisted several parties who have proceeded to the next phase of the Strategic Review process. In order to provide the shortlisted parties with the requisite time to finalise their due diligence and submit binding proposals, the Board now expects to update shareholders on the outcome of the Strategic Review within the next six to eight weeks.

Table 1: Underlying Operating Cash Flows and Dividend Cover (unaudited)

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

NAV UPDATE

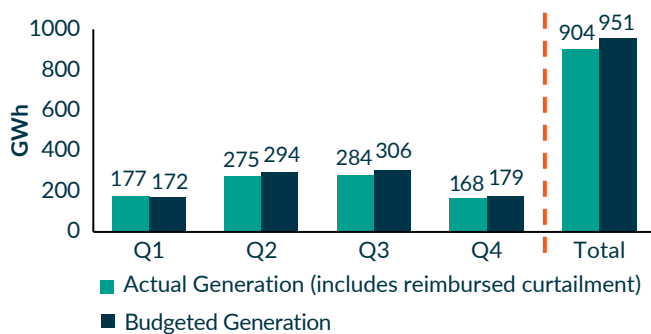
USF's unaudited NAV at 31 December 2022 was \$320.0 million or \$0.963 per Ordinary Share, marginally lower than the 30 June 2022 NAV of \$321.2 million or \$0.967 per Ordinary Share. While the portfolio experienced an overall fair value uplift, this was offset by dividends paid, operating costs US tax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

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

Fourth Quarter Update

PORTFOLIO PERFORMANCE

Figure 1: Operating Portfolio Performance Q4 2022



KEY FINANCIAL FACTS AT 31 DECEMBER 2022

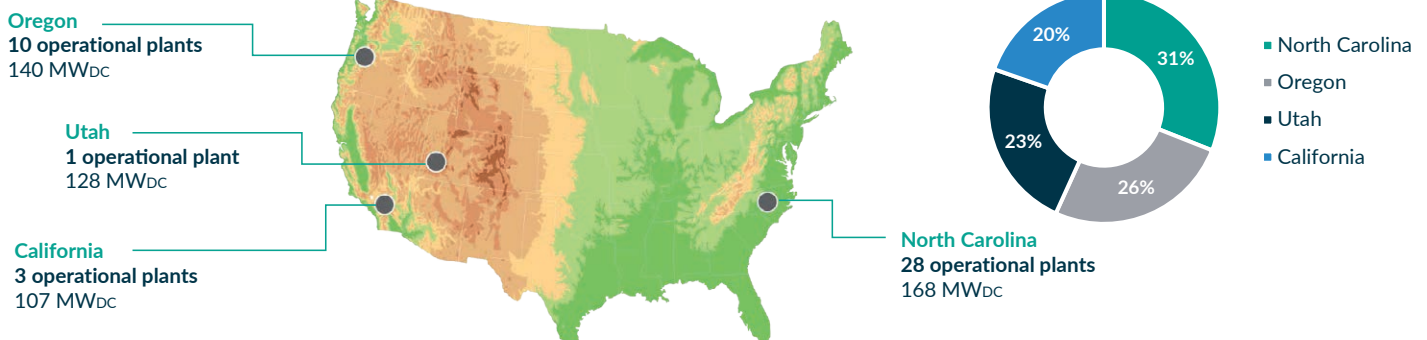
Ordinary Shares Issued	332,192,361	
Ticker	USF (\$)	USFP (£)
Share Price	\$0.84	£0.7710
NAV (\$)¹	\$320.0	
NAV/share (\$)¹	\$0.963	
Premium (discount) to NAV¹	(12.8%)	
Market Cap (\$m)	\$279.0	
Ongoing Charges	1.37%	
Target Dividend Yield²,³	5.58%	
Next Dividend⁴	March 2023	
Target Net Total Return⁵	Min 7.5%	

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

Over the course of 2022, the assets produced 904GWh (including reimbursed curtailment). An increase in generation from better-than-expected weather was more than offset by decreases from availability, unscheduled maintenance, and non-reimbursed curtailment, resulting in generation 4.9% below budget. Some of the lost generation and revenue related to inverter failure is expected to be reimbursed through business interruption insurance claims, and the Investment Manager expects the majority of future curtailment to be reimbursable as per the PPA curtailment provisions. Unscheduled maintenance was largely due to grid instability in Oregon and North Carolina as a result of weather and storms across the country. The period's generation is within the expected range of annual variance and did not impact USF's ability to continue to cash cover the target dividend for 2023.

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

USF PORTFOLIO OVERVIEW⁶



1 Based on the unaudited NAV as at 31 December 2022.

2 Once fully operational and on a fully invested and geared basis.

3 The 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.

4 Q4 2022 dividend will be announced in March 2023.

5 Over the life of the solar power assets (expected to have a typical asset life of 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.

6 Portfolio breakdown by state is by MW_{DC}.

Fourth Quarter Update

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

SENIOR MANAGEMENT

LIAM THOMAS *Previously Chief Executive Officer;
Currently Advisor to USF*



- 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.

WARWICK KENEALLY *Chief Financial Officer*



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

SCOTT FRANCIS *Head of Asset Management*



- Over 15 years experience in Energy, Infrastructure and asset management.
- Previous roles with Apex Clean Energy and Dominion Energy.

Investor Relations

US Solar Fund
Whitney Voute
+1 718 230 4329

Sponsor, Broker & Financial Adviser

Cenkos Securities plc
James King
Tunga Chigovanyika
Will Talkington
+44 20 7397 8900

Jefferies International Limited
Stuart Klein
Gaudi le Roux
Neil Winward
+44 20 7029 8000

Administrator & Company Secretary

JTC
Christopher Gibbons
Susan Fadil
+44 20 7409 0181

Public Relations

KL Communications
Charles Gorman
Charlotte Francis
+44 20 3995 6673

Registrar

Computershare Investor Services PLC
+44 37 0703 6253

CORPORATE CALENDAR

Company Financial Year-End	December 2022
Annual Dividend, NAV and Trading Update	March 2023
Annual General Meeting	May 2023
Dividend, NAV and Trading Update	May 2023
Company Financial Half-Year	June 2023

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.