

US Solar Fund

US Solar Fund PLC
(Company Registration Number 11761009)

INTERIM REPORT AND FINANCIAL STATEMENTS

*for the period from 1 January 2023
to 30 June 2023*

**Renewable energy.
Sustainable investments.**

US Solar Fund PLC

INVESTMENT POLICY

US Solar Fund plc (**USF** or **the Company**) is listed on the premium segment of the London Stock Exchange and aims to provide investors with attractive and progressive dividends with an element of capital growth by investing in a diversified portfolio of solar power assets in North America and other OECD countries in the Americas.

OBJECTIVES

The Company acquires or constructs, owns and operates solar power assets that are expected to have an asset life of at least 30 years and generate stable and uncorrelated cash flows by selling electricity to creditworthy offtakers under long-term power purchase agreements (**PPAs**).

INVESTMENT MANAGER

USF is managed by New Energy Solar Manager, (**NESM**). NESM was established in 2015 and has committed a total of \$1.3 billion to 57 utility-scale solar assets, 55 of which are in the US, totalling 1.2 gigawatts (**GW_{DC}**). In July 2023, the Company announced it had mutually agreed with NESM that their existing exclusive investment management agreement would not extend beyond the expiry of the initial five-year term in April 2024.

HISTORY OF THE COMPANY

The Company's initial public offering (**IPO**) in April 2019 raised \$200 million; the funds were all committed or invested by December 2020 and the solar power assets were fully operational by that date. In May 2021, the Company raised an additional \$132 million as part of a 12-month Placing Program. In October 2022, the Company announced it had entered a Strategic Review and Formal Sale Process (**Strategic Review**). The Board concluded the Strategic Review in July 2023 and announced the search for a new investment manager. In August 2023, the Company announced its selection of Amber Infrastructure Group (**Amber**) as the preferred candidate to replace NESM as Investment Manager to the Company.

PORTFOLIO

As of 30 June, USF's portfolio consists of 41 projects across four US states with a combined capacity of 443 megawatts (**MW_{DC}**). Its assets are fully operational, generating 462¹ gigawatt-hours (**GWh**) over the six-month period to 30 June 2023², compared to 452GWh¹ in the previous corresponding period. Power offtake agreements are in place for 100% of generation with creditworthy counterparties with a weighted average remaining life of 12.4 years³, providing a resilient income stream, uncorrelated to spot energy prices.

TARGET RETURN

USF aims to deliver an annual 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 2023 is 5.66 cents per share, a 1.5% increase over the prior year's annual dividend of 5.58 cents per share.



1. Portfolio generation data includes the second tranche of MS2 from May 2022 to June 2023, in line with transaction financial close dates.
2. Includes reimbursed curtailment.
3. Remaining PPA term from 30 June 2023 and excludes MS2

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Milford 127.8MW_{DC}

1. Highlights



Chiloquin 14.0MW_{DC}

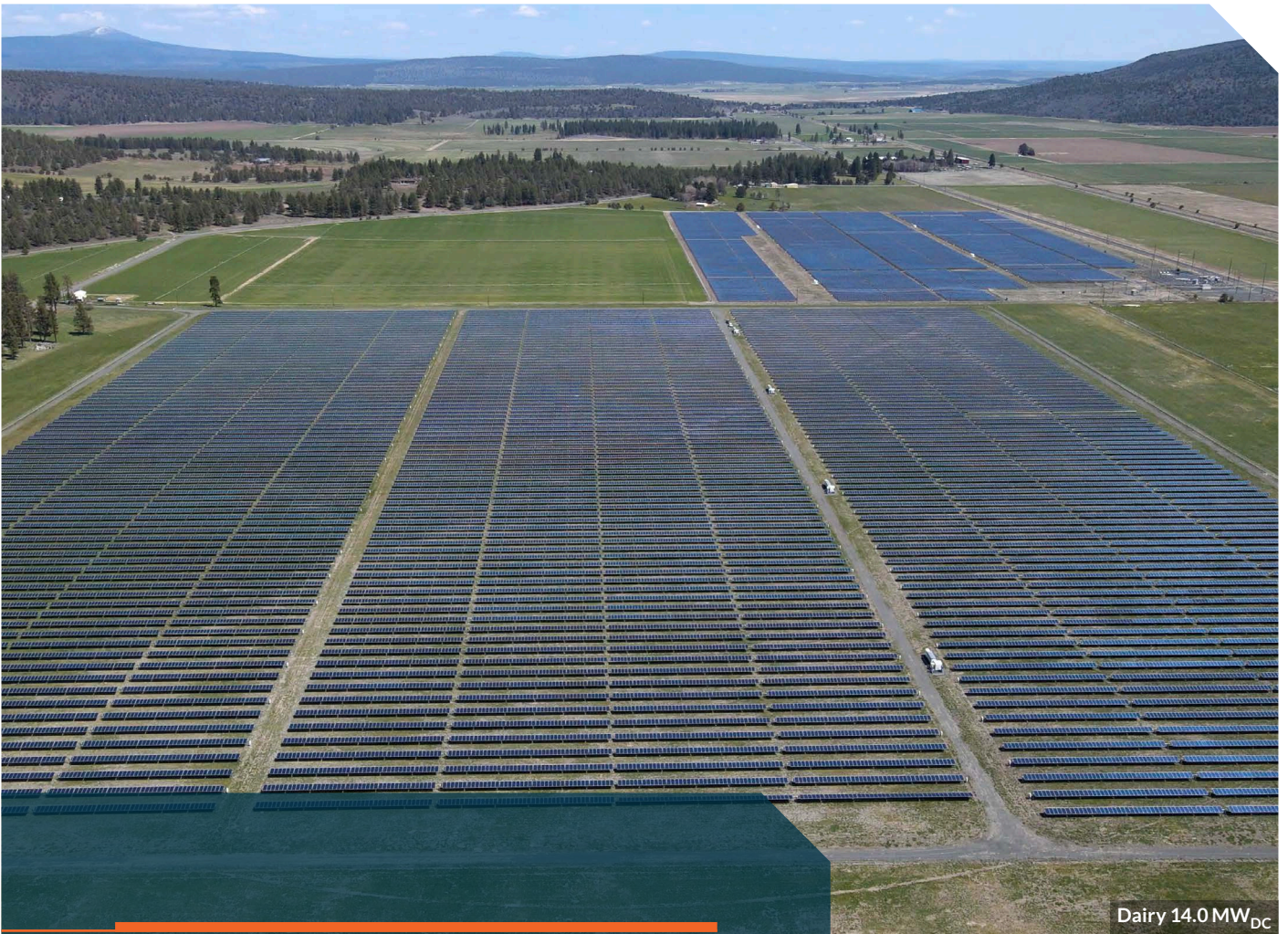
1. Highlights

Table 1: Highlights for the period

	6 Months Ended 30 June 2023	12 Months Ended 31 December 2022	6 Months Ended 30 June 2022
FINANCIAL			
Net Asset Value (NAV)	\$284.2m	\$320.0m	\$321.2m
NAV per share*	\$0.855	\$0.963	\$0.967
Ordinary shares outstanding	332.2m	332.2m	332.2m
Share price based on closing price of indicated date	\$0.69	\$0.84	\$0.88
Premium (discount) to NAV*	(19.3%)	(12.8%)	(9.0%)
Market capitalisation based on closing price of indicated date	\$229m	\$279m	\$292m
Dividends paid ⁴	\$10.0m	\$18.4m	\$10.0m
Dividend cover*	1.34x	1.20x	1.19x
Shareholder total return (from inception) ⁵	(20.22%)	(5.95%)	(4.06%)
NAV total return (from inception) ⁶	2.08%	9.98%	7.76%
Profit/(loss)	(\$26.5m)	\$14.5m	\$6.4m
Earnings per share (cents)	(8.0)	4.4	1.9
Ongoing charges ⁷	1.39%	1.37%	1.35%
Gearing*	34.5%	44.2%	44.2%
OPERATIONAL			
Projects ⁸ fully operational	41	42	42
Total capacity (ownership stake)	443MW _{DC} ⁹	543MW _{DC} ⁹	543MW _{DC} ⁹
Total electricity generation	462GWh ⁹	904GWh ⁹	452GWh ⁹
Generation shortfall (percentage of budget)	(8.6%) ⁹	(4.9%) ⁹	(3.0%) ⁹
Weighted average PPA term remaining	12.4 years	13.8 years	14.3 years
Average offtaker credit rating	BBB+	BBB+	BBB+
ENVIRONMENTAL¹⁰			
CO ₂ emissions displaced	312,000t	618,000t	336,000t
Equivalent US homes powered	49,000t	95,000t	46,000t
Equivalent US cars removed from the road	67,000t	134,000t	73,000t

* 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 2023 does not include the 1.29 cents per share dividend declared by the Company for 1Q 2023 on 30 May 2023, paid to shareholders on 7 July 2023.
5. Total return to shareholders is based on dividends paid and reinvested (at ex-dividend date) throughout the period and share price movement since the issue price of \$1.00.
6. NAV total return to is based on dividends paid throughout the period and NAV movement since inception.
7. The ongoing charges ratio is calculated in accordance with the Association of Investment Companies (AIC) methodology.
8. Solar Projects (Projects) or Solar Assets (Assets) are used interchangeably throughout the report.
9. Portfolio generation data includes the second tranche of MS2 from May 2022 to 20 June 2023. As the acquisition transaction only closed in late June 2023, it is excluded in from the total portfolio capacity at June 30 but has been included in performance data through the transaction date.
10. Environmental figures use actual generation figures for the period. US CO₂ 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 CO₂ emissions displaced and data from the US Environmental Protection Agency and US Energy Information Administration.



Dairy 14.0 MW_{DC}

2. Chair's Statement



Davis Lane 7 MW_{DC}

2. Chair's Statement

The Company has faced challenging market conditions over the first six months of this year as the macroeconomic environment has become more volatile. We are pleased that the portfolio has performed well, confirming the attributes commonly associated with long term, contracted real assets. However, a variety of market related factors has impacted the valuation of the assets and the Board's ability to respond to some of our Shareholder's wishes during the period. The most significant changes to the market relate to the current interest rate environment, inflation and legislative changes affecting the solar industry in the US. As a result, and as previously announced, the Strategic Review was unsuccessful in attracting binding offers for the assets or Company.

We have worked with our advisors and Shareholders throughout the first six months of this year to adapt our strategy to the current and unexpected market conditions and are now laying the groundwork necessary to move on from the Strategic Review and build confidence around the future of the Company and the portfolio. We have taken into consideration the prevailing market conditions and relevant information obtained through the Strategic Review when considering the revised valuation.

The substantial impact of the macroeconomic environment on asset values in the sector over the period was heightened for the Company following the termination of the Strategic Review and the need to replace the Investment Manager. USF announced on 10 July 2023 it had mutually agreed with NESM that USF's existing investment management agreement will not extend beyond the expiry of the initial five-year term in April 2024. We had included the possibility of a change of investment manager in the Strategic Review and were pleased to have several credible candidates to choose from. After a careful selection process, and suitable due diligence, we chose Amber as our preferred candidate to take over the management of the Company from NESM. We have entered a period of exclusivity with Amber which has now met many of our shareholders (over 70% by value of shares) to understand their concerns and opinions on the way forward for the Company. The Board, NESM, and Amber will be working closely together in the coming weeks to finalise arrangements for the transfer.

