

Bluefield Solar Income Fund Limited

Annual Report and
Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

Company Registration Number: 56708

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General Information

Board of Directors (all non-executive)

John Rennocks (Chairman)

John Scott (Senior Independent Director)

Paul Le Page (Chairman of Audit Committee)

Laurence McNairn

Investment Adviser

Bluefield Partners LLP

53 Chandos Place

London, WC2N 4HS

Registered Office

Heritage Hall

PO Box 225

Le Marchant Street

St Peter Port

Guernsey, GY1 4HY

Administrator, Company Secretary and Designated Manager

Heritage International Fund Managers Limited

Heritage Hall

PO Box 225

Le Marchant Street, St Peter Port

Guernsey, GY1 4HY

Sponsor, Broker and Financial Adviser

Numis Securities Limited

The London Stock Exchange Building

10 Paternoster Square

London, EC4M 7LT

Independent Auditor & Reporting Accountants

KPMG Channel Islands Limited

Glategny Court, Glategny Esplanade

St Peter Port

Guernsey, GY1 1WR

Legal Advisers to the Company

(as to English law)

Norton Rose Fulbright LLP

3 More London Riverside

London, SE1 2AQ

Registrar

Capita Registrars (Guernsey) Limited

Mont Crevelt House

Bulwer Avenue, St Sampson

Guernsey, GY2 4LH

Legal Advisers to the Company

(as to Guernsey law)

Carey Olsen

PO Box 98

Carey House

Les Banques

St Peter Port

Guernsey, GY1 4BZ

Receiving Agent and UK Transfer Agent

Capita Registrars Limited

The Registry

34 Beckenham Road, Beckenham

Kent, BR3 4TU

Principal Bankers

Royal Bank of Scotland International Limited

Royal Bank Place

1 Glategny Esplanade

St Peter Port

Guernsey, GY1 4BQ

Highlights

Introduction

- The Company was the first of the solar focused funds, and listed on the Premium Segment of the London Stock Exchange on 12 July 2013, raising £130 million;
- The objective of the Company is to deliver long-term, stable dividends growing in-line with the Retail Prices Index (RPI);
- Successful Placement of new shares in November 2014 raised gross proceeds of £131 million and the Company market capitalisation grew to £306 million at 30 June 2015;
- During the year ended 30 June 2015, the Company announced 8 acquisitions financed by total commitments of £139 million with an estimated combined energy capacity of 124.3 MWp;
- As at 30 June 2015, the Company had a total of 29 solar assets with an estimated combined energy capacity in excess of 250 MWp;
- All assets in the portfolio as at 30 June 2015 were operational;
- NAV as at 30 June 2015 was £288 million (30 June 2014: £148 million);
- NAV per share as at 30 June 2015 was 103.58 pence per share (30 June 2014: 102.96 pence per share)
- Notwithstanding the reduction in power prices during the period, attractively priced acquisitions and strong contractual protections give the Directors comfort that the portfolio will achieve the target return of 7 pence per share annually, rising with RPI.
- The Company has announced that dividends will be paid quarterly;
- Total dividends of 7.25 pence per share were declared in respect of the period ended 30 June 2015 (2014: 4.00 pence per share).

Highlights (continued)

Results Summary:

	As at 30 June 2015
Total income	£19,539,958
Total comprehensive income before tax	£15,150,759
Earnings per share	6.71p
First interim dividend per share (paid 5 December 2014)	3.25p
Second interim dividend per share (paid 15 May 2015)	1.00p
Third interim dividend per share (paid 21 August 2015)	1.50p
Fourth interim dividend per share (approved 30 September 2015)	1.50p
Total dividend per share for year	7.25p
NAV per share	103.58p
Total return (based on NAV increase and dividends paid in year)	6.67%
Total return to shareholders (based on share price and dividends paid in year)	13.04%

Corporate Summary

Investment objective

The investment objective of the Company is to provide shareholders with an attractive return, principally in the form of regular income distributions, by investing in a portfolio of UK - based solar energy infrastructure assets.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the GFSC as a registered closed-ended collective investment scheme. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 12 July 2013. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling.

Investment Adviser

The Investment Adviser to the Company and its wholly owned subsidiary, BSIFIL, (together the Group) during the period was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. Since May 2015 BSL, a company with the same ownership as the Investment Adviser, has commenced providing asset management services to the investment SPVs held by BSIFIL.

Chairman's Statement

Introduction

I am pleased to introduce the Company's second annual report, detailing how our business plan has been successfully executed on behalf of our Shareholders.

Dividends

All major objectives have been achieved and we are delighted to have delivered a covered dividend of 7.25 pence per share for the financial year.

Our target dividend for this financial year was 7 pence per share and we are particularly pleased to add an additional 0.25 pence per share. This reflects the underlying earnings per share of 7.72 pence, which includes funds with operating companies which will pass up to the parent company early in the next financial year. We have seen excellent operational performance of our portfolio of plants and higher levels of irradiation in the year. Our objective remains to increase our target dividend by the RPI in the coming years.

Key Events

It has been a busy twelve months!

We undertook a well-supported equity raise in November 2014, which has been fully committed to new investments. We have been undertaking acquisitions throughout the year into a geographically diversified portfolio of solar assets. In so doing we have increased the portfolio from 12 assets to 29, and doubled both the energy capacity and the market capitalisation of the Company. The Company is participating in a market that is experiencing high growth. We do not expect this high level of activity to lessen in the coming months as solar contractors seek to install new capacity ahead of regulatory changes in 2016.

There have been challenges, outside the control of the Company, including a material reduction in wholesale energy prices, but this report demonstrates, in spite of this, the quality of the portfolio we have assembled and the robust nature of the Company's cash flows.

Investment Strategy

The Company has built on its successful first year since IPO. The strategy has seen the acquisition of multiple, small scale operational assets on the sites of major water utilities using Feed-In Tariffs, several medium to large sized projects, and the acquisition of West Raynham, which at 50MWp is one of the biggest solar PV plants in Europe and the biggest in the UK using the Renewable Obligation Scheme. The Company will seek to continue its model of funding assets through construction, a policy now adopted by others in the sector and one that has enabled it to build a high quality and attractively priced portfolio. The independent valuation of our assets is a testament to this business model.

As a result of the high level of investment activity over the past two years we are also seeing secondary assets coming to the market. This opportunity should be viewed as complementary to our new project builds.

In addition, a key area of focus for the Company is to review our long term leverage and the Board is working with the Investment Adviser to consider the optimum structure for longer term debt within the preferred strategy of a long-term target of 25%-30% of our net asset value, other than in exceptional circumstances.

Market Growth

The UK ground based solar market has followed a similar pattern to other, 'early mover' solar PV markets around the world. It has continued to grow as developers, contractors and investors become increasingly familiar with the investment opportunity. To put this in context the growth in the installed capacity of solar PV since the Company's IPO has been significantly greater than most expectations. Installed

Chairman's Statement (continued)

Market Growth (continued)

capacity across the UK has grown from c.700MWp to an estimated 6GWp. In the period between January 2015 and the end of March, 2015, it is estimated that 2GWp of new capacity was installed.

Post our year end, the demonstrable success of the UK solar market has seen a significant reaction from the British Government, and DECC has entered into a further consultation on their support for the growth of large scale solar PV.

We expect this to have far reaching implications for the solar industry from 2016 onwards; nonetheless there remains a very substantial and immediate opportunity to acquire primary assets and a growing base of secondary assets. The board is positioning the Company to be in position to take advantage of both these market opportunities.

Portfolio performance

The owners of the Investment Adviser have formed a separate business to carry out comprehensive monitoring activities and this, together with strong on going contractual protections enables the board to be comfortable with the operations of our plants. This initiative has supported the strong performance in the early stages of the operations of our portfolio of plants, which is further described in the Investment Advisers' report.

Valuation

The latest asset valuation gives a modest uplift to the NAV net of dividends and, as before, full disclosure of the methodology and assumptions underpinning this are detailed on pages 91 to 93. I would like to highlight some points in this section:

1. The Company engaged Ernst & Young to carry out an independent valuation of the portfolio. The range of discount factors proposed in their report supported the assumptions adopted by the Company. The portfolio valuation adopted by the Company was below the low end of the range of proposed valuations as discussed further on pages 19 to 20.
2. Notwithstanding that power prices have reduced by 20% from the highs seen just after the IPO, the NAV per share has increased, reaffirming the acquisition methodology and pricing discipline exercised by the Company;
3. The valuation is based on a discount rate of 7.5%, which we believe to be appropriate to reflect both the business risks we face and the financial climate in which we operate. We believe the assumptions we have used are in line with or more conservative than those being adopted by others in our industry.

We have again sought to provide shareholders with detailed and clear analysis of our projects and how we have approached valuation at the period end. This was well received by our shareholders when we presented the last results and we are pleased to continue a policy of full disclosure.

The Investment Adviser

I would wish to record our recognition of the excellent support we have received from our Investment Adviser, Bluefield Partners LLP; ably led by James Armstrong, Mike Rand and Giovanni Terranova, and from their expanding team; from their Investment Committee, led by William Doughty, which carries out a thorough review of all our projects before they are put forward to our Board for consideration; and from their Valuation Committee led by Dr. Anthony Williams. They have given us an excellent understanding and analysis of the sector and the projects in which we have invested.

Chairman's Statement (continued)

The Board

I would like to make particular reference to my Board of Directors.

John Scott, the Senior Independent Director, has brought a wealth of financial and commercial experience to the board. Paul Le Page, the chairman of the Audit Committee, and Laurence McNairn, our Guernsey based directors, have brought great experience and insight, especially in their respective key areas of audit and fund administration. As I mentioned this has been a busy year for the company and the diligent expertise of my board colleagues has made a significant contribution to our success. All my colleagues are a pleasure to work with and would be an asset to any company. I look forward to continuing to work with them all as we continue to grow the Company in the years ahead.

Outlook

As referenced in my last update, there are challenges ahead in 2016 when the shape of future pipelines is uncertain and the levels of support for new installations remains unclear. Despite the market facing considerable headwinds in the form of lower power prices and regulatory uncertainty, your Company has delivered a strong set of returns.

Further to this, there remains an immediate and compelling opportunity for Bluefield and its shareholders to invest into a competitively priced energy market where the Company is achieving attractive infrastructure level returns with low levels of leverage, and contracted into long dated, largely regulated and indexed revenues. We strongly believe that the UK remains an attractive place for infrastructure investors and that the market continues to offer appealing risk adjusted returns.

