

Attractive and sustainable returns from US solar power

Quarterly Update | 30 June 2023

Second Quarter Update

USF Quarter Highlights

- **Dividend announced:** With this update, the Company announces its Q2 2023 dividend of 1.29 cents per Ordinary Share. The dividend will be paid on 27 October 2023 to Shareholders on the register as at the close of business on 6 October 2023. The ex-dividend date is 5 October 2023. The target annual dividend for 2023 is 5.66 cents per Ordinary Share. In line with previous years, the Company expects to declare modestly lower quarterly dividends in the first and second quarters and slightly higher quarterly dividends in the third and fourth quarters due to the cash flow profiles of the assets.
- **NAV update:** US Solar Fund's (USF or the Company) unaudited NAV at 30 June 2023 was \$284.2 million or \$0.855 per Ordinary Share, 11.2% lower than the 31 December 2022 NAV of \$320.0 million or \$0.963 per Ordinary Share. The Fair Value of solar investments decreased from December 2022 as the downward pressure from discount rate increases and future operating cost increases more than offset favourable increases in merchant curves.
- **Dividend paid:** The Company paid its Q1 2023 dividend of 1.29 cents per Ordinary Share on 7 July 2023. The dividend was consistent with the Company's target full year dividend of 5.66 cents per Ordinary Share.
- **Dividend cover:** Dividend cover for the twelve months to 30 June 2023 was 1.19x, inclusive of cash flow reserve carried forward and the gain on the sale of MS2. The forecast coverage for 2023 is 1.18x.
- **MS2 Proceeds:** In June 2023, 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). 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 30 June 2023 interim results.
- **Investment Manager Update:** In August 2023, USF announced its selection of Amber Infrastructure Group as the preferred candidate to replace NESM as Investment Manager to the Company. The selection of Amber to progress to exclusivity follows 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 highly qualified investment managers for this role.

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

	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	(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 flow	22.0
Dividends paid	18.5
Dividend cover (times)	1.19x

NAV UPDATE

USF's unaudited NAV at 30 June 2023 was \$284.2 million or \$0.855 per Ordinary Share, lower than USF's audited NAV at 31 December 2022 of \$320.0 million or \$0.963 per Ordinary Share and 30 June 2022 NAV of \$321.2 million or \$0.967 per Ordinary Share. The Fair Value of solar investments decreased from December 2022 as the downward pressure from discount rate increases and future operating cost increases more than offset favourable increases in forecast merchant curves. While the investment portfolio experienced a reduction in overall fair value, this 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.

Second Quarter Update

KEY FINANCIAL FACTS AT 30 JUNE 2023

Ordinary Shares Issued	332,192,361	
Ticker	USF (\$)	USFP (£)
Share Price	\$0.69	£0.5380
NAV (\$)¹	\$284.2	
NAV/share (\$)¹	\$0.855	
Premium (discount) to NAV¹	(19.3%)	
Market Cap (\$m)	\$229.2m	
Ongoing Charges	1.39%	
Target Dividend Yield²,³	5.66%	
Next Dividend⁴	October 2023	
Target Net Total Return⁵	Min 7.5%	

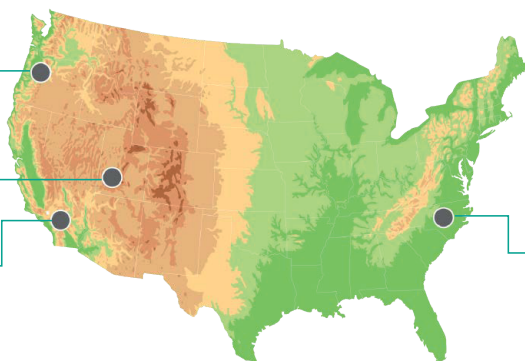
Listing:	London Stock Exchange Premium Segment
SEDOL	BJCWFX4 (\$) BHZ6410 (£)
ISIN	GB00BJCWFX49
Registered Number:	11761009
Ticker:	LSE: USF (\$)/USFP (£)
Dividend Payments:	Quarterly
Financial Year End:	31 December
Website:	www.ussolarfund.co.uk

USF PORTFOLIO OVERVIEW⁶

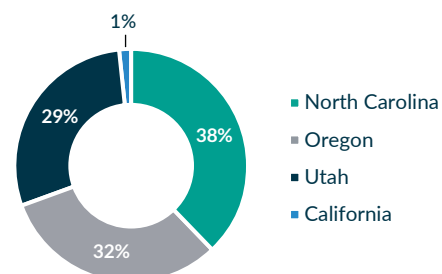
Oregon
10 operational plants
140 MW_{DC}

Utah
1 operational plant
128 MW_{DC}

California
3 operational plants
7 MW_{DC}



North Carolina
28 operational plants
168 MW_{DC}



1 Based on the unaudited NAV as at 30 June 2023.

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

3 The target annual dividend yield and target net total return are targets only and are not profit forecasts. There can be no guarantee that these targets will be met and they should not be taken as an indication of the Company's expected or actual future results.

4 Q2 2023 dividend will be paid in October 2023.

5 Over the life of the solar power assets (expected to have a typical asset life of up to 40 years) net of all fees and expenses but before tax, on the basis of the IPO issue price, once the Company is fully invested.

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

Second Quarter Update

Asset	Capacity (MW _{DC})	Location	Acquisition Date	Energy Offtaker	Offtaker Credit Rating	Remaining PPA Length (Years)	COD
Milford	127.8	Utah	Aug 19	PacifiCorp	S&P: 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
Tiburón	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
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
Faison	2.3	North Carolina	Dec 19	Duke Energy Progress	S&P: BBB+	7.0	Jun 15
Grand Total	443.0					12.4	

SENIOR MANAGEMENT

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



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

WARWICK KENEALLY *Chief Financial Officer*



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

BERT SNARR *Director, Investments*



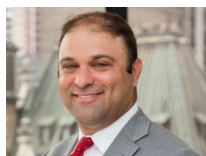
- Over 12 years experience in principal investing, investment banking and structured equity.
- Previous roles with Bank of America Merrill Lynch and Macquarie Capital.

SCOTT FRANCIS *Head of Asset Management*



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

BRIAN DISLER *Head of US*



- Over 14 years experience in commercial transactions, legal and operational management.
- Previous roles with US Masters Residential Property Fund, E&P USA and Day Pitney

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CORPORATE CALENDAR

Company Financial Half-Year	June 2023
Dividend, NAV and Trading Update	September 2023
Interim Report publication	September 2023
Dividend, NAV and Trading Update	November 2023
Company Financial Year-End	December 2023

DISCLAIMER

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