Amber is an international infrastructure specialist, focused on investment origination, development, asset management and in Europe, fund management. Amber's core business focuses on infrastructure assets across the public, transport, energy, digital and demographic infrastructure sectors that support the lives of people, homes and businesses internationally. Among other funds, Amber manages International Public Partnerships, a FTSE 250-listed company with a market capitalisation of approximately £2.5 billion and 15-year track record of long-term investment in infrastructure assets globally. Amber is headquartered in London with offices in Europe, North America, New Zealand and Australia and employs over 180 infrastructure professionals. Amber has had a strategic partnership with the Hunt Group of Companies in the US since 2015.

Turning now to the Company's operations during the period. Overall, the performance of the assets has been impacted by weather conditions and unscheduled maintenance. It is important to note that a large proportion of this underperformance is a result of issues with Mount Signal 2, an asset that the Company successfully disposed of during the period. In the first half of 2023, non-weather losses such as outages and asset unavailability improved by approximately 20% compared with the prior corresponding period as the asset management team continues to closely monitor the assets and proactively take measures to improve performance. USF's portfolio is geographically diverse which has helped mitigate the impact of weather in any one geographic location and USF has not been affected by changes in certain energy markets (such as Texas) where major weather-related events have led to volatility in asset values. While the portfolio's performance demonstrates the generation volatility of solar assets, weather conditions in the first half of 2023 have been poor compared with 2022.

USF's highly predictable revenues earned from long-term PPAs provide cash flow stability. Over 95% of the revenues forecast to be received over the next nine years are contracted payments earned under fixed price PPAs. The electricity generated by USF's assets is contracted under fixed-price PPAs for a weighted average term remaining of 12.4 years from 30 June 2023.

The Company continued to cash cover the 2023 dividend target of 5.66 cents, which included a 1.5% increase from the previous year dividend, as targeted at IPO. USF's portfolio remains resilient due to its high-quality generation assets, predictable revenues and fully hedged debt facilities.

PORTFOLIO UPDATE

In June, the Company announced that it had reached financial close on the sale of USF's 50% interest in the 200MW_{DC} Mount Signal 2 (**MS2**) asset to a subsidiary of MN8 Energy LLC, a renewable energy business formerly known as Goldman Sachs Renewable Power LLC (**MN8**). This followed the January 2023 exercise of the purchase option granted to MN8 in 2022 (**Option**) and the signing of a binding sale agreement in April 2023. The sale of USF's 50% interest in MS2 for US\$52.2 million excluding working capital plus the non-refundable Option fee of \$1 million paid in 2022 implies a gross return of approximately 10% per annum¹¹ since USF announced the agreement to acquire up to 50% of MS2 from New Energy Solar in December 2020.

PERFORMANCE

USF's unaudited NAV at 30 June 2023 was \$284.2 million or \$0.855 per share, 11.2% lower than the 31 December 2022 NAV of \$320.0 million or \$0.963 per share. The Fair Value (FV) of USF's solar investments is reviewed by an independent valuer (KPMG) working with the data provided by NESM. Until this report we have adopted around the mid-point of their estimate of value but given the current difficult market situation, we have taken the figure at the bottom of the consultant's range to include in the NAV. We regard this as a more prudent approach that takes into account the conclusions of the Strategic Review and other uncertainties in the valuation of operating US solar assets at the present time.

The key impact on the NAV from December 2022 was the downward pressure of increases in discount rates and increases in future operating costs, which more than offset favourable increases in future merchant curves. This decrease in FV combined with dividends paid, operating costs at the plc level including those related to the strategic review as well as other expenses and the IM fee, resulted in the reduction in NAV.

30 June 2023 NAV also reflects the recently concluded Strategic Review where USF's independent valuer has taken into account outcomes from the sales process for the Company's assets. The independent valuer has also used recent transactions in the US renewables sector, including our successful sale of the Company's share of the MS2 project, to assess the value of USF's remaining portfolio of operating solar projects. Although risk-free rates have steadied, these considerations have resulted in higher asset risk premiums across the sector including for USF's portfolio assets and placed downward pressure on the NAV for the Company's and its peers. The Board considers that the independent valuer's approach has appropriately reflected the inherent value of the assets adjusted for current market conditions.

US Treasuries have stabilised during the period compared to prior periods and compared with UK and European equivalent instruments. The NAV of the portfolio is determined through an independent valuation which uses, as a risk-free proxy, the equivalent term (20 year) US Treasury rate which was 4.1% at 31 December 2022 and remained unchanged at 30 June 2023.

DIVIDEND

For 2023, the Company has declared a dividend target of 5.66 per share, a 1.5% increase over the prior year's annual dividend of 5.58 cents per share. For the period ending 31 March, the Company declared a dividend of 1.29 cents paid on 7 July 2023. With this report, the Company has declared the 30 June dividend of 1.29 cents per share, to be paid on 27 October 2023. These are both in line with the target annual dividend. Dividend cover for the 12 months to 30 June was 1.19x and six months to 30 June was 1.34x. 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 operating cash flows. Looking ahead, the Board will continue to carefully monitor operating cash flows and dividend cover, having regard to available capital and balance sheet management initiatives.

US SOLAR INDUSTRY

The first quarter of 2023 was the strongest Q1 on record for solar industry installations, up 47% over Q1 2022, partially driven by previously delayed installations coming online. As the Inflation Reduction Act continues to positively impact the industry in years to come, solar installations are expected to nearly triple by 2028, with almost 236 GW_{DC} of total solar capacity is expected to come online. This will bring total solar capacity to almost triple what it was at year-end 2022.

The industry continued to experience supply constraint, but module shipments are beginning to move through ports as Customs and Border Patrol have issued guidance on documentation helping move modules with North American or European polysilicon, helping to improve market dynamics. Solar accounted for 54% of new electricity-generating capacity additions during the quarter, its largest share to date. However, the Company is not currently actively looking for new investment opportunities due to capital constraints.

SUSTAINABILITY & ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

In August, USF published its second annual Sustainability Report, covering 2022. The report included expanded and enhanced data gathering regarding emissions and carbon footprint, which was initiated with the engagement of a consultant, Carbon Responsible. Sustainability and ESG considerations continue to be a key focus for the Company, both as a value and priority of the Company's leadership and as a response to the increasing requirements of shareholders and other stakeholders.

As a regulated entity, US Solar Fund is strengthening its reporting to meet new Consumer Principles introduced by the Financial Conduct Authority which came into force 31 July 2023. We recognise the value of the Consumer Duty and have prepared a Consumer Duty Assessment with our Advisor Dorey Financial to ensure we continue meeting shareholder and market requirements.

11. Before taxes and transaction costs.

OUTLOOK

The Company has delivered average annual dividend growth of 1.5% in each consecutive year since the portfolio became fully operational but delivering this growth in dividend may become challenging in the future. The Company continues to expect the 2023 dividend to be covered with net operating cashflows (including the gain on the sale of USF's 50% interest in MS2).

Throughout the period USF shares traded between \$0.69 and \$0.84 per share on the London Stock Exchange. At 30 June, the Company's shares were trading at \$0.69 per share. This represents a 19.3% discount to the NAV of \$284.2 million or \$0.855 per share. Including dividends paid during the period, shareholder total return from inception to 30 June is (20.2%). This is disappointing but it should be noted that the whole renewables sector has been under pressure and discounts of investment trust companies have widened considerably during the period.

The Board remains committed to the creation and delivery of long-term shareholder value. It continues to believe the discount to NAV at which the Company's shares are trading does not reflect the underlying value of the Company. The Board and the new manager will be working hard to proactively address shareholder concerns and to explain to the wider market the attributes of the Company in an effort to help narrow the discount. The Company will continue to focus on efficient balance sheet management. The Board confirms that it is currently not seeking new investment opportunities given the substantial discount to NAV. The Company's \$40m revolving credit facility (**RCF**) was extended on superior terms during August 2023, and remains undrawn. Taken together with unrestricted cash balances held by the Company and investment portfolio of approximately \$50m, the Company remains in a comfortable position in relation to its short-term cash requirements. If the opportunity arises the Company will realise value from existing investments where it is prudent and possible to do so and utilise available proceeds to return excess capital to Shareholders, improve the overall attractiveness of the remaining portfolio to potential buyers and/or reduce overall debt levels. Further details of the buyback and capital management initiatives will be provided in due course.

The Board will continue to proactively engage with shareholders to ensure that the Company's strategy for delivering value is understood and endorsed. Whilst market conditions have been very unfavourable for USF in the last six months and are not expected to reverse in the short term, the Company holds good assets with valuable stable contracts which bodes well for the longer term.



Gill Nott
CHAIR

28 September 2023



Turkey Hill 13.2MW_{DC}

3. Investment Manager's Report



West Hines 15.3MW_{DC}

3. Investment Manager’s Report

SUMMARY OF THE PERIOD

In June 2023, the Investment Manager completed the sale of USF’s 50% interest in the 200MWDC MS2 asset to MN8. The sale implies a gross return of approximately 10% per annum since USF announced the agreement to acquire up to 50% of MS2 from New Energy Solar in December 2020. Approximately \$4.5m of the \$52.2 million in total proceeds was used to repay the full drawn balance of the Company’s revolving credit facility. In conjunction with exploring capital and balance sheet management options, the Board intends to undertake a share buyback program using a portion of the MS2 sale proceeds, taking into account the cash needs of the Company, following the publication of the Company’s interim results as at 30 June 2023.

The Company has continued to pay and cash-cover the target dividend including a 1.5% increase in 2023 as the portfolio moves into its third full year of operations. All cash flows from USF’s assets continue to be contracted with US investment-grade offtakers for a weighted average remaining term of 12.4years¹². The longest remaining PPA is 22.4 years (Milford) and the shortest is 4.1 years (S. Robeson).

As announced with this report, USF’s Q1 and Q2 2023 dividends are 1.29 cents per share, on target to meet the annual target of 5.66 cents per share. Coverage of dividends paid over the 12 months to 30 June 2023 by free cash flow, gain on sale of MS2 and any cash flows carried forward was 1.19x.¹³

Over the course of the period and as part of normal Asset Management strategy, the Investment Manager has continued to proactively investigate plant performance to improve operations. Reflecting the geographic diversity of the plants, performance for the year was within 8.6% of budget.