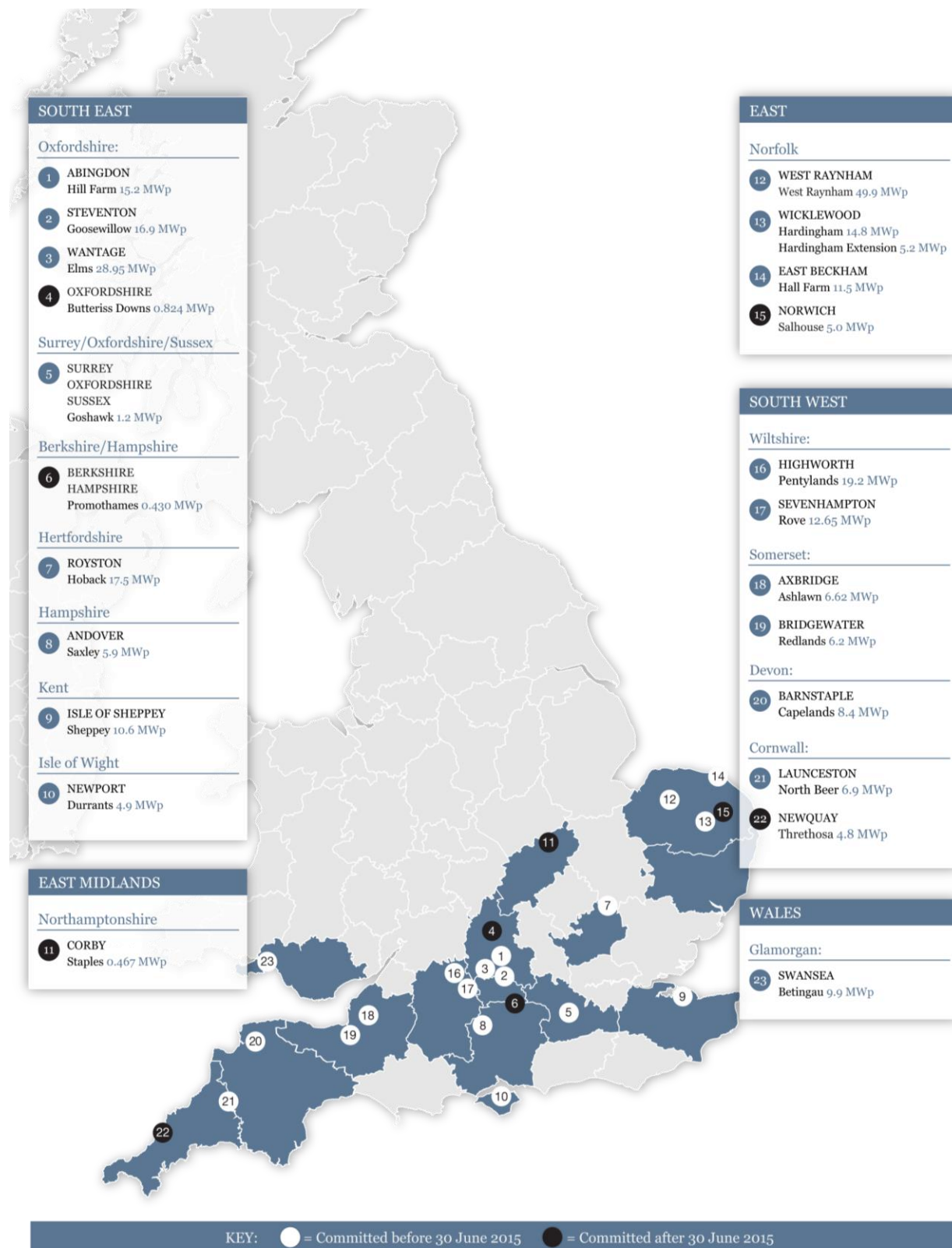
John Rennocks

Chairman

30 September 2015

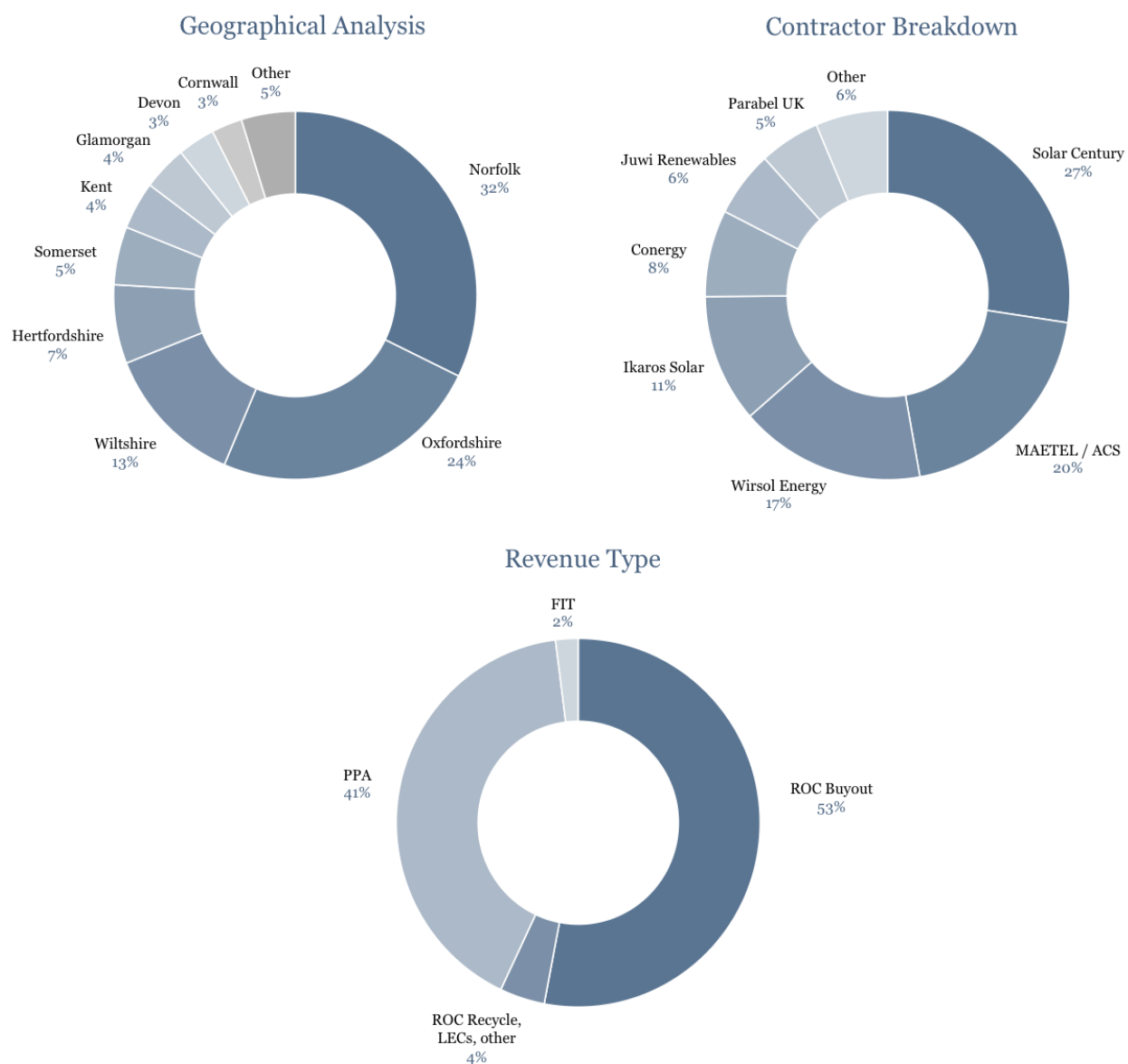
The Company's Investment Portfolio

The Company has a geographically diverse group of assets containing a range of proven solar technology and infrastructure.



Analysis of the Company's Investment Portfolio

The portfolio breakdown by commitments made as at 30 June 2015 is as follows:



Strategic Report

Introduction

The Strategic report sets out:

STRATEGIC ISSUES

1. Company's Objectives and Strategy
2. Company's Operating Model
3. Investment Policy
4. Policies, approach and achievements adopted in respect of Corporate Social Responsibility

OPERATIONAL ISSUES

5. Operational & Financial Review for the period (including KPI)
6. Directors' Valuation of Group's Portfolio
7. Principal Risks and Uncertainties

STRATEGIC ISSUES

1. Company's Objectives and Strategy

The Company seeks to provide shareholders with an attractive return, principally in the form of quarterly income distributions, by investing in a portfolio of large scale UK based solar energy infrastructure assets. The Company targeted a dividend of 7 pence per Ordinary Share in relation to the financial period ended 30 June 2015 with the intention of this rising annually thereafter with the RPI. Subject to maintaining a prudent level of reserves, the Company aimed to achieve this through optimisation of asset performance, future acquisitions and use of gearing. For the period to 30 June 2015, the Company has declared dividends of 7.25 pence per Ordinary Share. The Operational and Financial Review section on page 16 provides further information relating to performance during the period.

2. Company's Operating Model

Structure

The Company holds and manages its investments through a UK limited company, BSIFIL, in which it is the sole shareholder.

Management

Board and Committees

The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy, approval of new investments, oversight of the Investment Adviser, approval of changes in strategy, risk assessment, Board composition, capital structure, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company. The Board consists of four independent non-executive Directors. See the Corporate Governance Report for further details.

Strategic Report (continued)

2. Company's Operating Model (continued)

Management (continued)

Investment Adviser

The Company has entered into an Investment Advisory Agreement with the Investment Adviser. This sets out the Investment Adviser's key responsibilities, which include identifying and recommending suitable investments for the Company to enter into and negotiating on behalf of the Company the terms on which such investments will be made.

Through a Technical Services Agreement with BSIFIL the Investment Adviser is also responsible for all issues relating to the supervision and monitoring of existing investments (included within the fee cap under the Investment Advisory Agreement). The Company has appointed BSL, a company with the same ownership as the Investment Adviser, to provide asset management services for the Company's portfolio. During the period the Investment Adviser has been paid a base fee of 0.7% of NAV at 30 June 2015. Post year end, due to the out-performance of the Company during the period, the Investment Adviser is also entitled to a variable fee that equates to 0.1% of NAV.

A summary of the fees paid to the Investment Adviser is given in Note 5 of the consolidated financial statements.

Administrator

The Board has also delegated administration and company secretarial services to the Administrator.

Further details on the responsibilities assigned to the Investment Adviser and the Administrator can be found in the Corporate Governance Report.

Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are listed on page 3.

Investment Process

Through its record of investment in the UK solar energy market, the Investment Adviser has developed a rigorous approach to investment selection, appraisal and commitment. This investment process is based upon repeat transaction experience with specialist advisers; application of standardised terms which have been developed and refined based upon direct experience of operating solar assets; and through a rigorous internal approval process prior to issuing investment recommendations to the Company. All investment recommendations and divestments by the Investment Adviser are subject to review and approval by the Company's experienced Board of Directors. The Board is aware of the overall pipeline of potential new investments. Board approval is also required before significant due diligence and transaction costs are incurred, and where material variations to the agreed terms of the final transaction are required before execution of that transaction.

Repeat transaction experience with specialist advisers

The Investment Adviser has worked with legal, technical, insurance and accounting advisers in each of the transactions it has executed in the UK market. This direct experience has enabled it to develop an understanding of key areas of competence to address specific issues; for example, identifying specific individuals who are expert in advising on specific detailed technical aspects of a project. Through this direct specialist experience, the Investment Adviser is able to source relevant expertise to address project issues both during and following a transaction.

Application of standardised terms developed based upon direct experience

The Investment Adviser has developed standardised terms which have been specifically tested by reference to real transaction and project operational experience. Whilst contract terms are specifically negotiated and tailored for each individual project, solar project contracts applied by the Investment Adviser typically have specific protections from the construction contracts regarding recovery of revenue

Strategic Report (continued)

2. Company's Operating Model (continued)

Investment Process (continued)

losses for underperformance and obligations for correction of defects. Both such provisions have been specifically exercised by the Investment Adviser giving it direct experience in activating contractual protections.

Rigorous internal approval process

All investment recommendations issued to the Company, and all investment recommendations made in relation to previous transactions of the Investment Adviser are made following the formalised review process described below:

(1) Investment origination and review by Managing Partners

Before incurring costs in relation to the preparation of a transaction, a project is concept reviewed by the Investment Adviser's Managing Partners, following which a letter of interest or memorandum of understanding is issued and project exclusivity is secured.

(2) Director Concept Approval

In the event that material costs are to be incurred in pursuing a transaction, a concept paper is issued by the Investment Adviser for review by the Directors of the Company. This concept review fixes a project budget as well as confirming the project proposal is in line with the Company's investment policy and strategy.

(3) Due diligence

In addition to applying its direct commercial experience in executing solar PV project acquisitions and managing operational solar plants, the Investment Adviser engages legal, technical and, where required, insurance and accounting advisers to undertake independent due diligence in respect of a project. Where specialist expertise is required due to project specifications, the Investment Adviser has experience in identifying relevant experts.

(4) Bluefield Partners LLP Investment Committee

Investment recommendations issued by the Investment Adviser are made following the submission of a detailed investment paper to the Investment Committee. The Investment Committee operates on the basis of unanimous consent and has a record of making detailed evaluation of project risks. The investment papers submitted to the Investment Committee disclose all interests which the Investment Adviser and any of its affiliates may have in the proposed transaction.

(5) Group Board approval

Following approval by the Investment Adviser Investment Committee, investment recommendations are issued by the Investment Adviser to the Group for review by the boards of the Company and BSIFIL. Both the Company and the BSIFIL board undertake detailed review meetings with the Investment Adviser to assess the project prior to determining any approval. Both board approvals are required in order for a transaction to be approved. If the boards of the Company and BSIFIL approve the relevant transaction, the Investment Adviser is authorised to execute the transaction in accordance with the Investment Adviser's recommendation and any condition stipulated in the boards' approval.

(6) Closing memorandum

Prior to executing the transaction, the Investment Adviser completes a closing memorandum confirming that the final transaction is in accordance with the terms presented in the investment paper to the Investment Committee; detailing any material variations and outlining how any conditions to the approval of the Investment Committee and/or Board approval have been addressed. This closing memorandum is countersigned by an appointed member of the Investment Committee prior to closing the transaction.

Strategic Report (continued)

2. Company's Operating Model (continued)

Managing conflicts of interest

The Investment Adviser and any of its members, directors, officers, employees, agents and connected persons, and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments.

The Directors have noted that the Investment Adviser has other clients and have satisfied themselves that the Investment Adviser has procedures in place to address potential conflicts of interest. The potential conflicts of interest are disclosed in the investment recommendation for each investment.

3. Investment Policy

The Group invests in a diversified portfolio of solar energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield, industrial and/or commercial sites. The Group targets long life solar energy infrastructure, expected to generate stable renewable energy output over a 25 year asset life.

Individual solar assets or portfolios of solar assets are held within SPVs into which the Group invests through equity and/or debt instruments. The Group seeks to obtain legal and operational control through direct or indirect stakes of up to 100% in such SPVs, but may participate in joint ventures or minority interests where this approach enables the Group to gain exposure to assets within the Company's investment policy which the Group would not otherwise be able to acquire on a wholly-owned basis.

The Group may make use of non-recourse finance at the SPV level to provide leverage for specific solar energy infrastructure assets and portfolios provided at the time of entering into (or acquiring) any new financing; total non-recourse financing within the portfolio will not exceed 50% of the prevailing Gross Asset Value. In addition, the Group may, at holding company level, make use of short-term debt finance to facilitate the acquisition of investments, but such short-term debt (when taken together with the SPV finance noted above) will also be limited so as not to exceed 50% of the Gross Asset Value.

No single investment in a solar energy infrastructure asset (excluding any third party funding or debt financing in such asset) represents, on acquisition, more than 25% of the NAV. The portfolio provides diversified exposure through the inclusion of not less than five individual solar energy infrastructure assets. Diversification is achieved across various factors such as grid connection points, individual landowners and leases, providers of key components (such as PV panels and inverters) and assets being located across various geographical locations within the UK.

The Group aims to derive a significant portion of its targeted return through a combination of RPI-linked FiTs and the sale of ROCs (or any such regulatory regimes that replace them from time to time). Both such regimes are currently underwritten by UK Government regulation providing a level of FiTs or ROCs fixed for 20 years and each regime typically benefits from an annual RPI escalation. The Group also intends, where appropriate, to enter into Power Purchase Agreements with appropriate counterparties, such as co-located industrial energy consumers or wholesale energy purchasers.

Strategic Report (continued)

3. Investment Policy (continued)

Investment Restrictions

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 10% of the Gross Asset Value at the time of investment is made will be invested in the other closed-ended investment funds which are listed on the Official List.

Changes to Investment Policy

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of shareholders.

4. Policies, approach and achievements adopted in respect of CSR

The Directors and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts. Beyond the production of sustainable energy from the Company's portfolio that is expected to save on the emission of millions of tonnes of CO₂ throughout the life of the assets, the Company will seek to increase biodiversity at the sites by appropriate planting and landscaping of the land it manages.