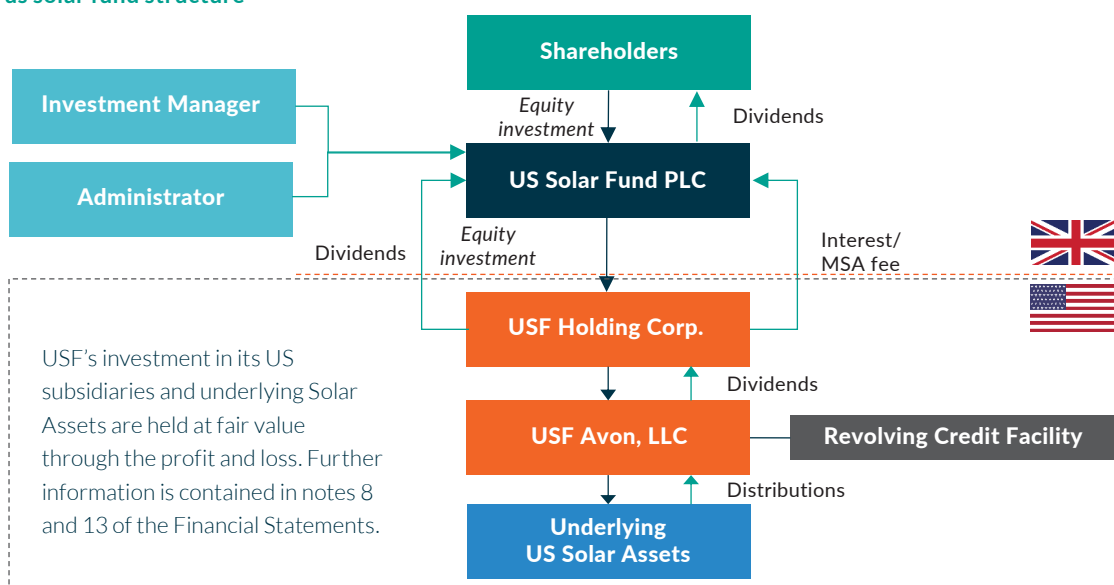
NET ASSET VALUE

USF’s unaudited NAV at 30 June 2023 was \$284.2 million or \$0.855 per share, lower than USF’s audited NAV at 31 December 2022 of \$320.0 million or \$0.963 per share and 30 June 2022 NAV of \$321.2 million or \$0.967 per share. In line with other infrastructure and renewable power market participants, the Company’s investment portfolio experienced a reduction in overall fair value during the period, which was partially offset by a US tax gain and distributions received from the solar assets. The fair value loss combined with dividends paid, operating costs at the plc level as well as other expenses and the IM fee, resulted in the reduction in NAV.

The fair value decrease was primarily driven by the impact of increased discount rates and operating assumptions which more than offset an uplift in electricity price forecasts.

US SOLAR FUND STRUCTURE

Figure 1 us solar fund structure¹⁴



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

12. Remaining PPA term from 30 June 2023

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

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

USF invests in its US-based subsidiary, USF Holding Corp., via a combination of debt and equity. USF is entitled to a Management Services Agreement (MSA) fee for the provision of management services to USF Holding Corp. USF Holding Corp. reimburses USF for investment costs, and costs associated with providing capital and advice to acquire underlying US Solar Assets. In addition, the Company earns interest on an intercompany loan to USF Holding Corp. Cash may also flow from USF Holding Corp. to USF as a dividend or return of capital, which is distributed to USF Holding Corp. on a periodic basis from the Company's underlying Solar Assets.

There are no restrictions on the movement of cash between USF and its subsidiary. As of 30 June 2023, the Company and USF Holding Corp. have available cash of \$5.7 million and \$44.2 million respectively, for a total unrestricted cash balance of \$49.9 million which may be used to meet the obligations of USF. At 30 June 2023, the Company had access through USF Avon LLC (a wholly owned subsidiary of the Company) to a \$40.0 million revolving credit facility (RCF). The RCF provides liquidity for capital expenditures, working capital and general corporate purposes, and was undrawn as at 30 June 2023. The Company's RCF was amended and extended on superior terms for two-years on 30 August 2023, and now has a maturity date of 22 September 2025.

PORTFOLIO UPDATE

USF's portfolio comprised 443MWDC across 41 projects on 30 June 2023 following the sale of MS2 in June 2023. As the transaction only closed in late June 2023, it is excluded from the total portfolio capacity at June 30 but has been included in performance data from acquisition date to the 20 June 2023. The portfolio is fully operating and diversified across four states with all production sold to a variety of investment-grade offtakers (S&P rated: A- to BBB+).

PORTFOLIO GENERATION UPDATE

Figure 2: Operating Portfolio Performance for H1 2023

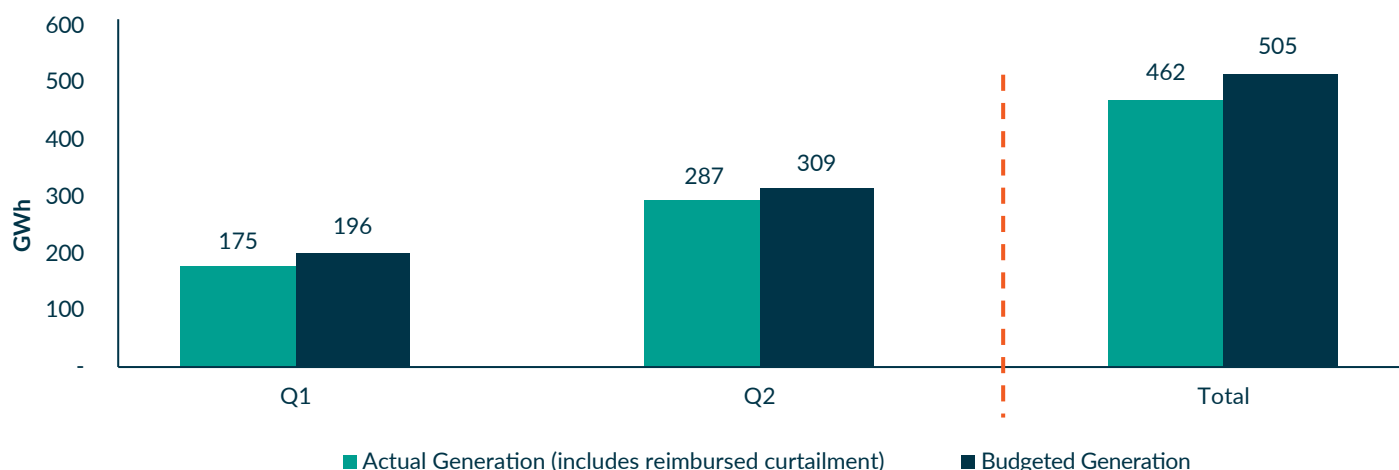
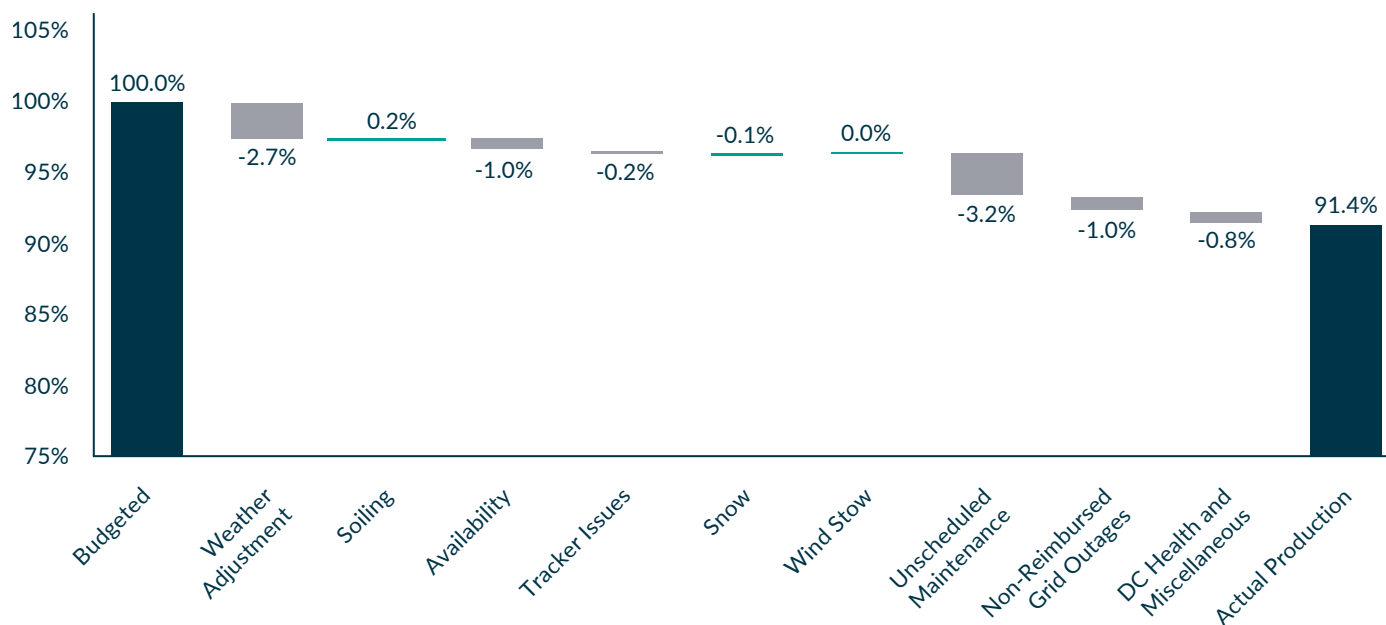


Figure 2 above shows actual and budgeted generation from the assets during the full year, including 50% of MS2 generation from 1 January 2023 to 20 June 2023. The increase in production from Q1 to Q2 is largely attributable to the seasonality of production as we moved into the summer months.

During the period, the assets produced 462GWh (including reimbursed curtailment). As shown in Figure 3 below, the majority of the production shortfall was due to weather and unscheduled maintenance accounting for 5.9% of the production shortfall. Decreases from availability, tracker issues, non-reimbursed curtailment and miscellaneous issues accounted for the remaining shortfall, partially offset by lower than budgeted soiling and snow losses for the period. MS2, no longer owned by USF, accounted for approximately 40% of the total non-weather related losses for the half. Although it returned to expected generation in late Q2 2023, USF ceased to own MS2 in late June 2023 and it will no longer be included in generation data going forward.

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

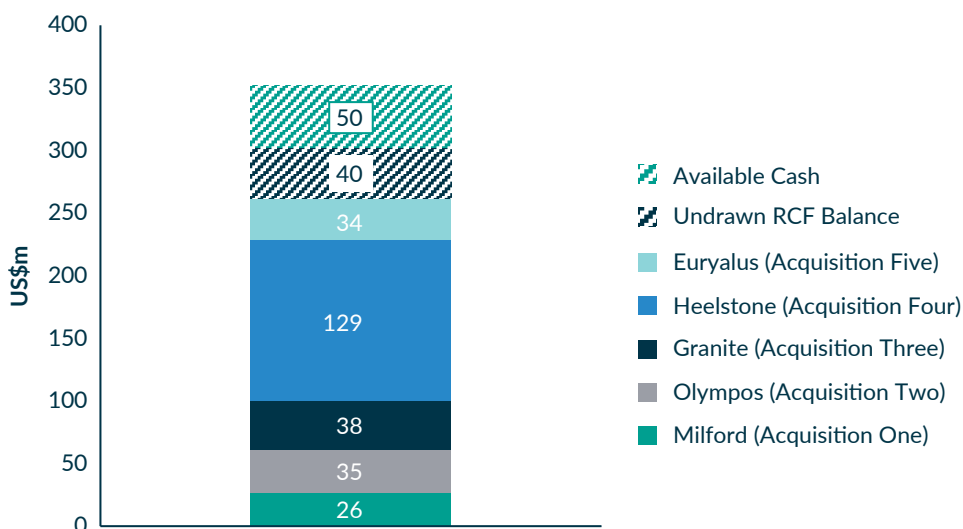
Figure 3: Operating Portfolio Production Waterfall for H1 2023



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

FUNDS COMMITTED

Figure 4: USF Net Equity Invested and Funds Available



At 30 June 2023, USF had invested \$262 million in the operating portfolio (excluding MS2 sale proceeds). The sale of MS2 has temporarily increased USF’s company and investment portfolio held cash balance to \$49.9 million. USF also has an undrawn RCF balance of \$40 million remaining to provide liquidity for capital expenditures, working capital and general corporate purposes.