OPERATIONAL ISSUES

5. Operational & Financial Review for the period

Key Performance Indicators

The Board has identified the following indicators for assessing the Company's annual performance in meeting its objectives:

	As at 30 June 2015	As at 30 June 2014
Market Capitalisation	£305,562,903	£147,184,463
Share price	109.75p	102.62p
Total dividends declared in relation to the year/period	7.25p	4.00p
NAV	£288,390,867	£147,676,019
NAV per share	103.58p	102.96p
Total Return (based on NAV increase and dividends paid in the year)	6.7%	7.0%
Total Return to shareholders (based on share price and dividends paid in the year)	13.0%	4.6%

Strategic Report (continued)

5. Operational & Financial Review for the period (continued)

Acquisitions

During the period, the Company completed 8 acquisitions for a total committed consideration of £138.6m (2014: £146.8m). Each investment has been carefully selected to ensure the portfolio is well balanced geographically, with appropriate levels of diversification of construction and operation contractors and key equipment.

Portfolio Performance

Of the 8 investments made during the financial year, seven were contracted at or during the construction phase with one, Bluefield L&P solar, purchased with a record of operation through its two subsidiary SPVs Goshawk and Durrants.

All acquisitions of projects under construction successfully entered operation during the year and achieved accreditation within the targeted 1.4 ROC band. Although a number of projects commenced operation after the contracted construction deadlines, contractual protections enabled the Group to benefit from contractor delay liquidated damages which fully compensated the applicable investment vehicle for delays in generation, keeping revenues in line with budget.

The portfolio has performed strongly during the year to 30 June 2015, with generation and revenue both ahead of expectations by 3.2% and 3.9% respectively. The Directors are particularly pleased with this performance in light of the continuing decline in power prices over the last 12 months.

This out-performance is analysed in greater detail within the Investment Adviser's report where the portfolio has been reviewed in two tranches; plants that were operational in June 2014 and those that have been acquired or constructed during the year.

The Company's PPA strategy is to enter into short term contracts with contracting periods staggered quarterly across the portfolio in order to minimise the portfolio's sensitivity to similar short-term price volatility.

Portfolio performance and power price movements are discussed in more detail within the Investment Adviser's report under Section 3.

Strategic Report (continued)

5. Operational & Financial Review for the period (continued)

Summary Consolidated Statement of Comprehensive Income

	Year ended 30 June 2015	Period ended 30 June 2014
Total Income	£19,539,958	£12,039,100
Administrative expenses	£3,022,085	£2,054,320
Transaction costs	£571,576	£508,102
Finance costs	£795,538	£32,633
Total comprehensive income before tax	£15,150,759	£9,444,045
Tax	-	-
Total comprehensive income	£15,150,759	£9,444,045
Earnings per share	6.71p	6.99p

Total Income for the period represents the return recognised in the consolidated statement of comprehensive income from the combined impacts of valuation movement and investment income (derived from interest income and consultancy services fees paid by the SPV investment companies to BSIFIL). The total comprehensive income of £15.2m reflects the performance of the Group when operating costs are included. Further detail on valuation movements is given in the Report of the Investment Adviser.

Cost Analysis

A breakdown of the administrative expenses paid is provided below. Further details of the administrative expenses can be found in Note 5 of the consolidated financial statements.

Administrative expenses	Year ended 30 June 2015 £	% of NAV as at 30 June 2015	Period ended 30 June 2014 £	% of NAV as at 30 June 2014
Fees to Investment Adviser	(2,007,666)	0.70%	(1,204,987)	0.81%
Legal and professional fees	(46,674)	0.02%	(21,900)	0.01%
Administration fees	(287,424)	0.10%	(145,076)	0.10%
Directors' remuneration	(145,599)	0.05%	(150,986)	0.10%
Audit fees	(61,398)	0.02%	(35,000)	0.02%
Other expenses	(208,543)	0.07%	(127,485)	0.09%
Total recurring	(2,757,304)	0.96%	(1,685,434)	1.13%
Legal and professional fees	(229,260)	0.08%	(319,600)	0.22%
Non-audit fees	(10,661)	0.00%	(25,875)	0.02%
Listing fees	(8,307)	0.00%	(12,018)	0.01%
Other expenses	(16,553)	0.01%	(11,393)	0.01%
Total non-recurring	(264,781)	0.09%	(368,886)	0.26%

Strategic Report (continued)

5. Operational & Financial Review for the period (continued)

Non-audit fees excludes £62,100 (2014: £40,000) in relation to the placings in November 2014 which were deducted from placing proceeds (see Note 5).

On-going charges

On-going charges is a measure of the day-to-day costs of managing the Group. It is expressed in terms of a percentage reduction in shareholder returns assuming markets remain static and the investment portfolio is not traded.

The fees the Investment Adviser receives are based on the NAV, at an effective rate of 0.70% over the year, and are in line with the growth in the investment portfolio and do not contain any variable fee element.

The table below reflects all costs the Company has incurred.

	Year ended 30 June 2015 £	Period ended 30 June 2014 £
Annualised on-going charges*	(2,764,879)	(1,737,806)
Average NAV	217,442,315	134,673,931
On-going charges	1.27 %	1.29%

*For 2014 as the Group had only been in operation since 12 July 2013, the 2014 annualised figure of recurring administrative expenses is based on the Cost Analysis table above.

The on-going charges ratio is calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs, i.e. legal advice in relation to the RBS facility.

A more detailed analysis of the Group's financial performance can be found on pages 73 to 76 of the consolidated financial statements.

Group debt facility

On 11 June 2014 the Group entered into an agreement with the RBS for the provision of an acquisition facility of up to £50m. The Facility has a margin of 2.25% over LIBOR and is due to expire on 10 June 2017.

As at the period end £18,900,000 (2014: £Nil) had been drawn down on the Facility.

6. Directors' Valuation of Group's portfolio

The Investment Adviser or an external valuer is responsible for carrying out the fair market valuation of the Company's investments for recommendation, review and approval by the Directors.

Valuations are carried out on a six monthly basis as at 31 December and 30 June each year and the Company has committed to procure a review of valuations by an independent expert not less than once every three years.

The Board elected to seek the Company's first independent valuation as input to the 30 June 2015 Directors' Valuation following the Directors' observation that the sector had faced significant transition leading up to and during the financial reporting period. More specifically, material changes to regulation, power prices, risk free rates and investment activity in the sector were considered to be relevant variables which justified securing an independent assessment of market valuations. EY were appointed by the Company to provide an independent valuation for 30 June 2015.

Strategic Report (continued)

6. Directors' Valuation of Group's portfolio (continued)

As the portfolio comprises only non-market traded investments, the external valuer has adopted valuation guidelines based upon International Valuation Standards defined by the IVSC; application of which is considered consistent with the requirements of compliance with IAS 39 and IFRS 13.

In accordance with these guidelines, EY, drawing upon portfolio input data provided by the Investment Adviser, has prepared its valuations on the basis of discounted cash-flow methodology. EY has provided the Directors with a discounted cash flow valuation range supported by market data and precedent transactions.

In the light of the analysis provided in the independent valuation, the Directors' Valuation adopted for the portfolio as at 30 June 2015 was £296.8m, representing a 5.83% uplift on investment cost, derived from a combination of income generated within the investments and revaluation uplift under discounted cash-flow methodology.

The Directors' Valuation is below the valuation range set out in the independent valuation. The lower valuation utilised by the Directors for the purpose of these Financial Statements results from (i) application of a discount rate of 7.5%, (higher than the midpoint discount rate implied by the independent valuation), and (ii) a long term inflation rate of 2.5%, lower than the inflation rate assumed by the independent valuer. The Directors have reached their valuation following due consideration, in consultation with the Investment Adviser, of the long term stability of assumptions in addition to peer group analysis.

A detailed analysis of the Directors' Valuation is presented in the Report of the Investment Adviser.

7. Principal Risks and Uncertainties

Under the FCA's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Group is exposed and take appropriate steps to mitigate those risks.

The principal risks faced by the Company are:

1. Solar subsidy reduction

The increasing pressure on solar subsidies as demonstrated by the removal of LECs (and the recent sharp fall in the proposed level of home solar-FiT payments) has created short-term capacity pressure for new plant. The Company has begun to mitigate this risk, post year-end, by introducing its first roof-top solar installation, an area which is still favoured by Government policy. The introduction of structural gearing should enable the Company to expand its investment universe too, by enabling the Company to acquire plant with lower yield characteristics, yet by using an element of low coupon debt financing, enhancing the net equity investment yield.

2. Electricity market fluctuations

Energy price volatility has reached unprecedented levels and the Company has sought to mitigate the impact of this volatility by having a rolling programme of PPA contract expiries. Nonetheless, protection against a sustained period of lower energy prices can only be achieved by maximising exposure to regulatory revenues through acquisition of more legacy FiT and ROC plants.

3. Generation failure

Generation output could fail to meet budgeted levels for a large number of operational reasons such as transformers failing after warranty expiry, for example. The Company has sought to mitigate this risk by the appointment of BSL to co-ordinate the operation and maintenance of the investment portfolio and through contractual protection such as performance guarantees (See Note 20).

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

The Directors have also identified the following as the key risks faced by the Company:

Risk	Description	Mitigation/Approach
Poor commercial investment decisions	This could involve missed investment opportunities.	The Board reviews the company's investment pipeline with the Investment Adviser on a regular basis.
	The Company may acquire or dispose of an investment at a price that is not in the best interest of shareholders.	The Board reviews market pricing comparisons where relevant prior to approving transactions.
Inadequate management of plant	Underperformance of solar plant versus expectations at acquisition.	BSL as Asset Manager prepares a quarterly operational summary for the board that evaluates the performance of each plant against budget and highlights any issues to be addressed.
	Inadequate portfolio cash flow management could impact the ability to pay dividends.	The board reviews cash-flow projections for each investment that the company makes and for the entire company on a regular basis.
	This also involves the risk of all site PPAs expiring at the same time, which could result in a lack of income and therefore a lack of funds for distribution.	The Investment Adviser ensures that when the agreements are initially put in place, the end dates of the investments are staggered in order to ensure a constant flow of revenue. A quarterly update on the contracts is provided in the Investment Adviser's Report within the Board Packs.
Inadequate project management	Delays in the completion of the solar sites possibly due to manpower, connection timings or missing components could impact the Company's income flow and its ability to pay dividends.	The Board mitigates the risk of not being able to pay by ensuring that all purchase/deal agreements include a "water tight" clause to ensure compensation fees are due if the solar sites are unfinished by a specific date or if the grid is not connected by a certain date following completion.

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

Risk	Description	Mitigation/Approach
Over-reliance on key personnel of the Investment Adviser	The ability of the Company to achieve its investment objective depends heavily on the experience of the management team associated with the Investment Adviser, and more generally on the Investment Adviser's ability to attract and retain suitable staff. As a result, the success of the Company will depend largely upon the ability and continuing availability of the Investment Adviser. The death, incapacity or loss of the service of key individuals of the Investment Adviser would have a material adverse impact on the business of the Company and the investments made.	<p>Through the investment and advisory fee, the Investment Adviser is incentivised to achieve the Company's investment objectives. Additionally, the Board has broad discretion to monitor the performance of the Investment Adviser or to appoint a replacement.</p> <p>In the event that any one of the key persons, as defined in the Investment Advisory Agreement, is no longer a member or employee of the Investment Adviser, the Board can terminate the Investment Advisory Agreement. The Board has negotiated key provisions in the Investment Advisory Agreement that permit early termination.</p>
Loss of cash	This involves the risk of fraud, defalcation, credit risk default by the deposit counterparty or other instruments and interest rate/capital value risk.	<p>The Administrator has procedures in place designed to detect and deter fraud such as:</p> <ul style="list-style-type: none"> (i) "Four eyes" approach to all payments (six eyes for matters that require two "A" Signatories); (ii) Authorisation limits for payments; and (iii) Approval of invoices by the Investment Adviser. <p>The Administrator also has whistle blowing procedures in place and policies that comply with the Anti-Bribery legislation.</p>
Financing Risk	This involves a risk that the Fund will be unable to support dividends or repayments due to a breach of financing covenants.	A covenant compliance report for the portfolio is provided within the quarterly Investment Adviser's Report in the Board Meetings.

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

Risk	Description	Mitigation/Approach
Valuation errors	Valuations of the SPV investments are reliant on large and detailed financial models based on discounted cash-flows. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and certain assumptions or methodologies applied may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited transactional data for solar PV generation against which the investment valuation can be benchmarked. Other inputs such as the price at which electricity and associated benefits can be sold are subject to government policies and support.	<p>The discount factor applied to the cash-flows is reviewed by the Investment Adviser to ensure that it is set at the appropriate level. All papers supporting the Gross Asset Value calculation and methodology used are presented to the Board for approval and adoption.</p> <p>Ongoing quarterly reconciliations are performed between the SPVs and BSIF; this includes on-site visits to the assets and the engagement of independent valuers.</p>
Dependence on the Administrator	As a consequence of a failure by the Administrator, monthly management information is not adequate and/or not received in a timely fashion and the financial statements are filed late, and therefore could lead to damaging market reputation of the Company.	<p>The Administrator has employees with the right skills and resources to perform as appropriate Administrators. Moreover, the Company has entered into a detailed administration agreement with the Administrator to manage this risk.</p> <p>The Administrator is also regulated by the GFSC and is subject to periodic inspections and regular compliance reporting. The Administrator maintains full Professional Indemnity and Directors & Officers insurance.</p> <p>The Administrator provides Disaster Recovery updates to the Board triggered by any changes or at the request of Directors.</p>
Information Security & Loss of Data	<p>As a consequence of the ever expanding knowledge and ability with which people are able to obtain and share information by means such as hacking or the interception of emails the Board are aware that increasing data security is essential.</p> <p>Over reliance on emails could also result in the loss of data as this is not a guaranteed form of communication.</p>	<p>The Administrator will provide updates regarding its security protocols in place and also provide details of their systems protection and encryption.</p> <p>Passwords on important or confidential documents are used when they are being sent electronically to ensure further protection from interception.</p>

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

Risk	Description	Mitigation/Approach
Counterparty failure	The Company engages with various providers and counterparties. The success of the business and its investments will rely on the appropriate parties being engaged and their ability to deliver on the agreed terms.	<p>The Administrator collates information to provide a historical track record of the counterparties which give comfort to the Board and the Investment Adviser.</p> <p>Price comparisons are made across competitors to ensure value for money is obtained. The board reviews the performance of all key counterparties on an annual basis.</p>
	Weaknesses or failings by the counterparties could potentially have adverse consequences for the Company in achieving its objectives.	<p>The Company ensures that the selection process of the counterparties are carefully monitored and due regard given to their performance and financial standing, through collation of appropriate due diligence.</p> <p>Further, the Company mitigates the risk by diversifying the counterparties with which it engages.</p> <p>The Administrator ensures that the counterparties provide procedures and control documents as well as financial statements in an effort to mitigate potential for contractor bankruptcy.</p>
Inadequate control of costs	Excessive SPV expenses could result in the possible loss of funds and inability to meet investor dividend payments. This could also have a negative impact on the Company's NAV.	The Investment Adviser will provide cash flow updates for each SPV within the Investment Adviser's Report within the quarterly Board Packs. This will include TER calculations for each.

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

Risk	Description	Mitigation/Approach
Changes in regulation	The Company is authorised and regulated by the GFSC in Guernsey. The GFSC may determine that the Company's activities should be subject to increased regulation or compliance requirements.	The Company has appointed the Administrator to act as Compliance Officer. The Company also liaises with its Administrator to ensure compliance with the latest GFSC requirements.
	The Company's activities in the UK are subject to regulation under the Alternative Investment Fund Management Directive ("AIFMD").	After seeking professional regulatory and legal advice, the Company was established in Guernsey as a self-managed Alternative Investment Fund. The Company continues to monitor developments under AIFMD and its impact on the Company.
	The Company must comply with the full handbook of the Main Market of the London Stock Exchange.	The Company liaises with its Broker, Administrator and other advisers, as required to ensure compliance with the latest full handbook requirements.
	A change in tax legislation applicable to any member of the Group or the underlying investments could result in increased tax liabilities for the Group and a consequential reduction in yield or capital to investors.	The Company engages tax advisers to determine the impact on returns.
Insider Dealing	Individuals working on behalf of the Company and employees of its service providers potentially have access to sensitive, non-public information about the Company which may be used for personal benefit.	The risk of unauthorised insider trading is mitigated by the Company through the maintenance of an insider trading list. The Investment Adviser and the Administrator review this list and confirm that the counterparties are aware of their obligations.

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

Risk	Description	Mitigation/Approach
Bribery and Corruption	The scale of the problem of bribery and corruption is significant at both a corporate and governmental level. It creates a major distortion of trade as well as undermining the democratic development of emerging markets. Failure to comply with the UK Bribery Act could render the Company liable to prosecution.	Both the Administrator and the Investment Adviser circulate their written policies to the Board for review and also provide any updates to the policy as and when they may occur. The Board regularly reviews possible exposure areas for bribery and corruption.
Unfavourable Weather Conditions	Annual income generation of the Company is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year.	The Company uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is relatively dispersed across the south of the United Kingdom. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight limiting short term volatility when compared to other weather dependent electricity generation.
Unfavourable Electricity Market Conditions	Annual income generation of the Company is sensitive to future power market pricing. A major structural shift in power demand or supply will impact the Company's ability to meet its dividend target.	The Investment Adviser regularly updates the portfolio cash-flow model to reflect future power market forecasts and applies additional discounts to the forecasts when needed. New projects are always assessed using the most recent power market forecast data available.

Strategic Report (continued)

7. Principal Risks and Uncertainties (continued)

These inherent risks associated with investments in the solar energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

The above risks are mitigated and managed by the Board through continual review, policy setting and half-yearly review of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out its formal review of the risk matrix at the Audit Committee meeting held on 20 May 2015. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Paul Le Page
Director
30 September 2015

Laurence McNairn
Director
30 September 2015

Report of the Investment Adviser

1. About Bluefield Partners LLP

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in solar energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The team has been involved in over £1 billion of solar PV funds and/or transactions since 2008 including over £380 million in the UK since December 2011.

Bluefield has led the acquisition of, and currently advises on, over 50 UK based solar assets that are agriculturally, commercially or industrially situated. Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives.

Bluefield's Investment Committee has collective experience of over £15 billion of energy and infrastructure transactions.

2. Investment Strategy

The Company's investment policy has the flexibility to commit to assets during the construction phase or operational phase. During the period under review, the Investment Adviser made the strategic decision to invest primarily in assets during the construction phase in order to:

1. Maximise quality and scale of deal flow: the strategy maximises the pool of assets available to the Company. The majority of developers and contractors in the UK solar market were (and are) unable to fund on their own balance sheets, therefore construction funders such as Bluefield were able to select their construction partners and assets from the widest possible pool;
2. Minimise acquisition costs: funding through the construction phase removes a layer of financing cost provided by third party construction funders, typically passed on to the end acquirer;
3. Minimise risk via appropriate contractual agreements: construction funding of solar assets is low risk in nature due to the simple and quick construction process. Risk can be further minimised by appropriate contractual agreements. These include making milestone payments backed, typically, by bonds, security plant and equipment and significant cash hold backs. For example, subsidy risk can be largely mitigated during construction in the event that there was a delay to grid connection. Should a contractor secure a 1.4 ROC banding as opposed to the 1.6 ROC level, the Company had contractual protections that would have resulted in the contract price stepping down to compensate for the lower revenues, enabling the Company to achieve the same hurdle return from the asset; and
4. Acquire assets using conservative assumptions: Deployment of the proceeds of the IPO saw the Company acquire assets with acquisition prices that are expected to enable the delivery of a 7 pence annual distribution, rising with RPI, based upon a cautious set of assumptions.

Report of the Investment Adviser (continued)

3. Portfolio Developments

The Company's operating portfolio as at 30 June 2015 is shown below:

Project	Contractor	Region	ROC banding/FiT	MWp
North Beer	Parabel UK	Cornwall	2.0 ROCs	6.9
Pentylands	Conergy	Wiltshire	1.6 ROCs	19.2
Goosewillow	Ikaros Solar	Oxfordshire	1.6 ROCs	16.9
Hill Farm	Solar Century	Oxfordshire	1.6 ROCs	15.2
Hardingham	Solar Century	Norfolk	1.6 ROCs	14.8
Hall Farm	Ikaros Solar	Norfolk	1.6 ROCs	11.5
Betingau	Prosolia	Glamorgan	1.6 ROCs	9.9
Saxley	Solar Century	Hampshire	1.6 ROCs	5.9
West Raynham	MAETEL/ACS	Norfolk	1.4 ROCs	49.9
Elms	Wirsol Energy	Oxfordshire	1.4 ROCs	29.0
Hoback	Solar Century	Hertfordshire	1.4 ROCs	17.5
Roves	Wirsol Energy	Wiltshire	1.4 ROCs	12.7
Sheppey	Solar Century	Kent	1.4 ROCs	10.6
Capelands	Juwi Renewables	Devon	1.4 ROCs	8.4
Ashlawn	Parabel UK	Somerset	1.4 ROCs	6.7
Redlands	Juwi Renewables	Somerset	1.4 ROCs	6.2
Hardingham Extension	Solar Century	Norfolk	1.4 ROCs	5.2
Durrants	REC	Isle of Wight	FiT	5.0
Goshawk (10x Thames Water & 1x Adnams)	British Gas	Surrey/Oxfordshire / Suffolk	FiT	1.2
Total				252.7

Performance

As at 30 June 2015, the Company had an operational portfolio of 29 commissioned investments committing £284.6 million and delivering an energy capacity of 252.7 MWp. Located across the south of England and Wales, the investments are geographically diverse, have been constructed by 10 experienced solar contractors and contain a diverse range of proven solar technologies and infrastructure.

Portfolio performance over the period has been assessed in two tranches; the performance of the plants that were operational in June 2014 and the performance of those plants acquired and constructed during the period.

Performance of the plants owned and operational in June 2014, excluding Betingau which is discussed in a later section, has been strong over the 12 month period to June 2015 with both generation, 7.3%, and revenue, 5.5%, respectively ahead of budget.

Placed into context against falling power prices over the period this out performance in revenue highlights the strong portfolio performance and the contractual protections embedded in the project structure.

Report of the Investment Adviser (continued)

3. Portfolio Developments (continued)

The two operational plants acquired in October 2014, Durrants and Goshawk, have also performed strongly with generation 8.2% ahead and revenue 7.8% ahead of expectations.

The plants acquired and constructed in the period, namely Ashlawn, Roves, Elms, Capelands and Redlands, have all met expectations on revenue and generation during their initial period of operation to 30 June 15 and in the two instances where delays in connection occurred (Redlands and Capelands) the Company received damages equivalent to lost revenue through the contractual protections in place on the projects and as such there was no overall loss in expected revenue.

The performance warranties in place on the full BSIF portfolio, and which apply for two years from each project's provisional acceptance date, remained in full force as at 30 June 2015 and provide contractual entitlement to recovery of damages as a result of operational under-performance against the contractual performance warranty. These warranties provide significant ongoing protections regarding non-weather related project underperformance.

The above referenced contractual protections have been enforced in relation to project Betingau, which experienced a serial defect in relation to its transformers and was shut down for safety reasons from September 2014 until February 2015. Based upon the contractual protections full recovery was made of all lost revenues from commissioning in March 2014 to the end of the period, June 15, in addition to full recovery of all the costs associated with the defect. Since the remedial work has been undertaken Betingau is operating in line with original expectations.

When the portfolio is analysed in totality, accounting for contributions from constructed projects in the first full month of generation, performance against budget is 3.2% ahead and 3.9% ahead on generation and revenue respectively.

PPA strategy

Over the 2014/15 financial year the Company maintained its strategy to fix the price of power sale contracts for individual assets for periods of 12 to 18 months. Prices can be fixed up to 3 months in advance of the commencement of the fixing period. Currently the target is to fix 25% of the portfolio within each quarter, in order to mitigate against seasonality and short-term events which can have an impact on the price of electricity in the UK. The fixing period seeks to maximise potential revenues for the Company during its current acquisition phase whilst spreading exposure to short-term power movements across the portfolio to avoid concentration of risk. The security of even longer term contracts would, we believe, invariably result in the generator sacrificing revenues for the comfort of longer term certainty, which, on balance, the Investment Adviser believes is not the optimal strategy for the Company at this stage. In addition, typical long term power off-take contracts available in the energy market provide floors but not fully fixed rates, such floors being significantly below even the recent lower power price levels.

The PPA counterparties are selected on competitive basis but with a clear focus on achieving diversification of counterparty risk and creditworthiness.

Revenues and Power Price

The portfolio's revenue streams in the 2014/2015 financial year show the sale of electricity accounts for 39% of the Company's income. Regulated revenue from the sale of FiTs, ROCs and LECs accounted for 61%.

Despite a drop of ca. 10% in market peak power prices recorded over the reporting period compared to the previous 12 months, the Company has achieved its target dividend for the year due to out-performance on production and cost and above market power performance from fixing strategy. The average power price achieved through the quarterly fixing across the portfolio was £48.14 per Megawatt hour ("MWh"). This compares with an average day ahead peak price of 45.13£/MWh and 41.16 £/MWh base load calculated on an equivalent generation profile over the same period.

Report of the Investment Adviser (continued)

3. Portfolio Developments (continued)

Revenues and Power Price (continued)

The strong performance of the portfolio combined with the contractual protections for the underperforming projects enabled the company to achieve its target budget revenues despite the backdrop of declining power prices.

The quality of the Company's portfolio and the robust nature of revenues are to continue to underpin the Company's ability to deliver its dividends in the coming years. This is partly due to the majority of revenues being regulated (currently 61% but expected to fall to 59% following termination of the LECs in the 2015 budget) and also due to the Investment Adviser having applied a prudent power price forecast when making acquisitions.

4. Acquisitions

During the period the Company successfully completed the acquisition of 19 additional plants through 8 acquisitions for the total consideration of £139 million as set out in the table below:

Project	Contractor	Region	ROC banding/FiT	MWp	Status
Capelands	Juwi	Devon	1.4 ROCs	8.4	Operational
Redlands	Juwi	Somerset	1.4 ROCs	6.2	Operational
Durrants*	REC	Isle of Wight	FiT	5.0	Operational
Goshawk* (10x Thames Water & 1x Adnams)	British Gas	Surrey/ Oxfordshire/ Suffolk	FiT	1.2	Operational
Hardingham extension	Solar Century	Norfolk	1.4 ROCs	5.2	Operational
Ashlawn	Parabel UK	Somerset	1.4 ROCs	6.7	Operational
Rove	Wirsol	Wiltshire	1.4 ROCs	12.7	Operational
Elms	Wirsol	Oxfordshire	1.4 ROCs	29.0	Operational
West Raynham	MATEL/ACS	Norfolk	1.4 ROCs	49.9	Operational
Total				124.3	

*These assets were acquired together in the acquisition of Bluefield L&P Solar Limited (see Note 19).