EVENTS AFTER THE PERIOD

In August, USF announced its selection of Amber as the preferred candidate to replace NESM as Investment Manager to the Company. The selection of Amber followed a multi-phase competitive process conducted by the Board as part of the Strategic Review initiated in October 2022. The Board and its advisers received multiple responses from qualified investment managers for this role. Later in August 2023, the Company announced that it had granted Amber a period of exclusivity during which USF and Amber would seek to negotiate a new investment management agreement and obtain the necessary regulatory and shareholder approvals required for Amber to replace NESM as USF's investment manager.

On 7 July 2023 the Company paid a dividend to shareholders totalling \$4,285,282 declared for the period to 31 March 2023. On 28 September 2023, the Company declared a dividend of 1.29 cents per share for the period ending 30 June 2023, bringing total dividends declared for the six-month period to 2.58 cents per share, on track to meet the dividend target for 2023. The dividend is expected to be paid on or around 27 October 2023.

INVESTMENT PORTFOLIO

As at 30 June 2023 the Company owned 41 utility scale solar projects, totalling 443MW_{DC}. All assets in USF's portfolio have achieved commercial operations and are generating revenue for the Company. Table 2 sets out the location and further information regarding each project.

Table 2: Portfolio Overview

Asset	Capacity (MW _{DC})	Location	Acquisition Date	Energy Offtaker ¹⁵	Offtaker Credit Rating	Remaining PPA Length (Years)	COD ¹⁶
Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: BBB+	22.4	Nov 20
Suntex	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.1	Jul 20
West Hines	15.3	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.1	Jun 20
Alkali	15.1	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.2	Jun 20
Rock Garden	14.9	Oregon	Jun 20	Portland General Electric	S&P: BBB+	8.2	Jun 20
Chiloquin	14.0	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.5	Jan 18
Dairy	14.0	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.3	Mar 18
Tumbleweed	14.0	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.5	Dec 17
Lakeview	13.7	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.3	Dec 17
Turkey Hill	13.2	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.3	Dec 17
Merrill	10.5	Oregon	Mar 20	PacifiCorp	S&P: BBB+	8.3	Jan 18
Lane II	7.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.2	Jul 20
Pilot Mountain	7.5	North Carolina	Dec 19	Duke Energy Carolinas	S&P: BBB+	10.2	Sep 20
Davis Lane	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	9.5	Dec 17
Gauss	7.0	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	10.1	Oct 18
Jersey	7.0	North Carolina	Mar 20	North Carolina Electric	S&P: A-	4.5	Dec 17
Sonne Two	7.0	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.1	Dec 16
Red Oak	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.5	Dec 16
Schell	6.9	North Carolina	Mar 20	Virginia Electric & Power	S&P: BBB+	8.5	Dec 16
Siler 421	6.9	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.1	Dec 16
Cotten	6.8	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.4	Nov 16
Tiburon	6.7	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.1	Dec 16
Monroe Moore	6.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.1	Dec 16
Four Oaks	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.3	Oct 15
Princeton	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.3	Oct 15

15. 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.

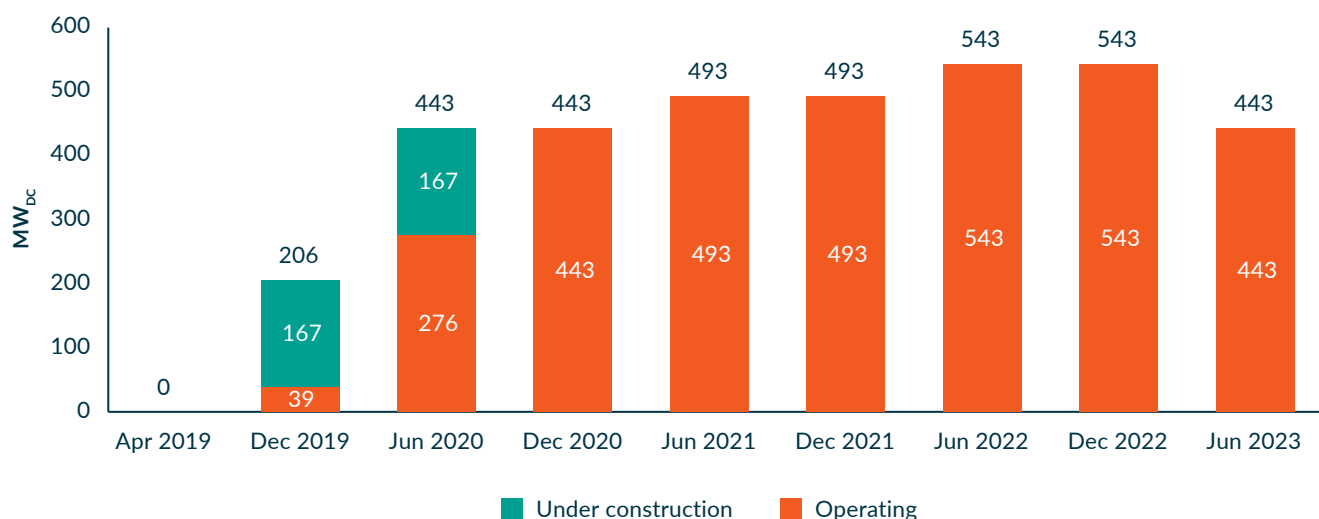
16. Commercial Operation Date.

Asset	Capacity (MW _{DC})	Location	Acquisition Date	Energy Offtaker ¹⁵	Offtaker Credit Rating	Remaining PPA Length (Years)	COD ¹⁶
Tate	6.5	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.2	Aug 20
Freemont	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.1	Dec 16
Mariposa	6.4	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.2	Sep 16
S. Robeson	6.3	North Carolina	Jan 20	Progress Energy	S&P: BBB+	4.1	Jul 12
Sarah	6.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.0	Jun 15
Nitro	6.2	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	6.4	Jul 15
Sedberry	6.2	North Carolina	Mar 20	Duke Energy Progress	S&P: BBB+	8.1	Dec 16
Willard	6.0	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.2	Oct 20
Benson	5.7	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.2	Aug 20
Eagle Solar	5.6	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	10.2	Aug 20
Granger	3.9	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	13.2	Sep 16
Valley Center	3.0	California	Mar 20	San Diego Gas & Electric	S&P: BBB+	13.4	Dec 16
County Home	2.6	North Carolina	Mar 20	Duke Energy Carolinas	S&P: BBB+	8.1	Sep 16
Progress 1	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	8.8	Apr 12
Progress 2	2.5	North Carolina	Jan 20	Progress Energy	S&P: BBB+	4.5	Apr 13
Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	6.8	Jun 15
Grand Total	443.0					12.4¹⁷	

ACQUISITIONS

As at 30 June 2023, the Company had closed six acquisitions and subsequently divested one asset. Milford and Olympos were completed in 2019, Granite, Heelstone and Euryalus were completed in 2020, in line with the plan set out in the IPO Prospectus. The first 25% tranche of MS2 was completed in 2021 and subsequent second tranche financially closed in 2022, bringing the total portfolio to 543MW_{DC} as at 31 December 2022. In June 2023, USF sold its interests in MS2, bringing the total portfolio capacity back to 443MW_{DC}.

Figure 5: Portfolio by Stage¹⁸



17. Capacity-weighted average remaining PPA term as at 30 June 2023.

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

INVESTMENT PERFORMANCE

At 30 June 2023, the Company's shares were trading at \$0.69 per share. This represents a 19.3% discount to the 30 June 2023 NAV of \$284.2 million or \$0.855 per share. The NAV is defined as the total assets less any liabilities.

The financial statements of the Company are presented in Sections 9-13 of this document. For further detail, please see Section 9: Condensed Statement of Profit and Loss and Other Comprehensive Income on page 34.

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

Table 3: Performance Summary

	6 Months Ended 30 June 2023	12 Months Ended 31 December 2022	6 Months Ended 30 June 2022
Number of projects ¹⁹	41	42	42
Capacity of projects	443MW _{DC}	543MW _{DC}	543MW _{DC}
NAV	\$284.2m	\$320.0m	\$321.2m
NAV per share	\$0.855	\$0.963	\$0.967
Ordinary shares issued	332m	332m	332m
Closing share price (USF)	\$0.69	\$0.84	\$0.88
Market capitalisation (based on closing price)	\$229m	\$279m	\$292m
Dividends paid ²⁰	\$10.0m	\$18.4m	\$10.0m
NAV total return performance	2.08%	9.98%	7.76%
Share price total return performance (from inception)	(20.22%)	(5.95%)	(4.06%)

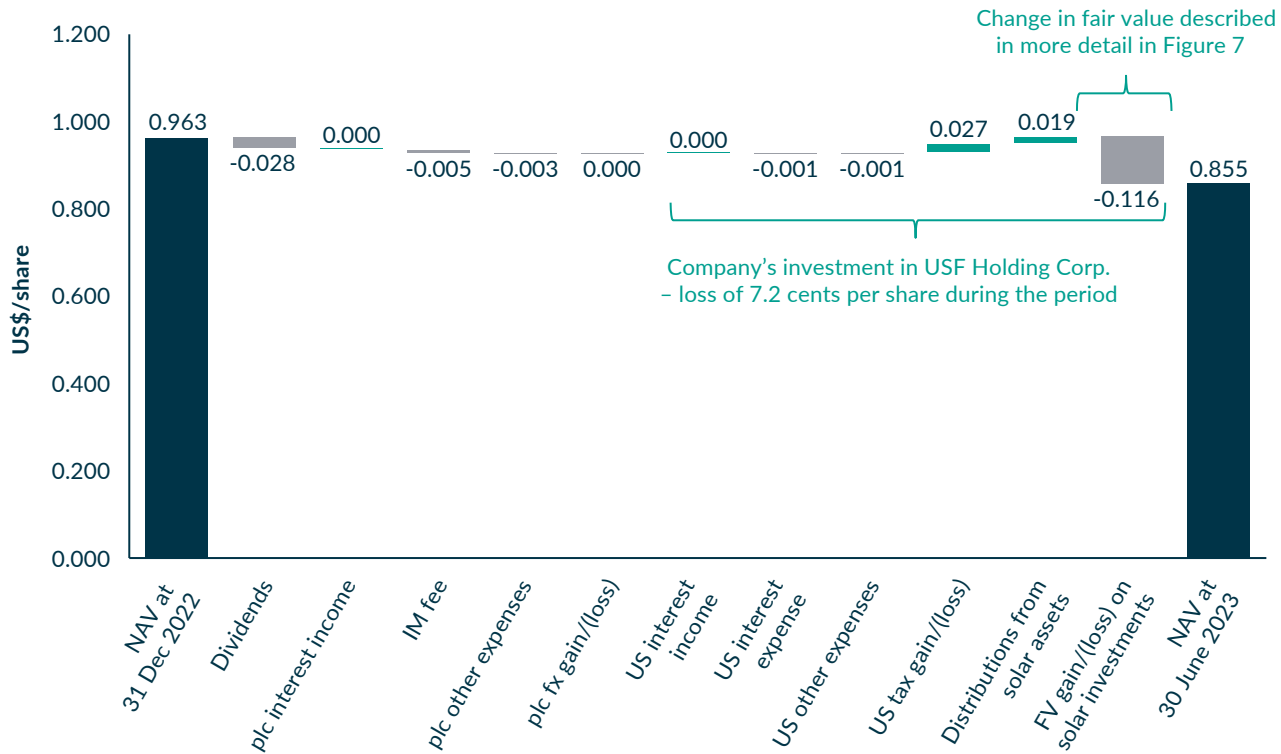
The Figure below shows the Company's NAV progression from 31 December 2022 to the end of the period, 30 June 2023. During the period, positive impacts from distributions from solar assets and US tax gains were offset by fair value losses on solar investments, dividends, the IM fee and other expenses. The US tax gains refer to decreases in deferred tax liabilities arising from a decrease in asset valuations. Until this report, the Board has adopted around the mid-point of KPMG's estimate of value but given the current difficult market situation and feedback from the Strategic Review, they have taken the figure at the bottom of the valuer's range to include in the NAV this period.