This expands the portfolio to 17 projects, covering 29 plants, with a combined capacity of 252.7 MWp. Details of the acquisitions made in the period are outlined below, all of which are 100% owned by BSIFIL, with the exception of West Raynham, which as at 30 June 2015 was 90% owned but has a binding contract to acquire 100% of the equity:

Capelands & Redlands, Somerset/Devon

On 25 July 2014 terms were agreed with Juwi Renewables as EPC contractor to build two solar farms in Devon (8.4 MWp) and Somerset (6.2 MWp) respectively. The projects became operational in March 2015 and have been accredited under the current 1.4 ROC regime. The plants use S-Energy modules and SMA inverters and were funded initially through the Company's £50 million acquisition Facility and then latterly with the proceeds of the Placement completed in November 2014.

Report of the Investment Adviser (continued)

4. Acquisitions (continued)

Durrants, Isle of Wight

The acquisition of the 4.9 MWp plant was agreed in October 2014 as part of the purchase of Bluefield L&P Solar Limited and included the taking over of a finance facility from Bayern LB of £14.5 million. The project was acquired as an operational asset (with a 2 year performance record) under the FiT regime. The plant was constructed by a German contractor, REC, and uses modules from REC and inverters from SMA and Advanced Energy. The investment was funded through the shareholder approved issue of shares pursuant to an October 2014 shareholder circular (see Note 19).

Goshawk, Surrey, Oxfordshire, Suffolk

The acquisition of Project Goshawk, a 1.2 MWp portfolio consisting of 11 operating projects, was agreed in October 2014 as part of the purchase of Bluefield L&P Solar Limited. The projects are all registered under the FiT regime and were constructed by British Gas. The plants use modules from Trina and Suntech with inverters from SMA. The investment was funded through the shareholder approved issue of shares pursuant to an October 2014 shareholder circular (see Note 19).

Hardingham Extension, Norfolk

In November 2014 terms were agreed with Solar Century as EPC contractor to build a 5.2 MWp extension to Project Hardingham in Norfolk. The project became operational in February 2015 and has been accredited under the 1.4 ROC regime. The plant uses Hanwha modules and Power One inverters and was funded with the proceeds of the Placement completed in November 2014.

Ashlawn, Somerset

On 3 December 2014 terms were agreed with Parabel UK as EPC contractor to build a 6.6 MWp solar farm in Somerset. The project became operational in March 2015 and has been accredited under the 1.4 ROC regime. The plant uses Q-cell modules and Huawei inverters and was funded with the proceeds of the Placement completed in November 2014.

Rove, Wiltshire

On 23 December 2014 terms were agreed with Wirsol Energy as EPC contractor to build a 12.7 MWp solar farm in Wiltshire. The project became operational in March 2015 and has been accredited under the 1.4 ROC regime. The plant uses Astronergy modules and Advanced Energy/Refusol string inverters and was funded with the proceeds of the Placement completed in November 2014.

Elms, Oxfordshire

On 13 February 2015 terms were agreed with Wirsol Energy as EPC contractor to build a 29.0 MWp solar farm in Oxfordshire. The project became operational in March 2015 and has been accredited under the 1.4 ROC regime. The plant uses Astronergy modules and SMA string inverters and was funded with the proceeds of the Placement completed in November 2014.

Report of the Investment Adviser (continued)

4. Acquisitions (continued)

West Raynham, Norfolk

On 27 March 2015 terms were agreed with Trina Solar to acquire a 49.9 MWp solar farm in Norfolk. The acquisition of a 90% shareholding was concluded on 30th June 2015 with the remaining 10% share being under option for completion at a fixed price, and the Company benefits from 100% of revenues generated by the plant since its commencement of operation in March 2015; in this interim period revenue generation exceeded expectations. The project was constructed by MAESSA Telecomunicaciones, Ingenieria, Instalaciones y Servicios S.A. ("MAETEL"), a subsidiary of Spanish infrastructure multinational Grupo ACS and has been accredited under the 1.4 ROC regime. The plant uses Trina modules and Power Electronics inverters and has been funded with the remaining proceeds of the Placement completed in November 2014 as well by drawings from the RBS facility. The plant is currently the largest operational solar PV plant in the UK.

Post year end acquisitions:

Salhouse, Norfolk

On 24 July 2015 terms were agreed with Wirsol Energy as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use REC modules and Huawei inverters and is being funded through the RBS acquisition facility.

Trethosa, Cornwall

On 24 July 2015 terms were agreed with Wirsol Energy as EPC contractor to build a 4.8 MWp solar farm in Cornwall. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use REC modules and Huawei inverters and is being funded through the RBS acquisition facility.

Projects Kite, Peregrine and Solar, Oxfordshire, Berkshire & Northants

On 21st August 2015 terms were agreed with private shareholders for a 100% subsidiary of BSIFIL to acquire three solar PV portfolio holding companies, projects Kite, Peregrine and Solar. Each project company holds one or more operational solar PV plants located on, and connected to, industrial sites in the UK. Purchase of 100% of projects Kite and Peregrine completed on 21st August 2015 comprising the acquisition of 28 20-50kW plants on sites owned by Thames Water Utilities and one 50kW plant on the site of the Millennium Seed Bank in Wakehurst Place, part of the Kew Gardens Trust. As Bluefield Partners LLP acted as the Investment Adviser to the seller as well as to the Company in the transaction, and Members or employees of Bluefield Partners LLP were both directors of BSIFIL, the purchaser vehicle and the target companies, the transaction was treated as a smaller related party transaction under UKLA Listing Rules. On this basis a Fair and Reasonable Opinion was sought and received from Numis Securities Limited before signing of the transaction. The acquisition of project Solar, a further 463kW solar PV plant in Northants has been agreed but is pending fulfilment of certain conditions precedent prior to completion.

Analysis of Investment Income Generation

The above described favourable performance of the portfolio has resulted in the Company outperforming its initial targets in respect of the income generation from its portfolio. As set out in the table below, the Company has generated 7.72 pence per share in the period under review, 0.72 pence per share ahead of target.

4. Acquisitions (continued)

Analysis of Investment Income Generation (continued)

Income from Investments	£11,005,406	See Note 4 (Investment income £2.1m) and Note 10 (Interest income £8.9m)
Working Capital Contribution	£10,163,000	Increase in working capital in investments from £4.3m in 30 June 14 to £14.5m 30 June 15
Total Investment Income Generated	£21,168,406	
Operating Costs	-£3,817,623	See Note 5 (Admin expense £3.02m), Note 7 (Finance costs £0.8m), but excluding one off Transaction costs (£0.6k)
Total Income Generated	£17,350,783	

Dividends in period	Amount	Pence per share	Number of shares
3.25p in November 2014	£4,900,000	3.25	150,769,230
1.0p in February 2015	£2,784,172	1.00	278,417,224
1.5p in August 2015	£4,176,258	1.50	278,417,224
Total	£11,860,431	5.75	278,417,224
Remaining Income Generated as at 30 June 2015	£5,490,352	1.97	278,417,224
Total Income Generated as at 30 June 2015	£17,350,783	7.72	

This excess income generation has been reflected in the Director's decision to make a final interim distribution in relation to the period bringing total distributions to 7.25 pence per share in the period. This reflects the outperformance derived from both positive plant performance as well as weather related factors, while maintaining prudential reserves.

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio

The Investment Adviser is responsible for advising the Directors in determining the Directors' Valuation and, when required, carrying out the fair market valuation of the Company's investments. As at 30 June 2015 the Directors elected to seek an independent valuation from EY which informed the Directors' Valuation in this period.

Valuations are carried out on a six monthly basis as at 31 December and 30 June each year and the Company has committed to procure a review of valuations by an independent expert not less than once every three years.

The Directors elected to procure an independent valuation for this accounting period based upon their view that prior to and during the accounting period the sector had faced significant transition. More specifically, material changes to regulation, power prices, risk free rates and investment activity in the sector were considered to be relevant variables which justified securing an independent assessment of market valuations.

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines as adopted by the European Venture Capital Association; application of which is considered consistent with the requirements of compliance with IAS 39 and IFRS 13.

Following the consideration of the EY valuation and consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2015 was £296.8 million compared to £187.1 million as at 31 December 2014 and £136.1 million as at 30 June 2014.

NAV movement

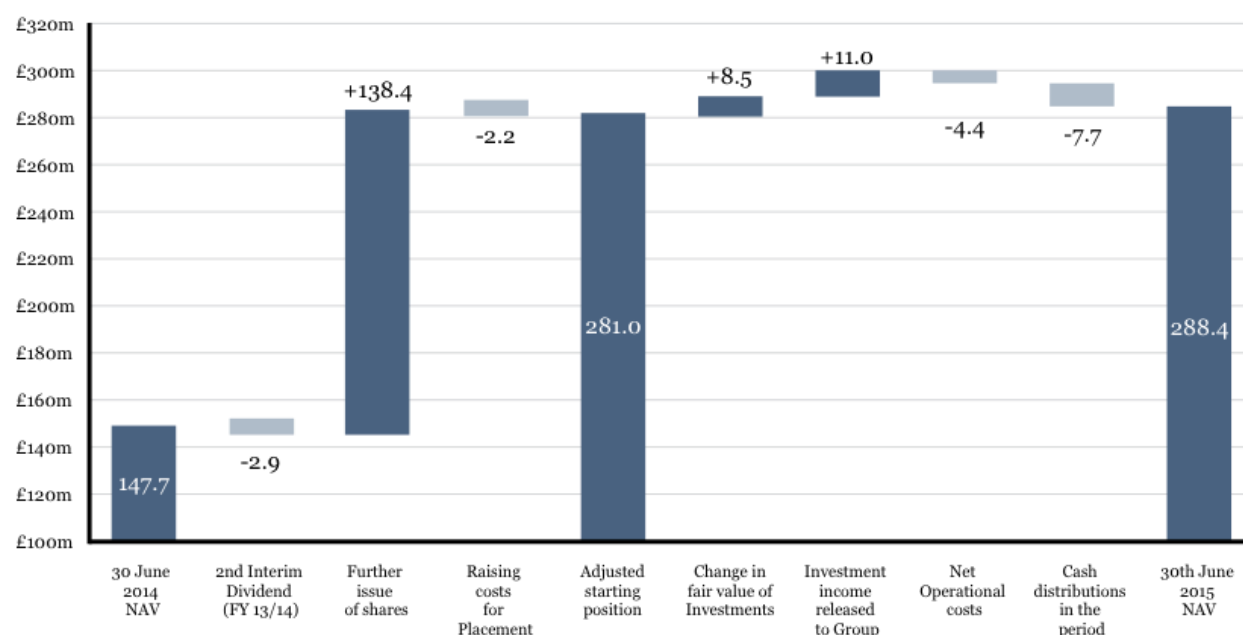
The Company issued shares to the value of £138 million in the period and paid total dividends of £10.6 million (being 2 pence per share as second interim dividend in respect to the period ending 30 June 2014 and 4.25 pence per share as a first and second interim dividend in respect to the current reporting period). Excluding these adjustment factors, the uplift in the NAV of the Company during the period was £13.3 million, or 4.8%, of which £8.5 million resulted from the change in fair value of investments and £4.8m from the net increase in working capital.

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

NAV movement (continued)

A breakdown in the movement of the NAV (£ million) of the Company over the period is illustrated in the chart and set out in the table below.



Whilst the movements in the table above represent the impact of activity in the period with respect to the overall NAV of the Company, within this are items that contribute to the movement in the Directors' valuation of the portfolio set out below.

These items are outlined below in the Portfolio valuation movement section.

Portfolio valuation movements

The Directors' Valuation of the portfolio as at 30 June 2015 was £296.8m, representing a 6.4% increase over the rebased valuation of £278.9m. The Directors' Valuation compares to the EY independent valuation range of £299m - £326m, such range which was based upon application of a long-term RPI assumption of 3.1% plus per annum (sourced from Oxford Economics) and a discount rate range of 6.75% to 7.75%. The Directors, following consultation with the Investment Adviser and a review of peer-group comparators, and in consideration of long term as well as short term market trends, have elected to adopt a more conservative discount rate and RPI assumptions to those adopted in the independent valuation.

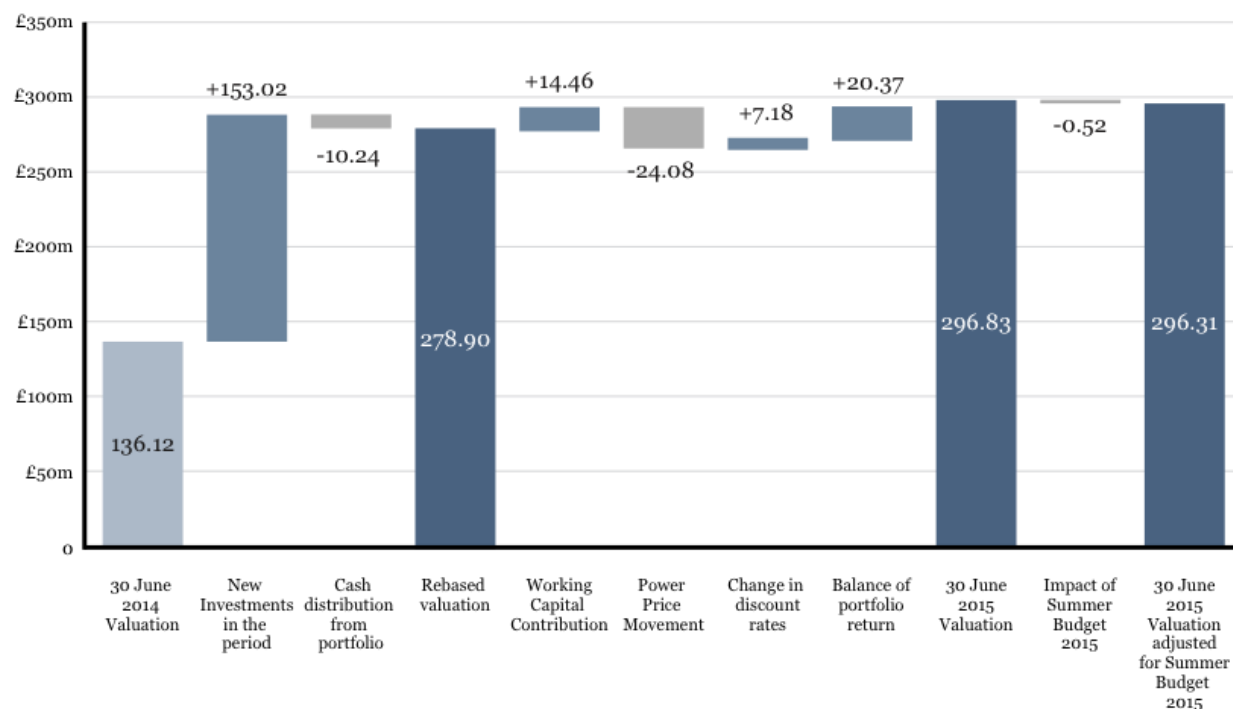
A breakdown of the movement in the Directors' valuation of the portfolio in the period is set out in the graph and table below with analysis of each movement covered thereafter.

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Portfolio valuation movements (continued)

Valuation movement during the period to 30 June 2015



	(£million)	As % of rebased valuation
30 June 2014 Valuation	136.1	
New Investments	153.0	
Cash receipts from portfolio	-10.2	
Rebased Valuation	278.9	
Working capital contribution	14.5	5.1%
Power Price Movement	-24.1	-8.6%
Change in discount rates	7.2	2.6%
Balance of portfolio return	20.3	7.3%
30 June 2015 Valuation	296.8	6.4%
Impact of Summer Budget	-0.5	-0.2%
30 June 2015 Valuation	296.3	6.2%

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Portfolio valuation movements (continued)

Net cash and working capital of £10.5 million combined with the Directors' valuation of the investments of £296.8 million and the drawings from the RBS facility of £18.9 million equates to the total NAV value of £288.4 million.

After taking into account cash commitments and portfolio cash distributions in the period of £153.0 million and -£10.2 million respectively, the growth over the re-based valuation of £278.9 million at 30 June 2015 is 6.4%.

Each movement between the re-based valuation and the 30 June 2015 valuation is considered in turn below:

Working Capital Contribution

This increase is driven by the income built up but not distributed to the group as at 30 June 2015.

Power Prices

The DCF analysis has been adapted to take account of changes in energy price forecasts between the June 2014 and June 2015 valuations.

During the period a number of power forecasters materially reduced their wholesale power price projections. As a result, both the power price curve and growth expectation over the 25 year asset life have fallen and when the latest curve from a leading forecaster was applied to the June 15 valuation of the portfolio, the impact was a reduction in value of £24.1m. The independent power forecast curve implies a solar capture PPA rate of £47.09 in 2015 and a constant annual growth rate of 1.43% per annum over RPI. The discounted cashflow for each project applies the contractually fixed power price applicable to each solar PV asset until the end of the fix period, and thereafter the independent forecast price.

As per previous valuation cycles the short-term pricing within the energy price forecast used was compared by the Investment Adviser to PPA prices achievable in the market for its solar assets and considered to accurately reflect the market without discount or premium.

Change in discount rate

During the period there has been an increase in the demand for income-producing infrastructure assets and with this an increase in the number of market participants. As highlighted by the discount range presented by EY in their Independent Valuation review and supported by the experience of the Investment Adviser whilst bidding on projects, the impact of these factors has resulted in discount rates for the sector reducing over the period.

To accurately reflect this evolving landscape, a reduction of 0.3% in the discount rate has been applied, moving the rate from 7.8% to 7.5% and creating a positive valuation impact of £7.1 million.

Balance of Portfolio Return

The balance of portfolio return changes comprise:

1. Revaluation of operational assets from cost to discounted cash flow valuation;
2. Unwinding of the discount rate;
3. Adoption of revised valuation assumptions, in particular revised O&M and performance assumptions based upon review of warranted, expected and actual performance and the evolving market in operation and maintenance costs.

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Post Year End Events - Impact of Summer Budget

On 8 July 2015, the UK Government announced the removal of the Climate Change Levy exemption for renewably sourced electricity from August 2015 and a reduction in future corporation tax rates to 19% from April 2017 and 18% from April 2020.

The impact of these changes on the valuation of the portfolio as at 30 June 2015 has been assessed and had they been effective there would have been a reduction of £0.6m to the portfolio value.

Based upon assumptions made by the Investment Adviser, both the Independent Valuation and the Directors' Valuation assumed LECs, would only apply for 5 years from the valuation date (a shorter period than had been assumed in previous Directors' Valuations). As a result, the impact of the loss of LECs on the Directors' Valuation post year end will be limited to a £4.1m reduction which will be substantially offset by the application of the reduced 18% corporation tax rate from 2020, resulting in an overall post year end impact of only £0.5m on the portfolio value.

Discount Rate

In determining the discount rate to be applied for the Directors' Valuation the Investment Adviser and the Directors took particular note of the discount rate range and analysis provided in the independent valuation, such range which was 6.75% to 7.75%, a midpoint discount rate of 7.25%. In addition, consideration has been taken to peer group discount rates stated or implied of 7.5%, current market precedents reviewed by the Investment Adviser and a capital asset pricing model approach to calculation of weighted average cost of capital.

While investments with different proportions of regulatory income, or different capital structures, may justify differentials in discount rates to reflect different cash-flow certainty, the assets currently held by the Group were considered to be substantially similar in revenue profile and capital structure, therefore not meriting any differential in discount rate. All investments in the portfolio are located in the UK and derive revenue from the sale of power and renewable obligation certificates, with c.50-60% of revenue expected to be derived from regulatory revenues linked to RPI.

Based on prevailing ten year UK gilt rates, the discount rate adopted by Directors is based on a risk free rate of 2.0% plus a market risk premium of 5.5%.

As such, after reviewing the analysis presented by the Investment Adviser, the Board confirmed and have adopted the discount rate of 7.5%, representing a reduction to the discount rate as applied in the period to 30 June 2014 (7.8%).

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Discount Rate (continued)

The principal factors taken into consideration in determining a discount rate of 7.5% were: (i) comparative analysis of transaction pricing for pre- and post-construction solar assets; (ii) review of published return targets of the listed renewable energy funds; (iii) review of the conclusions of independent valuations of solar assets; and (iv) the Investment Adviser's market experience in bidding for UK solar assets under tender. In accordance with the capital asset pricing model, the selected rate has been applied to discount the unleveraged project cash-flows net of taxation (exclusive of any tax shield). It is also important to note that this discount rate has been applied on the basis of the Investment Adviser's long term inflation assumption of 2.5%.

Valuation Sensitivities

In order to clearly analyse the impact variances in key valuation assumptions have on the valuation of the portfolio the following sensitivity analysis has been performed:

Discount Rate

At 30 June 2015, all of the operational investments within the portfolio have been valued with DCF methodology on the basis of a discount rate of 7.5%.

The analysis below shows the impact on valuation of increasing or decreasing this rate by 0.5%.

Discount Rate	-0.5%	Base: 7.5%	+0.5%
Impact on Directors' valuation	+£12.1 million	£296.8 million	-£11.8 million
Implied change in NAV per Ordinary Share	+4.3p	103.6p	-4.2p

Inflation Rate

Consistent with the Investment Adviser's financial analysis presented to investors at IPO, the Company has assumed an RPI inflation rate of 2.5% per annum flat for the full 25 year life of the DCF.

The sensitivity table below illustrates the impact an increase or decrease of 0.25% from the assumed annual inflation rates has on the valuation of the portfolio.

It is notable that a number of competing infrastructure and renewable energy funds apply a higher inflation assumption (typically 2.75%). A like-for-like analysis with a higher inflation rate assumption should be expected to be made on the basis of a higher discount rate, offsetting the valuation impact of the inflation assumption. If the Company had applied an inflation rate of 2.75% as commonly adopted, the resulting valuation of the Company would be £297.8 million or 105.8 pence per share, 2.1 pence above its current valuation.

Inflation Rate	-0.25%	Base: 2.5%	+0.25%
Impact on Directors' valuation	-£5.8 million	£296.8 million	+£6.0 million
Implied change in NAV per Ordinary Share	-2.1p	103.6p	+2.1p

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Valuation Sensitivities (continued)

Power Price

The DCF valuation is based upon a power price forecast prepared by a leading forecaster. The Investment Adviser reviewed a number of power price forecast options including valuing on the basis of zero real energy price inflation or applying forecasts provided by alternative forecast providers.

It is notable that the forecast builds in a 'solar capture' rate reflecting the higher proportion of solar generation in peak hours, as well as a balancing cost discount which rises over the life of the forecast. The CAGR implied by the power price forecast over the 25 year assumed asset life is 1.43% in real terms. When evaluating the power forecast impact on NAV the real annual increase in power price on a straight line basis which would give rise to an equivalent NAV impact is 2.32%. This compares to a rate of 2.68% applied in June 2014.

The sensitivity below considers a flat 10% movement in power prices across the life of the projects.

Power Price	-10%	Base: 0%	+10%
Impact on Directors' valuation	-£15.3 million	£296.8 million	+£15.3 million
Implied change in NAV per Ordinary Share	-5.5p	102.5p	+5.5p

Energy Yield

The energy yield of a solar PV asset is derived from three factors: (i) the irradiation captured by the power plant; (ii) the ratio at which the power plant converts irradiation to energy, the so called 'Performance Ratio'; and (iii) the availability of the power plant (days per year).

In determining the yield assumption the Investment Adviser has taken due consideration of warranted performance levels under construction contracts, technical adviser opinion on design performance levels and actual performance of the portfolio to date.

It is notable that solar energy yields have relatively low energy yield variance compared to other sectors, such as wind, due to the proportionately lower volatility of irradiation, which is based on largely predictable daylight hours, rather than variable weather patterns.

Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Valuation Sensitivities (continued)

The sensitivity below applies the impact of the P90/P10 scenarios on the valuation of the portfolio and movement in NAV per share.

Energy Yield	P90 (10 year)	Base: (P50)	P10 (10 year)
Impact on Directors' valuation	-£26.1 million	£296.8 million	+£26.0 million
Implied change in NAV per Ordinary Share	-9.4p	103.6p	+9.4p

Tax rate changes at project company level

The sensitivity illustrates the effect of a 5% increase and a 5% decrease in the prevailing tax rate of 20%, assuming in each case that the change occurs from 1 July 2015 and remains constant over the life of the project.

Analysing the impact of the reduced 18% tax rate from 2020, the value of the portfolio increases by £3.6m

Tax Rate	-5%	Base (20%)	+5%
Impact on Directors' valuation	+£9.6 million	£296.8 million	-£9.6 million
Implied change in NAV per Ordinary Share	+3.5p	102.5p	-3.5p

Operating costs at project company level

The sensitivity illustrates the effect of a 10% increase and a 10% decrease in annual operating costs for the portfolio, assuming in each case that the change occurs from 1 July 2015 and remains constant over the life of the project.

Operating Costs	-10%	Base	+10%
Impact on Directors' valuation	+£6.7 million	£296.8 million	-£6.7 million
Implied change in NAV per Ordinary Share	+2.4p	103.6p	-2.4p

Other Assumptions

A number of other assumptions, while not separately analysed here, should be taken into consideration:

- Investment cash-flows are for 25 years with a zero terminal value. Planning permission for projects is typically granted for an initial 25 years subject to re-application at the end of the period, but leases typically benefit from extension options, giving rise to the potential for a longer operational life, which has not been taken into account in the Directors' Valuation; and
- Although in June 2014 the Company secured debt financing to fund further build-out of the Group's portfolio, the Investment Adviser has not taken into account any potential valuation benefits which may be derived from financial structuring in the future of the Company.

The assumptions set out in this section will remain subject to review by the Investment Adviser and the Directors and may give rise to a revision of valuation approach in future reports.

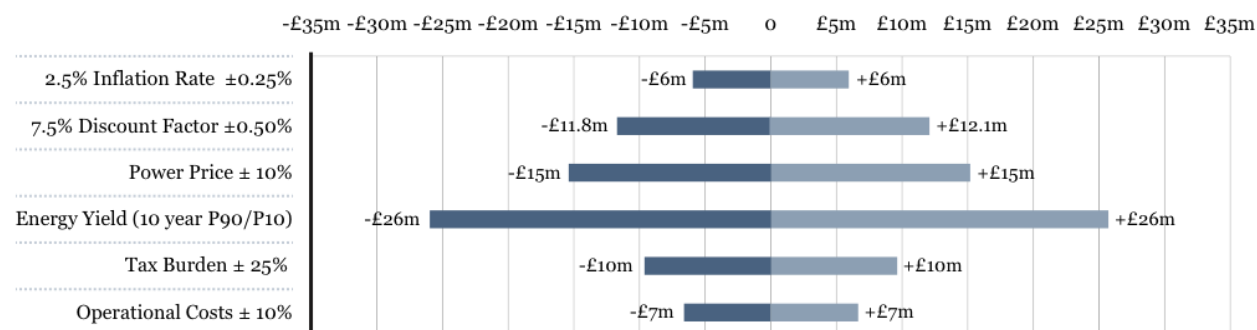
Report of the Investment Adviser (continued)

5. NAV and valuation of the Portfolio (continued)

Valuation Sensitivities (continued)

The following diagram reviews the sensitivity of the closing valuation to the key assumptions underlying the discounted cash-flow valuation.

NAV Sensitivities – Impact on portfolio value from variances of key assumptions



6. Financing

On 11 June 2014, the Group entered into an agreement with RBS for the provision of an acquisition facility of up to £50 million. The Facility has a margin of 2.25% over LIBOR and is due to expire on 10 June 2017.

A balance of £18,900,000 was drawn down at year-end.