The Company generated a loss after tax of \$26,502,998 ((8.0) cents per share) during the period. As set out in note 8 of the Financial Statements and summarised in Figure 6 below, dividend income of \$7,916,470, intercompany loan interest income of \$991,758, MSA fee income of \$2,435,759, and an unrealised loss on investment of \$35,272,585 sum to a net loss from the Company's investment in USF Holding Corp. over the period of \$23,928,598 or (7.2) cents per share. Interest income of \$8,002 foreign exchange losses of \$27,518 on funds that were retained in GBP and administrative, Investment Management fees and other expenses of \$2,554,884 brings the total net loss after tax to \$26,502,998.

¹⁹. Represents projects that had reached financial close on the valuation date.

²⁰. Dividends paid by the Company at 30 June 2023 does not include the 1.29 cents per share dividend declared by the Company for 1Q 2023 on 30 May 2023, paid to shareholders on 7 July 2023

Figure 6: NAV Bridge 31 December 2022 to 30 June 2023²¹



The net loss in fair value of the underlying solar power plants of \$0.116 per share is broken down into its individual movements in fair value in Figure 7 below and is most significantly impacted by the updated operating assumptions, discount rates, merchant curves and changes in the modelling of the solar plants in the portfolio.

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

The movement in US taxes of \$0.027 per share represents the decrease in estimated deferred US taxes expected to be payable from a sale of the Company's portfolio of solar assets, following the latest fair value movement.

Figure 7: Bridge of FV Loss on Solar Investments (USF Hold Corp.) 31 December 2022 to 30 June 2023

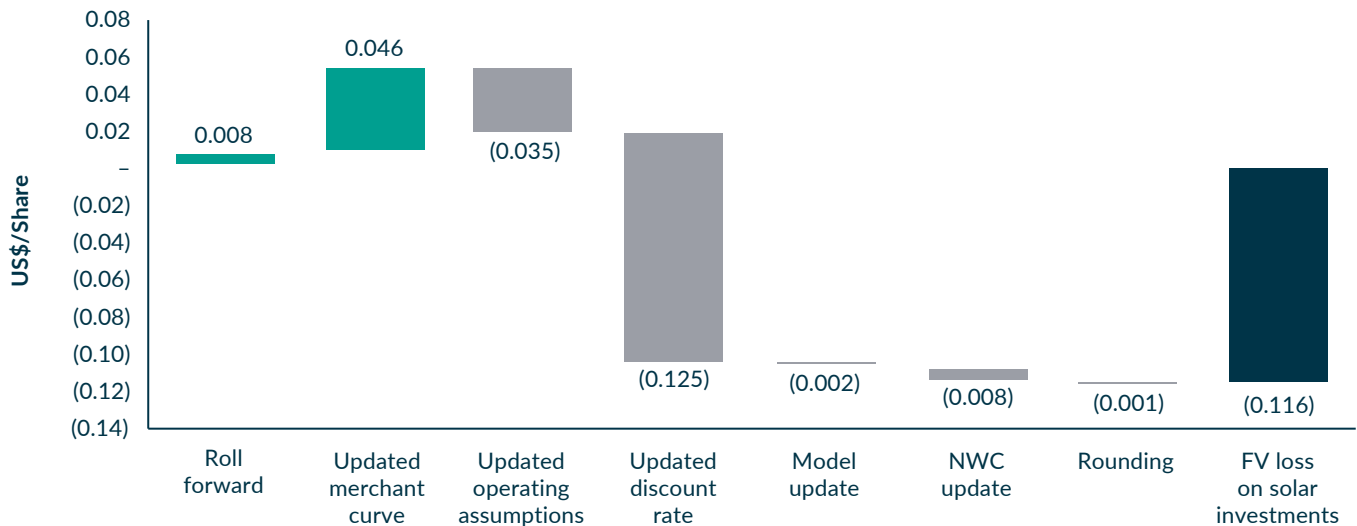


Figure 7 details the \$0.116 cents per share movement in the "FV loss on solar investments" category shown in Figure 6. The decrease is primarily driven by the updated operating assumptions and discount rates, offsetting the positive impact from updated merchant curves between 31 December 2022 and 30 June 2023.

21. Distributions from solar assets excludes \$7.67m retained earning proceeds from MS2 sale, which has been added to the FV gain/(loss) on solar investments for comparative purposes

The roll forward category is a result of bringing forward the valuation date to 30 June 2023 from 31 December 2022, thereby removing cash flows from prior periods and bringing forward future cash flows.

Updated operating assumptions include revised assumptions regarding expenses such as long-term insurance forecasts, extension of asset management fees, financing expenses and property tax forecasts which had an overall negative effect on the FV of the portfolio over the period through cost increases. These assumptions are based on real market data at period-end, however, future outcomes will depend on the market pricing at the time current contracts expire and are renewed. Over the course of the period, project financing and interest rate swap agreements were amended to transition from LIBOR to SOFR (Secured Overnight Financing Rate), which resulted in a positive fair value uplift across the Company's portfolio.

The change in merchant curve reflects the update of forecast power prices to use the most recent two power price forecasts from two widely used market consultants. Over the course of H1 2023, independent forecasts of merchant prices (i.e. energy, capacity and RECs forecasts post the contracted PPA period) have generally been revised upwards, resulting in a positive impact on NAV.

The decrease in net working capital (NWC update) balances movements in working capital in the US holding company subsidiaries level and excludes MS2 proceeds.

Model update refers to the amendment of underlying fair value modelling mechanisms of the portfolio. Over the period there was an amendment made to the Heelstone model to adjust for actual and upcoming tax equity buyout dates, resulting in a moderately negative impact on the valuation of the portfolio. There were no changes made to the generation assumptions over the course of the period.

Discount rates were reviewed and revised upwards for the period, resulting in a negative impact on FV. The revised discount rate has also reflected the feedback from the recently concluded Strategic Review where USF's independent valuer has taken into account the sales process initiated by the Board in October 2022 which given the extensive discussions with numerous parties over the last six-months, led the Board to conclude the current market backdrop was not conducive to a sale of the Company or its assets. The independent valuer has also used recent transactions in the US renewables sector, including the successful sale of the Company's share of the MS2 project, to assess the value of USF's remaining portfolio of operating solar projects. Although risk-free rates have steadied, these considerations have resulted in higher asset risk premiums not only for USF's portfolio assets but across the market and placed downward pressure on NAVs.

ONGOING CHARGES

The ongoing charges ratio of the Company is 1.39% of the average NAV for the period ended 30 June 2023. The ratio has been calculated using the AIC recommended methodology.

VALUATION

The NAV for the period ending 30 June 2023 is \$284.2 million, or \$0.855 per 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 41 of USF's operating assets were externally valued at 30 June 2023. Further detail on NAV calculation and valuation methodology are included in the Company's Annual Report and Financial Statements.

Over the course of the period, the Investment Manager exercised the option to purchase the tax equity interests of six assets within the Heelstone portfolio on 31 May 2023 (Turkey Hill, Merrill, Lakeview, Dairy, Chiloquin and Tumbleweed). There have been no further changes to the Tax Equity status of the remaining Solar Assets during the period.

GEARING

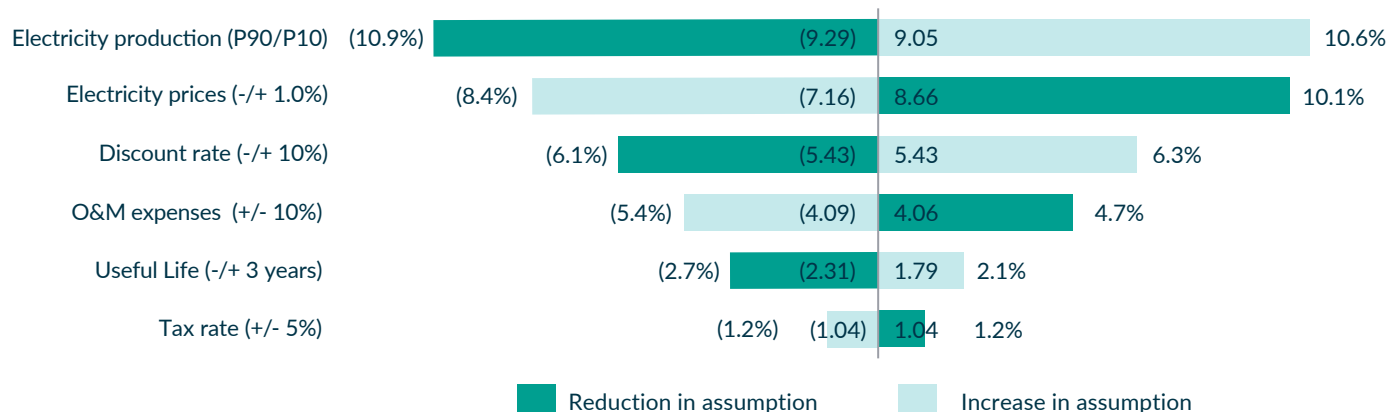
Taking the US operating subsidiaries and holding companies into account after the sale of the Company's interest in MS2 (which we also refer to as being on a look-through basis), USF had outstanding debt of \$149.9 million as at 30 June 2023, based on the face value of drawn debt (\$253.3 million as at 31 December 2022). This equates to 34.5% of Gross Asset Value (**GAV** – calculated as NAV plus outstanding debt) (44.2% as at 31 December 2022). This is well below USF's long-term target of 50%.

Refer to Note 8 of the financial statements for further information on USF's debt facilities.

SENSITIVITY ANALYSIS

The Investment Manager and the Company use sensitivity analysis to assess the impact of changes in key assumptions on the fair value of the Company's investments. The sensitivities shown in Figure 8 assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other. The full sensitivity analysis, including comments on key assumptions and sensitivities, is included in Note 13 to the financial statements.

Figure 8: Sensitivity Analysis (Change in Cents Per Share)²²



INFLATION

Rising inflation continued to be a concern in the US over the course of 2023. USF considers inflation in terms of potential impact on cash flows from the existing portfolio and NAV. US consumer inflation expectations for the year ahead have lowered since June 2022 and, as of 30 June 2023, have been trending down and are holding at low levels not seen since the beginning of 2021.

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

Inflation, which generally has a positive impact on the Company's NAV by increasing expectations for future energy prices, is expected to negatively impact the Company's short to medium term portfolio cash flows. This is a result of higher than previously forecast long term insurance costs, wage and equipment costs which may materialise on expiry of those related contracts versus the more stable revenue from USF's long-term PPAs. Sustained high inflation should be expected to increase NAV but reduce near term operational cash flows and result in reduced levels of dividend coverage.