7. Market Developments

The UK market has developed from a few hundred megawatts of energy capacity two years ago, to the largest market for new installations of large scale solar in Europe. The first quarter of 2015 alone saw an estimated 2GWp of new installed capacity, primarily coming via large scale ground-based installations. To put this in context, the growth in this three month period was more than double the total installed capacity of the market in the first three years of its existence (2010-2013). This has had a number of impacts: first, the Investment Adviser has been able to review and select opportunities from a large pool of primary assets; second, the market is now seeing secondary operational assets and portfolios coming to the market; and third, this strong growth has resulted in a further a consultation as the Government seeks to moderate demand. This Consultation is expected to result in a continued high volume of transactions as the market seeks to install new capacity prior to any changes to the regulation.

Regulation

The recent changes to the regulatory landscape have not achieved the balanced growth across all the major investment sectors, domestic, commercial and industrial and agriculturally situated. Overwhelmingly, the growth has been driven by ground based installations.

Report of the Investment Adviser (continued)

7. Market Developments (continued)

Regulation (continued)

Contracts for Difference

The inaugural CfD bid process was delayed from December 2014 to February 2015. Contracts were originally expected to be awarded in January 2015, however the sealed bid window only closed on 4 February 2015. Only 5 solar projects were awarded CfDs for 2015 and the rate awarded was widely considered to be uneconomic.

Rooftop

In July 2014, DECC announced its ambition to see the rooftop solar market grow from the current low installed capacity to 11-12 GWp by 2020, creating a potential major new investment market. The single biggest part of this market is expected to be the industrial and commercial market, an investment area pioneered by the Investment Adviser in the early days of the UK market. In respect of unlocking this huge potential, DECC launched a consultation on 25 November 2014, seeking views on whether medium and large rooftop solar installations could be moved without the loss of FiT payments. The consultation closed on 5 January 2015, and the results are yet to be announced. DECC also announced an amendment to the definition of building-mounted solar under the FiT to require that the building must use 10% of the electricity generated. The Investment Adviser is actively supporting this initiative and engaging with DECC.

Grace Period

At the same time as the launch of the rooftop consultation, DECC released the results of a previous consultation on the introduction of a grid delay grace period for projects qualifying for the RO Scheme Obligation, with DECC deciding in favour of the introduction of a 12 month grace period for projects greater than 5 MWp which have a DNO confirmed connection date before 31 March 2016.

8. Regulatory Environment

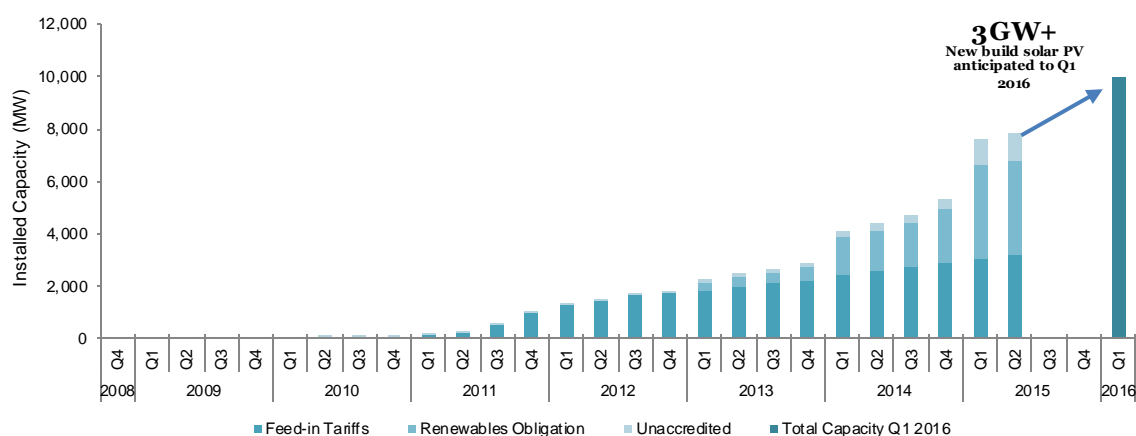
The regulatory environment for new built assets in 2016 remains uncertain as the Government again consults on how to regulate the supply and demand of solar installations. In many ways, solar PV is a victim of its own success having grown at a faster rate than many, including the Government, were forecasting. And the direction of travel is clear. The Government is seeking to reduce the amount of large ground based solar PV farms with its current consultation, something that could be seen as highly predictable due to the recent growth. That said, this should not be confused with an increased risk associated with existing capacity and retroactive regulatory change. It remains the view of the investment adviser that the UK remains a lower risk market in respect of regulatory and political risk relative to most others and that the risk weighted returns achievable today remain highly attractive to yield investors.

Report of the Investment Adviser (continued)

8. Regulatory Environment (continued)

Historic Trends

Latest figures released by the Department of Energy & Climate Change (DECC) show that overall UK solar PV capacity stood at 7,872 MW across 738,925 installations as of the end of July 2015. Installed capacity rose by 76% (3,388 MW) in the past twelve months. The total number of installations has increased by 26.3% (153,927) since the end of July 2014. Capacity accredited under the Renewables Obligation stood at 3,630 MW across 13,028 installations. This represents 46 % of total solar capacity, and 2% of all installations. Capacity eligible for Feed in Tariffs (FITs, i.e. MCS, ROO-FIT and RO to FIT transfers) stood at 3,206 MW across 723,568 installations. This represents 41 % of total solar capacity, and 98% of all installations. Other (unaccredited) solar capacity stood at 1,037 MW, representing 13% of total solar deployment. The chart shows the latest figures released by DECC for UK Solar deployment.



Future Trends

Similar to DECC's 2014 RO policy changes, the recent cuts announced are expected to lead to a rush in installation of solar PV plants in the lead up to deadline. According to latest figures released in August 2014 by Solar Intelligence, the UK's pipeline of large-scale solar farms (>250kW) has now grown to 3.3GW. This represents new capacity expected to be fully commissioned and accredited by 31st March 2016.

The surge of new installations presents a healthy pipeline for the Investment Adviser to source potential acquisitions. By 31st March 2016, it is forecast that the UK's solar PV capacity will exceed 10GW mark. Recently, secondary operational assets and portfolios have come to the market which historically has been dominated by primary assets. The predicted growth of the UK's Solar PV capacity to 10GW is also expected to contribute to a healthy secondary market in the years to come as short term investors and developers look to realise value by selling their portfolios.

Report of the Investment Adviser (continued)

8. Regulatory Environment (continued)

Post-June update

Since period end, the Company has made the following commitments:

The Company has announced that it has entered into binding contracts to acquire two UK-based sub-5MWp solar PV assets. The two assets are a 4.79 MWp plant in Cornwall and a 4.98MWp plant in Norfolk. They are being acquired for a total consideration of £11.22 million, including transaction costs and working capital and have been funded through use of the Company's acquisition facility. Each project is eligible to qualify under either the Renewable Obligation Certificate or Feed-in-Tariff regimes and will not be impacted by the recently announced consultations on changes to financial support for solar PV and changes to FIT accreditation from DECC. The plants are expected to be grid connected in Quarter 4, 2015.

In addition, the company has also announced that it has entered into binding contracts to acquire three solar assets: Bluefield EIS Solar Limited, Bluefield Kite Limited and Bluefield Peregrine Limited, which between them own and operate 28 solar PV plants. The plants, each built and commissioned prior to the end of Q1 2012, have over three years of operational record. The total consideration to be paid for the Assets is £5.95 million and also have been funded through use of the Company's acquisition facility.

Bluefield Partners LLP

30 September 2015

Report of the Directors

The Directors hereby submit the annual report and consolidated financial statements of the Group for the year ended 30 June 2015.

General Information

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Companies (Guernsey) Law, 2008 on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the GFSC as a registered closed-ended collective investment scheme. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 12 July 2013.

Principal Activities

The principal activity of the Group is to invest in a portfolio of large scale UK based solar energy infrastructure assets.

The Company's objective was to target a dividend of 7 pence per Ordinary Share in respect of its second financial year ended 30 June 2015, with the intention of the dividend rising annually in line with UK RPI thereafter.

Business Review

A review of the Group's business and its likely future development is provided in the Chairman's Statement on pages 7 to 9, Strategic Report on pages 12 to 27 and in the Report of the Investment Adviser on pages 28 to 46.

Listing Requirements

The Company has complied with the applicable Listing Rules throughout the year.

Results and Dividends

The results for the period are set out in the consolidated financial statements on pages 73 to 76.

On 8 September 2014, the Board declared a second interim dividend of £2,868,534, in respect of the year ending 30 June 2014, equating to 2 pence per Ordinary Share, which was paid on 31 October 2014 to shareholders on the register on 19 September 2014.

In conjunction with the placings, as disclosed in Note 16, the Board had considered the timing of the Company's dividends with the objective of ensuring that any issue of new shares would not be dilutive to the dividend attributable to existing ordinary shareholders. As such, the Board decided to bring forward the declaration and payment dates of the first interim dividend in respect of the year to 30 June 2015. As a result, on 3 November 2014 the Board declared the first interim dividend of £4,904,809, equating to 3.25 pence per Ordinary Share (first interim dividend in respect of the year ending 30 June 2014: 2 pence per Ordinary Share), which was paid on 5 December 2014 to shareholders on the register on 14 November 2014.

On 6 May 2015, the Board declared a second interim dividend of £2,784,172, in respect of the year ending 30 June 2015, equating to 1 penny per Ordinary Share (second interim dividend in respect of the year ending 30 June 2014: 2 pence per Ordinary Share), which was paid on 15 May 2015 to shareholders on the register on 8 May 2015.

Report of the Directors (continued)

Results and Dividends (continued)

Post year end, on 28 July 2015, the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.5 pence per Ordinary Share (third interim dividend in respect of the period ending 30 June 2014: Nil), which was paid on 21 August 2015 to shareholders on the register on 6 August 2015.

Post year end, on 30 September 2015, the Board approved a fourth interim dividend of 1.50 pence per Ordinary Share, in respect of year ending 30 June 2015 (fourth interim dividend in respect of the period ending 30 June 2014: Nil), which is to be paid on 9 October 2015 to shareholders on the register on 8 October 2015.

Share Capital

Three tranches of shares were issued during the year.

On 9 October 2014, the Company issued 7,490,540 new Ordinary Shares as partial consideration for the acquisition of Bluefield L&P Solar Limited. These shares were issued at a price of £1.03143 per Ordinary Share, raising total gross proceeds of £7,725,956.

On 14 November 2014, the Company issued 120,000,000 new Ordinary Shares following a placing subsequent to the authority granted by the shareholders at the EGM held on 1 October 2014. These shares were issued at a price of £1.025 per Ordinary Share, raising gross proceeds of £123,000,000.

On 25 November 2014, the Company issued 7,500,000 new Ordinary Shares following a placing subsequent to the authority granted by the shareholders at the EGM held on 1 October 2014. These shares were issued at a price of £1.025 per Ordinary Share, raising gross proceeds of £7,687,500.

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100% of the total issued nominal value of all share capital. Under the Company's Articles, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

Shareholdings of the Directors

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2015 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2015	% holding at 30 June 2015	Ordinary Shares of £1 each held 30 June 2014	% holding at 30 June 2014
John Rennocks*	255,805	0.09	155,000	0.11
John Scott	276,176	0.10	201,176	0.14
Paul Le Page	70,000	0.03	70,000	0.05
Laurence McNairn	441,764	0.16	91,764	0.06

*held jointly with spouse and daughter

There have been no changes to the Directors' shareholdings since 30 June 2015.

Report of the Directors (continued)

Directors' Authority to Buy Back Shares

The Directors believe that the most effective means of minimising any discount to NAV which may arise on the Company's share price is to deliver strong, consistent performance from the Company's investment portfolio in both absolute and relative terms. However, the Board recognises that wider market conditions and other considerations will affect the rating of the Ordinary Shares in the short term and the Board may seek to limit the level and volatility of any discount to NAV at which the Ordinary Shares may trade. The means by which this might be done could include the Company repurchasing its Ordinary Shares. Therefore, subject to the requirements of the Listing Rules, the Law, the Articles and other applicable legislation, the Company may purchase Ordinary Shares in the market in order to address any imbalance between the supply of and demand for Ordinary Shares or to enhance the NAV of Ordinary Shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of shareholders and to the applicable Guernsey legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Law and any other requirements in its Articles. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the shareholders. Any such repurchases would only be made through the market for cash at a discount to NAV.

On incorporation the Company passed a written resolution granting the Directors general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission at a price not exceeding the higher of (i) 5% above the average mid-market values of Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. Renewal of this authority was unanimously granted by the shareholders at the AGM held on 17 October 2014 and the Directors intend to seek renewal of this authority from the shareholders at the next AGM.

Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase Ordinary Shares in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares.

Ordinary Shares purchased by the Company may be cancelled or held as treasury shares. The Company may borrow and/or realise investments in order to finance such Ordinary Share purchases.

The Company did not purchase any Ordinary Shares for treasury or cancellation during the period.

Report of the Directors (continued)

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 14 August 2015.

Substantial Shareholdings

As at 24 September 2015, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights over 3% as shareholders of the Company.

Shareholder	Shareholding	% Holding
The Bank of New York (Nominees) Limited	38,894,945	13.97%
BNY (OCS) Nominees Limited	23,757,250	8.53%
Nutraco Nominees Limited UK REITs Account	16,649,695	5.98%
Aurum Nominees Co12471 Limited	16,196,651	5.82%
Nortrust Nominees Limited TDS Account	15,134,070	5.44%
HSBC Global Custody Nominee (UK) Ltd 813764 Acct	11,438,923	4.11%
Nortrust Nominees Limited	10,644,759	3.82%
BNY (OCS) Nominees Limited REITs Account	10,163,900	3.65%
HSBC Global Custody Nominee (UK) Ltd 830952 Acct	8,669,517	3.11%

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. There have been no changes that have been notified to the Company with respect to the substantial shareholdings since 30 June 2015.