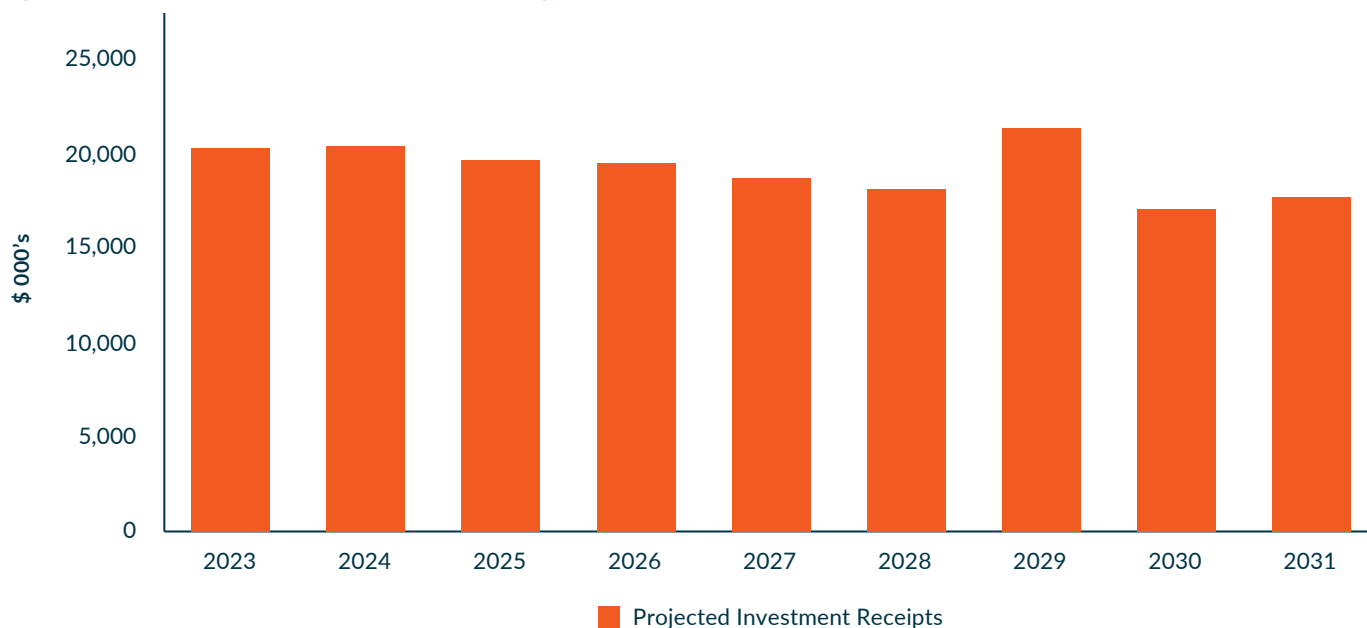
INTEREST RATE ON DEBT FACILITIES

Base interest rates on the Company's drawn amortising debt facilities are fully hedged for the amortisation 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.

²². Assumed asset life up to 40 years as per Independent Engineer assessment.

PROJECTED OPERATING CASH FLOWS FROM EXISTING INVESTMENTS

Figure 9: Projected cash flows from USF's operating portfolio²³



The chart above forecasts the operating cash flows from the Company's portfolio as at 30 June 2023 based on the current individual financial models. As investments owned by USF on 30 June 2023 are included, cash flows or the gain on sale from USF's previous 50% interest in MS2 are excluded. The projections assume the proceeds from the MS2 sale will continue to earn interest at the current market rate for the forecast period. Further details of the buyback/return of capital and other balance sheet management initiatives will be provided in due course. The example projection above includes project debt service, operating costs, and state and federal tax payable based on the current capital structure (i.e. assuming no further refinancing). The projections exclude cash flows carried forward, holding company and plc costs, investment management fees, and investing cash outflows for tax equity investor buyouts. The tax equity investor buyouts are forecast to be \$2.5 million in 2025 and \$3.5 million in 2028. This chart is not intended to provide profit guidance and actual outcomes will most likely vary from those presented.

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 2023 332,192,361 Ordinary Shares were in issue and no other classes of shares were in issue at that date. At 31 December 2022 and 31 December 2021 332,192,361 Ordinary Shares were in issue.

During the period, the Investment Manager acquired 329,495 Management Fee Shares on 8 June 2023 at an average market price of \$0.73 per share, reflecting the Management Share Amount due to the Investment Manager for the period from 1 July 2022 to 31 March 2023.

²³. There can be no assurance that these targets will be met or that the Company will make any distributions at all.

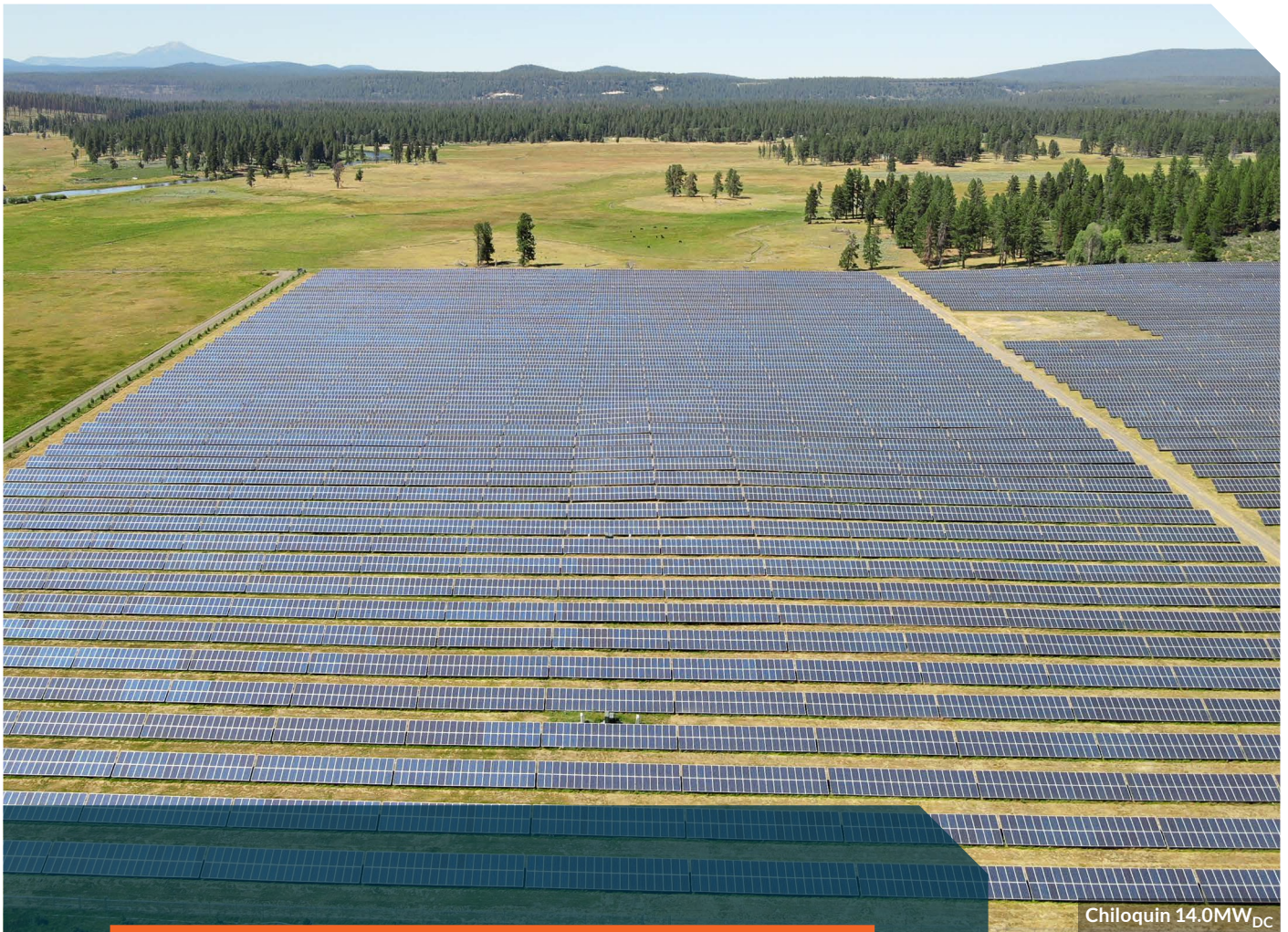
INFORMATION ON THE INVESTMENT MANAGER

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

The Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the Portfolio in accordance with the Company's investment objective and policy. The Investment Manager offers in-house deal origination, execution, and asset management capabilities with experience in equity, tax equity, debt structuring and arranging, and active asset management. The Investment Manager's team currently consists of more than 12 investment and asset management professionals located in Sydney and New York. The Investment Manager is a corporate authorised representative of E&P Funds Management Pty Limited, a wholly owned subsidiary of the Investment Manager's parent entity, E&P Financial Group Limited (**EP1**).

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 2022 are set out in the latest annual report. Further information on the Investment Manager team is provided at www.ussolarfund.co.uk.



Chiloquin 14.0MW_{DC}

4. Environmental, Social and Governance



Suntex 15.3MW_{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.



Dairy 14.0MW_{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 restated its overarching focus is to return inflation to 2%. In press conference following the FOMC meeting on 26 June 2023, the Chairman of the US Federal Reserve (**Fed**), Jerome Powell, stated the committee remained squarely focussed on its dual mandate of promoting maximum employment and providing price stability. Since early 2022, the FOMC has significantly tightened monetary policy, but inflation remains well above the FOMC's longer term goal of 2%, so delivering the inflation target still had a long way to go. At its June meeting, the FOMC increased the interest rate by 25 basis points bringing the target range to 5.25% to 5.50%. The Fed was non-committal on future interest rate increases at its September or future meetings but noted any decision would be driven by subsequent economic data, noting the June 2023 results were promising, but it was only one-month's data.

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 prior to and 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 the elevated risk related to replacing the investment manager noted below, risks set out in the 31 December 2022 annual report remain unchanged. A table of the Company's principal risks and mitigants is provided in Section 5 of the [2022 Annual Report](#).

During the period, the Board has elevated its risk around replacing its investment manager, following the acceptance of NESM's notice that they will cease to act as exclusive investment manager to the Company from the expiry of their contract in April 2024. The Board has entered an exclusivity arrangement with Amber, but there is no guarantee that Amber will be able to satisfy required regulatory registrations and be able to step in as replacement investment manager. The Board is focused on signing a new investment management agreement with Amber and is confident an orderly transition can take place well before April 2024.

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 substantially 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

28 September 2023



Alkali 15.1MW_{DC}

6. Board of Directors



Turkey Hill 13.2MW_{DC}

6. Board of Directors

The Directors are responsible for the determination of the Company's investment objective and policy and its investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the supervision and control of the Investment Manager. The Directors have delegated responsibility for managing the assets comprising the portfolio to the Investment Manager. The Directors have remained unchanged since 31 December 2022 are set out in the latest annual report. Further information on the Board is provided at www.ussolarfund.co.uk



Tate 6.5MW_{DC}

7. Directors' Statement of Responsibilities



Milford 127.8MW_{DC}

7. Directors' Statement of Responsibilities

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 responsible for preparing the Interim Report and financial statements and the Directors confirm they consider that, taken as a whole, the Interim 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 2023.

Signed by order of the Board,



Gill Nott
CHAIR

28 September 2023



Chiloquin 14.0MW_{DC}

8. Independent Review Report



Davis Lane 7MW_{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 2023 which comprises the Condensed Statement of Profit and Loss and Other Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows 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 2023 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 statements 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.

A handwritten signature in black ink that reads "Deloitte LLP." The signature is written in a cursive style and is underlined with a single horizontal stroke.

Deloitte LLP
Statutory Auditor
London, UK
28 September 2023



Tumbleweed 14.0MW_{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 2023

	NOTES	6 MONTHS ENDED 30 JUNE 2023			6 MONTHS ENDED 30 JUNE 2022		
		Revenue USD	Capital USD	Total USD	Revenue USD	Capital USD	Total USD
Net loss on investments at fair value through profit and loss	8	-	(35,272,585)	(35,272,585)	-	(1,783,237)	(1,783,237)
Dividends received		7,916,470	-	7,916,470	6,519,609	-	6,519,609
MSA fee income	8	2,435,759	-	2,435,759	3,217,740	-	3,217,740
Intercompany loan interest income	8	991,758	-	991,758	991,758	-	991,758
Interest income	4	8,002	-	8,002	1,294	-	1,294
Total income		11,351,989	(35,272,585)	(23,920,596)	10,730,401	(1,783,237)	8,947,164
Expenditure		-	-	-			
Administrative and other expenses	5	(2,554,884)	-	(2,554,884)	(2,198,281)	-	(2,198,281)
Operating profit/(loss) for the period		8,797,105	(35,272,585)	(26,475,480)	8,532,120	(1,783,237)	6,748,883
(Loss)/gain on foreign exchange		-	(27,518)	(27,518)	-	(299,181)	(299,181)
Profit/(loss) before taxation		8,797,105	(35,300,103)	(26,502,998)	8,532,120	(2,082,418)	6,449,702
Taxation	6	-	-	-	-	-	-
Profit/(loss) and Total Comprehensive Income for the period		8,797,105	(35,300,103)	(26,502,998)	8,532,120	(2,082,418)	6,449,702
Earnings per share (basic and diluted) – cents/share	7	2.648	(10.626)	(7.978)	2.569	(0.627)	1.942

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

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

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

10. Condensed Statement of Financial Position

AS AT 30 JUNE 2023

	Notes	30 JUNE 2023 USD	31 DECEMBER 2022 USD
Non-current assets			
Investment held at fair value	8	282,361,625	317,634,210
		282,361,625	317,634,210
Current assets			
Trade and other receivables	9	1,313,665	1,215,366
Cash and cash equivalents	10	5,717,648	7,325,703
		7,031,313	8,451,069
Total assets		289,392,938	326,175,279
Current liabilities			
Trade and other payables	11	923,448	1,104,143
Dividends payable	12	4,285,282	5,049,324
		5,208,730	6,153,468
Net current assets		1,822,583	1,316,402
Total net assets		284,184,208	320,021,811
Shareholders' equity			
Share capital		3,321,924	3,321,924
Share premium		128,035,864	128,035,864
Capital reduction reserve		175,007,789	175,007,789
Capital reserve		(26,829,434)	8,470,669
Retained earnings		4,648,065	5,105,865
Total shareholders' equity		284,184,208	320,021,811
Net asset value per share (\$/share)	14	0.855	0.963

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 2023

	Share capital USD	Share premium USD	Capital reduction reserve ¹ USD	Capital reserve ¹ USD	Retained earnings USD	Total equity USD
Balance at 1 January 2023	3,321,924	128,035,864	175,007,789	8,470,669	5,185,565	320,021,811
Dividends	-	-	-	-	(9,334,605)	(9,334,605)
Loss & total comprehensive income for the period	-	-	-	(35,300,103)	8,797,105	(26,502,998)
Balance at 30 June 2023	3,321,924	128,035,864	175,007,789	(26,829,434)	4,648,065	284,184,208

Note: 1. The Company's Capital Reduction Reserve and Capital Reserve are distributable. After taking account of cumulative unrealised movements in the fair value of investments, the total reserves distributable by way of dividend as at 30 June 2023 were \$148,178,355.

FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital USD	Share premium USD	Capital reduction reserve ¹ USD	Capital reserve ¹ 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

Note: 1. The Company's Capital Reduction Reserve and Capital Reserve are distributable. After taking account of cumulative unrealised movements in the fair value of investments, the total reserves distributable by way of dividend as at 30 June 2022 were \$185,573,621.

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital USD	Share premium USD	Capital reduction reserve ¹ USD	Capital reserve ¹ 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)	-	(18,397,369)	(18,469,895)
Tax credit/(charge)	-	-	-	197,940	(197,940)	-
Profit & total comprehensive income for the year	-	-	-	(4,375,521)	18,870,515	14,494,994
Balance at 31 December 2022	3,321,924	128,035,864	175,007,789	8,470,669	5,185,565	320,021,811

Note: 1. The Company's Capital Reduction Reserve and Capital Reserve are distributable. After taking account of cumulative unrealised movements in the fair value of investments, the total reserves distributable by way of dividend as at 31 December 2022 were \$183,478,458.

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 2023

	Notes	1 JANUARY 2023 TO 30 JUNE 2023 USD	1 JANUARY 2022 TO 30 JUNE 2022 USD
Cash flows from operating activities			
(Loss)/profit for the period		(26,502,998)	6,449,702
Adjustments for:			
Net loss on investments at fair value through profit and loss	8	35,272,585	1,783,237
Losses on foreign exchange		27,518	299,181
Operating cash flows before movements in working capital		8,797,105	8,532,120
Increase in trade and other receivables		(98,299)	(1,175,773)
Decrease in trade and other payables		(180,695)	(777,278)
Net cash generated in operating activities		8,518,111	6,579,069
Cash flows used in investing activities			
Purchases of investments		-	(6,000,000)
Net cash outflow from investing activities		-	(6,000,000)
Cash flows used in financing activities			
Dividends paid		(10,098,648)	(9,965,771)
Net cash outflow from financing activities		(10,098,648)	(9,965,771)
Net decrease in cash and cash equivalents for the period		(1,580,537)	(9,386,702)
Effect of foreign exchange rate movements		(27,518)	(299,181)
Cash and cash equivalents at the beginning of the period		7,325,703	16,161,464
Cash and cash equivalents at the end of the period		5,717,648	6,475,581

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



Dairy 14.0 MW_{DC}

13. Notes to the Financial Statements



Lakeview 13.7 MW_{DC}

13. Notes to the Financial Statements

FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

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 and should be read in conjunction with the Company's annual financial statements as at 31 December 2022.

A copy of the statutory accounts for the year ended 31 December 2022 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 considering the underlying elements of the transaction. Capital transactions are 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 loss after tax of \$26.5 million which included a net fair value loss of \$35.3 million and operating cash inflows of \$8.8 million for the period. As at 30 June 2023, the Company is in a net current asset position of \$1.8 million and has available cash of \$5.7 million. As of the same date, the Company's subsidiary, USF Holding Corp, has available cash of \$44.2 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, and was undrawn as at 30 June 2023. The Company's RCF was amended and extended on 30 August 2023, and now has a maturity date of 22 September 2025.

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 2022. 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 2023.

NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

- IFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 - Climate-related Disclosures
- IFRS 7 - Financial Instruments: Disclosures - Amendments regarding supplier finance arrangements

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

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 2023 TO 30 JUNE 2023	1 JANUARY 2022 TO 30 JUNE 2022
	USD	USD
Bank interest	8,002	1,294
	8,002	1,294

5. ADMINISTRATIVE AND OTHER EXPENSES

	1 JANUARY 2023 TO 30 JUNE 2023	1 JANUARY 2022 TO 30 JUNE 2022
	USD	USD
Administrative fees	72,075	72,329
Director & officer insurance	44,755	48,030
Directors' fees	130,245	132,942
Fees payable to the Company's auditor for the audit of the Company's financial statements	105,565	75,262
Fees payable to the Company's auditor for non-audit services ¹	27,751	19,900
Investment Management expenses	4,344	37,970
Investment Management fees	1,497,021	1,597,219
Legal and professional fees ²	445,314	30,800
Regulatory fees	6,016	7,660
Sundry expenses	221,798	176,169
	2,554,884	2,198,281

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

² Increase due to one-off costs associated with the Strategic Review.

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% up to 31 March 2023, after which the rate of corporation tax increased to 25% effective 1 April 2023. 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 2023.

	1 JANUARY 2023 TO 30 JUNE 2023	1 JANUARY 2022 TO 30 JUNE 2022
	USD	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 2023 TO 30 JUNE 2023	1 JANUARY 2022 TO 30 JUNE 2022
	USD	USD
Net (loss)/profit attributable to ordinary shareholders	(26,502,998)	6,449,702
Weighted average number of ordinary shares for the period	332,192,361	332,192,361
Earnings per share – Basic and diluted (cents per share)	(7.978)	1.942

8. INVESTMENT IN SUBSIDIARY

	PLACE OF BUSINESS	PERCENTAGE OWNERSHIP
USF Holding Corp.	Delaware, US	100%

	EQUITY ACQUISITIONS DURING THE PERIOD	LOANS PRINCIPAL ADVANCED DURING THE PERIOD	NET FAIR VALUE MOVEMENT DURING THE PERIOD	CLOSING BALANCE: EQUITY AND LOANS
	USD	USD	USD	USD
USF Holding Corp.	317,634,210	-	-	(35,272,585)
				282,361,625

The net fair value movement comprises the following:

	Total USD
Fair value loss on investments	(32,251,237)
Interest income	22,865
Dividends paid	(7,916,470)
US tax gain	8,942,320
Operating costs (excluding MSA fee)	(642,546)
Total fair value movement	(31,845,068)
MSA fee income – cash received and receivable for the half year	(2,435,759)
Intercompany loan interest – cash received transferred to revenue reserve	(991,758)
Net fair value movement	(35,272,585)

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 MSA fee is included in profit and loss on an accrual basis.

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

	30 JUNE 2023	31 DECEMBER 2022
	USD	USD
Purchase price of underlying solar asset interests held (i)	363,987,134	545,080,586
Cash or cash equivalents	44,245,373	3,526,852
Fair value of 3rd party loan funding provided (ii)	(149,884,069)	(253,302,242)
Fair value of interest rate swaps on 3rd party loan funding provided (ii)	23,800,921	30,994,646
Deferred tax asset	861,383	(8,080,938)
Other net assets and liabilities	(649,117)	(584,694)
Investment balance	282,361,625	317,634,210

(i) The balance recorded at 30 June 2023 relates to the Company's interests in the Acquisition One – Milford, Acquisition Two – Olympos, Acquisition Three – Granite, Acquisition Four – Heelstone and Acquisition Five – Euryalus 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 \$126,083,148 (December 2022: \$222,307,595), 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	–	–
Zions Bancorporation, N.A.	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	23.6	23.6	18.2
KeyBank National Association	Term Loan	USF Bristol Class B Member, LLC (Acquisition One – Milford)	23.6	23.6	18.2
Fifth Third Bank, National Association	Term Loan	Heelstone Energy Holdings, LLC (Acquisition Four – Heelstone)	68.5	68.5	60.6
Fifth Third Bank, National Association	Term Loan	SC Oregon 2, LLC (Acquisition Five – Euryalus)	34.3	34.3	29.1
Total			189.9	149.9	126.1

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 7-year period, after which the loan will be refinanced. The term loan facility is hedged with fixed interest rate swaps for the full duration of the amortisation period. As at 30 June 2023, the drawn fair value of the loan includes mark-to-market revaluation of associated interest rate swaps of \$10.7 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 7 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 2023 of \$7.9 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 \$7.14m 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 2023 of \$5.2 million, included in the drawn fair value of the loan.

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 \$9.9 million, expiring in November 2026 concurrent with the mini-perm structure and will be refinanced thereafter
- Zions Bancorporation, N.A. has provided a Letter of Credit to USF Bristol Class B Member, LLC to the value of \$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

9. TRADE AND OTHER RECEIVABLES

	30 JUNE 2023	31 DECEMBER 2022
	USD	USD
MSA fee receivable	1,146,145	1,071,201
Prepayments	102,074	81,808
VAT receivable	65,446	62,357
	1,313,665	1,215,366

10. CASH AND CASH EQUIVALENTS

	30 JUNE 2023	31 DECEMBER 2022
	USD	USD
Cash at bank	5,717,648	7,325,703
	5,717,648	7,325,703

11. TRADE AND OTHER PAYABLES

	30 JUNE 2023	31 DECEMBER 2022
	USD	USD
Creditors and operating accruals	213,147	213,801
Investment management fee accrual	710,301	890,342
	923,448	1,104,143

12. DIVIDENDS PAYABLE

During the period, the Company declared dividends totalling \$9,334,605 (30 June 2022: \$9,201,728) of which \$5,049,324 (30 June 2022: \$4,982,885) has been paid as at 30 June 2023. The Company declared a dividend of 1.29 cents per share, totalling \$4,285,282 for the period ending 31 March 2023. The dividend was paid by the Company on 7 July 2023.

13. FAIR VALUE MEASUREMENT

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 30 June 2023. 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	LEVEL 2	LEVEL 3
	USD	USD	USD
Investment in subsidiary	-	-	282,361,625

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

	LEVEL 1	LEVEL 2	LEVEL 3
	USD	USD	USD
Investment in subsidiary	-	-	317,634,210

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 2023	31 DECEMBER 2022
	USD	USD
Opening balance	317,634,210	314,442,968
Add: purchases during the year	–	7,200,000
Less: transfer of MSA fee income	(2,435,759)	(5,499,176)
Less: receipt of intercompany loan interest	(991,758)	(1,988,965)
Total fair value movement through the profit or loss	(31,845,068)	3,479,383
Closing balance	282,361,625	317,634,210

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 2023 have been valued by an external valuation expert, as they are fully operational.

USD	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 2022	36,457,078	38,416,767	34,577,876	127,217,121	36,769,763	51,696,747	(7,501,142)	2,387,601	320,021,811
Additions (at cost)	24,315	–	–	1,463,005	–	94,932	53,959,069	(565,018)	54,976,303
Disposals	–	–	–	–	–	(52,328,960)	–	–	(52,328,960)
Change in fair value	(10,272,558)	(5,624,798)	(3,885,564)	(14,794,151)	(4,445,157)	537,281	–	–	(38,484,946)
30 June 2023	26,208,836	32,791,969	30,692,312	113,885,975	32,324,606	–	46,457,927~	1,822,583	284,184,208

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

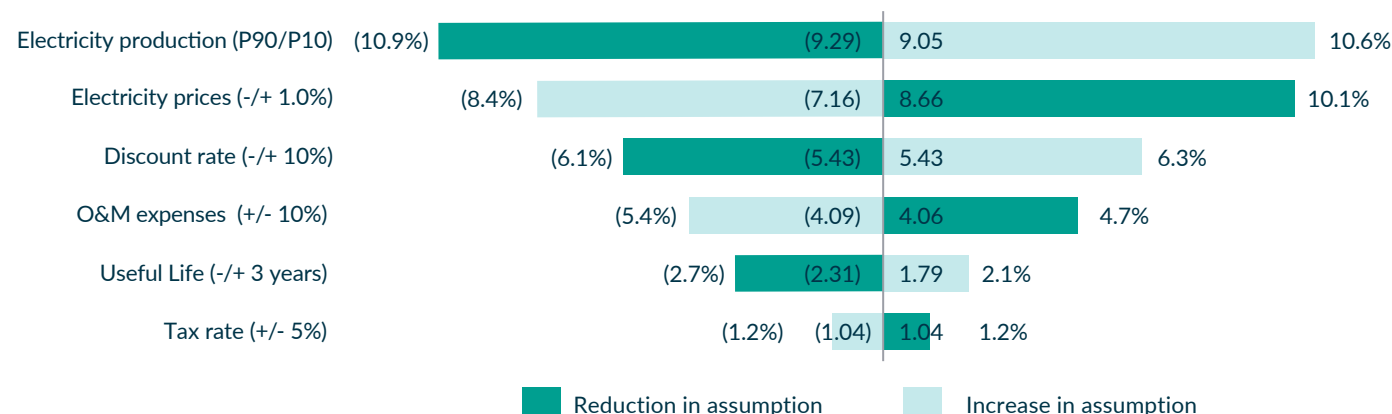
~ Excluding undrawn revolver capacity of \$40.0 million as at 30 June 2023.

^ The Company's total net asset value (NAV) of \$284,184,208 (31 December 2022: \$320,021,811) less WC in the UK of \$1,822,583 (31 December 2022: \$2,387,601) equals the fair value of the Company's investment in its US subsidiary of \$282,361,625 (31 December 2022: \$317,634,210).

SENSITIVITY ANALYSIS

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

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



	Reduction or Increase in input	Change In Input	CHANGE IN NAV USD(m)	CHANGE IN NAV PER SHARE USD (cents)
Discount rate	Increase	+1.0%	-23.79	-7.16
	Reduction	-1.0%	+28.75	+8.66
Electricity production (change from P50)	Reduction	P90	-30.85	-9.29
	Increase	P10	+30.05	+9.05
Merchant Period Electricity Prices	Reduction	-10%	-18.05	-5.43
	Increase	+10%	+18.04	+5.43
Operating expenses	Increase	+10%	-13.59	-4.09
	Reduction	-10%	+13.48	+4.06
Operating life	Reduction	- 3 years	-7.66	-2.31
	Increase	+ 3 years	+5.96	+1.79
Tax rate	Increase	-5%	-3.44	-1.04
	Reduction	+5%	+3.44	+1.04

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 2023. A range of + / - 1.0% has been considered to determine the resultant impact on the Company's NAV per share and the fair value of its solar asset investments. A sensitivity of +/-1.0% 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 2023, the weighted average discount rate range used was 7.6% (December 2022: 7.0%) on a WACC basis, and 8.8% (December 2022: 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 1-year P90 generation estimate might be 92.5% of a 1-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 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

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

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

OPERATING EXPENSES

The operating costs of the assets underlying the Company's solar asset investments include annual operations and maintenance (**O&M**), asset management (**AM**), insurance expenses, land lease expenses, major maintenance, and general administration expenses. Most operating expenses for the Solar Power Assets are contracted for a defined period of up to 5 years and as such there is typically little variation in annual operating costs. Provisions are also raised at the underlying project or SPV level of ongoing major maintenance/repairs and replacement parts throughout the assets' useful lives. However, there may be cases where all operating costs are recontracted at a 10% premium or discount.

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

OPERATING LIFE

The useful operating life of a solar asset is generally accepted by independent valuers to be the lesser of the lease term for 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 2023	31 December 2022
	USD	USD
Net assets per Statement of Financial Position	284,184,208	320,021,811
Ordinary shares in issue as at period end	332,192,437	332,192,437
NAV per share – Basic and diluted	0.855	0.963

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 \$130,245 were incurred in respect of the period (30 June 2022: \$132,942) 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 7 years from issuance. The loans bear interest at rates of 5% and 4.1% respectively, payable semi-annually in arrears. This loan is included in the fair value of the Company's investment in its US holding company, USF Holding Corp.

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:

- 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
- 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 \$1,497,021 was incurred during the period (30 June 2022: \$1,597,219), of which \$710,301 remained payable at 30 June 2023 (30 June 2022: \$882,507).

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

- a fee for any successful arrangement of debt payable at a rate of 0.5% of the debt face value; and
- 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.
- 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 (including renegotiation of the RCF, for which fees were waived) and no asset construction services fees were paid during the period. As asset management fee of \$586,225 was incurred during the period (30 June 2022: \$926,605) of which \$297,240 remained payable at 30 June 2023 (30 June 2022: \$262,768).

16. CAPITAL COMMITMENTS

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

17. POST BALANCE SHEET EVENTS

On 7 July 2023 the Company paid a dividend to shareholders totalling \$4,285,282 declared for the period to 31 March 2023.

On 10 July 2023, the Company announces it had mutually agreed with the Company's investment manager, New Energy Solar Manager Pty Limited (**NESM**), their existing exclusive investment management agreement would not extend beyond the expiry of the initial five-year term in April 2024. On 7 August the Company announced that it had entered an exclusive arrangement to negotiate a new investment management agreement and obtain the necessary regulatory approvals and shareholder approval to change the investment strategy. On 21 August the Company announced Amber Infrastructure Group (**Amber**) as the preferred candidate to replace NESM as investment manager.



Milford 127.8MW_{DC}

14. Directors and Advisers



Red Oak 6.9MW_{DC}

14. Directors and Advisers

DIRECTORS

Gillian Nott
Jamie Richards
Rachael Nutter
Thomas Plagemann

ADMINISTRATOR AND SECRETARY

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

REGISTERED OFFICE

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

INVESTMENT MANAGER

New Energy Solar Manager Pty Limited
Level 15
100 Pacific Highway
North Sydney
NSW 2060

JOINT CORPORATE BROKERS

Cavendish Securities Plc
One Bartholomew Close
London
EC1A 7BL

Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

AUDITOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

LEGAL ADVISERS

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



Davis Lane
7MW_{DC}

15. Alternative Performance Measures (APM's) Glossary



Lakeview 13.7MW_{DC}

15. Alternative Performance Measures (APM's) Glossary

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

APM	Definition
NAV per share	This is a measure of Net Asset Value (or NAV) per ordinary share in the Company and is calculated as the NAV divided by the total number of shares in issue at the balance sheet date.
Premium/ (discount) to NAV	The percentage by which the closing share price on comparable dates exceeds/(falls short of) the NAV per share.
Dividend cover	Dividend cover is calculated as net operating cash flows divided by dividends paid in the year, with an adjustment for cash flow reserves carried forward from operating cash flows generated in prior periods and the gain made between the investment in and sale of MS2.
	12 months to 30 June 2023 (\$'m unless stated)
	Project revenue 54.4
	Project operating expenses (14.1)
	Payments to tax equity (10.4)
	Portfolio debt expenses (11.5)
	Project cash flows after debt service 18.4
	Management fees (3.3)
	Corporate operating expenses (including strategic review) (2.6)
	Revolver interest and fees (0.4)
	Underlying operating cash flows 12.1
	Cash flow reserve carried forward 2.0
	Gain on sale of MS2 7.9
	Total underlying cash flows (A) 22.0
	Dividends paid (B) 18.5
	Dividend cover (A)/(B) (times) 1.19x
Shareholder total return (from inception)	Total return to shareholders is based on dividends paid and reinvested (at ex-dividend date) throughout the period and share price movement since the issue price of \$1.00.
NAV total return (from inception)	NAV total return is based on dividends paid throughout the period and NAV movement since inception.
Gearing	The face value of drawn debt as a percentage of the Gross Asset Value (GAV - calculated as NAV plus outstanding debt).