Independent Auditor

KPMG has been the Company's external Auditor since the Company's incorporation. A resolution will be proposed at the forthcoming AGM to re-appoint them as Auditor and authorise the Directors to determine the Auditor's remuneration for the ensuing year.

The Audit Committee will periodically review the appointment of KPMG and the Board recommends their appointment. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 64 to 68.

Articles of Incorporation

The Company's Articles may be amended only by special resolution of the shareholders.

Going Concern

At 30 June 2015, the Company had invested in 17 solar projects, covering 29 solar plants, through the full commitment of the IPO proceeds and the use of the additional £127.5 million raised through a subsequent share issue. Further to this, all of the seventeen solar projects were completed and were in operation by 30 June 2015. This resulted in a cash balance of £13,273,476 and net assets of £288,390,867 as at 30 June 2015. During the period, the Company had also entered into a £50 million revolving loan facility of which £18,900,000 had been drawn down as at 30 June 2015 leaving £31,100,000 available. These resources, together with the net income generated by the acquired projects are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company expects to continue to comply with the covenants of its revolving loan facility.

Report of the Directors (continued)

Going Concern (continued)

The Directors in their consideration of going concern, have reviewed comprehensive cash-flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performances of the current solar plants in operation and, at the time of approving the consolidated financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Fair, Balanced and Understandable

The Board has considered whether the Annual Report is fair, balanced and understandable, taking into account the commentary and tone and whether it includes the requisite information needed for shareholders to assess the Company's business model, performance and strategy. In addition the Board also questioned the Investment Adviser on information included and excluded from the Annual Report, and considered whether the narrative at the front of the report is consistent with the financial statements. As a result of this work, each of the Board members considers that the Annual Report is fair, balanced and understandable and includes the requisite information needed for shareholders to assess the Company's business model, performance and strategy.

Financial Risks Management Policies and Procedures

Financial Risks Management Policies and Procedures are disclosed in Note 18.

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Strategic Report on pages 20 to 27.

Subsequent Events

On 8 July 2015 the Chancellor of the Exchequer, in the Summer Budget, announced the removal of the exemption for renewably sourced electricity from the Climate Change Levy from which many renewables projects in the UK benefit by way of the sale of Levy Exemption Certificates. This is effective from 1 August 2015. The Budget also proposed future reductions in UK corporation tax. The impact of these changes are discussed in the Investment Adviser's Report.

On 28 July 2015 the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.5 pence per Ordinary Share, which was paid on 21 August 2015 to shareholders on the register as at 6 August 2015.

Also on 28 July 2015 the Group entered into binding contracts to acquire two UK-based sub-5MWp solar photovoltaic assets. The two assets are a 4.79 MWp plant in Cornwall and a 4.98MWp plant in Norfolk. They are being acquired for a total consideration of £11.22 million.

As disclosed in Note 19, related party transactions and Directors' remuneration, on 24 August 2015 the Group entered into binding contracts to acquire three UK-based solar photovoltaic assets. The three assets are a 463 KWp rooftop installation in Northamptonshire, a portfolio of 9 plants in south and west London with a total capacity of 430 KWp and a portfolio of 19 plants in Oxfordshire, Gloucestershire and Wakefield place with a total capacity of 824 KWp. The total consideration committed for the assets was £5.95 million.

Report of the Directors (continued)

Subsequent Events (continued)

On 30 September 2015 the Board approved a fourth interim dividend of 1.50 pence per Ordinary Share which will be payable to shareholders on the register as at 9 October 2015 with an associated ex-dividend date of 8 October 2015. Payment of this additional dividend triggers a variable fee payable to the Investment Adviser post year end.

Annual General Meeting

The AGM of the Company will be held on 17 November 2015 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to shareholders together with this Annual Report.

Members of the Board will be in attendance at the AGM and will be available to answer shareholder questions.

By order of the Board

John Rennocks

Chairman

30 September 2015

Board of Directors

John Rennocks (Chairman)

John Rennocks is a non-executive deputy chairman of Inmarsat plc and a non-executive director of Greenko Group plc, a developer and operator of hydro and wind power plants in India. He has broad experience in emerging energy sources, support services and manufacturing. Mr Rennocks previously served as a non-executive director of Foreign & Colonial Investment Trust plc, as well as several other public and private companies, and as Executive Director - Finance for Smith & Nephew plc, Powergen plc and British Steel plc/Corus Group plc. Mr Rennocks is a Fellow of the Institute of Chartered Accountants of England and Wales.

John Scott (Senior Independent Director)

John Scott is a former investment banker who spent 20 years with Lazard and is currently a director of several investment trusts. Mr Scott has been Chairman of Scottish Mortgage Investment Trust PLC since December 2009 and Chairman of Impax Environmental Markets plc since May 2014; he has also been Chairman of Alpha Insurance Analysts since April 2013. Until the company's sale in March 2013, he was Deputy Chairman of Endace Ltd. of New Zealand and in November 2012 he retired after 12 years as a non-executive director of Miller Insurance. He has an MA in Economics from Cambridge University and an MBA from INSEAD; he is also a Fellow of the CII and of the CISI.

Paul Le Page (Chairman of the Audit Committee)

Paul Le Page is a director of FRM Investment Management Guernsey Limited, a subsidiary of Man Group plc and Man Fund Management Guernsey Limited. He is responsible for managing hedge fund portfolios, and is a director of a number of FRM funds. Mr Le Page is currently Audit Committee Chairman for UK Mortgages Limited and was formerly a Director of, and Audit Committee Chairman for, Cazenove Absolute Equity Limited and Thames River Multi Hedge PCC Limited. He has extensive knowledge of, and experience in, the fund management and the hedge fund industry. Prior to joining FRM, he was an Associate Director at Collins Stewart Asset Management from January 1999 to July 2005, where he was responsible for managing the firm's hedge fund portfolios and reviewing fund managers. He joined Collins Stewart in January 1999 where he completed his MBA in July 1999. He originally qualified as a Chartered Electrical Engineer after a 12-year career in industrial research and development, latterly as the Research and Development Director for Dynex Technologies (Guernsey) Limited, having graduated from University College London in Electrical and Electronic Engineering in 1987.

Laurence McNairn

Laurence McNairn was appointed as a non-executive director of the Company on 1 July 2013 and is a member of The Institute of Chartered Accountants of Scotland. He is an executive director of Heritage International Fund Managers Limited, the Company's Administrator and Secretary. He joined the Heritage Group in 2006 and prior to this worked for the Baring Financial Services Group in Guernsey from 1990.

Directors' Statement of Responsibilities

The Directors are responsible for preparing the annual report and consolidated financial statements in accordance with applicable law and regulations.

The Law requires the Directors to prepare financial statements for each financial year. Under the Listing Rules, the Directors have elected to prepare the financial statements in accordance with IFRS. Under the Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Law. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

So far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Law (as amended).

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Paul Le Page
Director
30 September 2015

Laurence McNairn
Director
30 September 2015

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on page 48 in the Report of the Directors section of the annual report, confirms that to the best of their knowledge that:

- the consolidated financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiary included in the consolidation taken as a whole;
- the Management Report (comprising Chairman's Statement, Strategic Report and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company and its subsidiary included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced on pages 20 to 27; and

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the annual report and consolidated financial statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Paul Le Page
Director
30 September 2015

Laurence McNairn
Director
30 September 2015

Corporate Governance Report

The Directors recognise the importance of sound corporate governance, particularly the requirements of the AIC Code.

The Company has been a member of the AIC since 15 July 2013. The Directors have considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, provides a 'comply or explain' code of corporate governance and addresses all the principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides better information to shareholders.

The GFSC issued a Guernsey Code which came into effect on 1 January 2012. The introduction to the Guernsey Code states that "Companies which report against the UK Code or the AIC Code of Corporate Governance are also deemed to meet this Code". Therefore, AIC members which are Guernsey-domiciled and which report against the AIC Code are not required to report separately against the Guernsey Code.

The AIC Code and AIC Guide are available on the AIC's website (www.theaic.co.uk). The UK Code is available from the FRC's website (www.frc.org.uk).

Throughout the year ended 30 June 2015, the Company has complied with the recommendations of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed, however, as an investment company, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors including the Chairman are non-executive and independent of the Investment Adviser, the Company has not established a nomination committee, remuneration committee or a management engagement committee, which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 5 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 67.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender (as stated in Principle 6 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's on-going aspiration to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members.

Corporate Governance Report (continued)

The Board

The Directors' details are listed on page 53 which set out the range of investment, financial and business skills and experience represented.

John Rennocks, John Scott and Paul Le Page were appointed on 12 June 2013 and Laurence McNairn was appointed 1 July 2013. The Board appointed John Scott as Senior Independent Director effective from 10 December 2013 to fulfil any function that is deemed inappropriate for the Chairman to perform.

All Directors shall retire and submit themselves for election at the next AGM of the Company, due to take place on 17 November 2015. The Company's Articles specify that each Director shall retire and seek re-election at each subsequent AGM of the Company at least every three years. However, in accordance with corporate governance best practice, all Directors are to be re-elected annually.

Any Director who is elected or re-elected at that meeting is treated as continuing in office throughout. If he is not elected or re-elected, he shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

The Board are of the opinion that members should be re-elected because they believe that they have the right skills and experience to continue to serve the Company. As recommended in Principle 4 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. However, the Board believes that any decisions regarding tenure should consider the need for maintaining knowledge, experience and independence, and to balance this against the need to periodically freshen the Board composition in order to have the appropriate mix of skills, experience, age and length of service.

The Board intends to meet at least four times a year in Guernsey with unscheduled meetings held where required to consider investment related or other issues. In addition, there is regular contact between the Board, the Investment Adviser and the Administrator. Furthermore, the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Adviser with the terms of the share dealing code.

Corporate Governance Report (continued)

Directors' Remuneration

The Chairman is entitled to an annual remuneration of £55,000, with effect from 12 June 2015 (2014: £50,000). The other Directors are entitled to an annual remuneration of £33,000, with effect from 12 June 2015 for Paul Le Page and John Scott and with effect from 1 July 2015 for Laurence McNairn (2014: £30,000). Paul Le Page receives an additional annual fee of £5,500, with effect from 12 June 2015 (2014: £5,000) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

The remuneration earned by each Director in the past two financial periods was as follows:

Director	2015 £	2014 £
John Rennocks	50,260	52,603
John Scott	30,157	31,561
Paul Le Page	35,182	36,822
Laurence McNairn	30,000	30,000

The Directors elected to receive their Directors' fees for the first two years through an issue of Ordinary Shares, which were allotted and issued at the initial issue price. The value of this non-cash consideration is equivalent to the aggregate cash payment that otherwise would have been made to the Directors for the provision of their services in accordance with the terms of their respective appointment letters.

As a result, on 12 July 2013, the Company issued a total of 290,000 Ordinary Shares as part of the IPO at the issue price of £1 per Ordinary Share, to the Directors in lieu of a cash payment for Directors' fees for the first two years. The total Directors' fees expense for the year amounted to £145,599 (2014: £150,986) with no prepaid element at the year end (2014: 139,014). The prepaid element of the Directors' fees, spread over two years, completed in June 2015. In accordance with the terms of their respective appointment letters all Directors will receive cash payments for their services in future. Cash payment of Directors' fees in the year totalled £6,585 (2014: Nil), of which £6,585 was outstanding at 30 June 2015 (2014: Nil).

All of the Directors are non-executive and each is considered independent for the purposes of Chapter 15 of the Listing Rules.

As disclosed in Note 19, John Scott and John Rennocks are Directors of BSIFIL. To date, they have not received any fees for their services as Directors of this wholly owned subsidiary.

In accordance with Article 22 of AIFMD, the Company shall disclose the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF. As the Company is categorised as an internally managed Non-EU AIFM for the purposes of the AIFMD, Directors' remuneration reflects this amount.

Duties and Responsibilities

The Board has overall responsibility for optimising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- investment strategy and management;

Corporate Governance Report (continued)

Duties and Responsibilities (continued)

- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with the Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company.

The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an on-going basis.

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 54. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The attendance record of the Directors for the year to 30 June 2015 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 10)	Audit Committee Meetings (max 6)
John Rennocks	4	0	5
John Scott	3	1	3
Paul Le Page	4	8	6
Laurence McNairn	3	9	4

Nine unscheduled committee meetings were held during the period to formally review and authorise each investment made by the Company, to discuss placing of Ordinary Shares and to consider interim dividends, amongst other items.

The Board believes that, as a whole, it comprises an appropriate balance of skills, experience, age, knowledge and length of service. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance when making new appointments. With any new Director appointment to the Board, induction training will be provided by an independent service provider at the expense of the Company.

Performance Evaluation

In accordance with Principle 7 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. A formal evaluation of the performance of the Board as a whole, and the Chairman, is in progress as at the date of this report. The evaluation is being undertaken utilising self-appraisal questionnaires and will be followed by a detailed discussion of the outcomes which include assessment of the Directors' continued independence.

Corporate Governance Report (continued)

Committees of the Board

Audit Committee

The Board established an Audit Committee in 2013. It is chaired by Paul Le Page and at the date of this report comprised all of the Directors set out on page 3. The report of the role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit Committee on pages 64 to 68. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Group and Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- the Board has delegated the day-to-day operations of the Group and Company to the Administrator and Investment Adviser; however, it remains accountable for all of the functions it delegates;
- the Board clearly defines the duties and responsibilities of the Group and Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the on-going performance of such agents and advisers;
- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which it reports to the Board.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary, as explained on page 67.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Board at its quarterly meetings. Each year a detailed review of performance pursuant to their terms of engagement will be undertaken by the Board.

Investment Advisory Agreement

In accordance with Listing Rule 15.6.2(2)R, the Directors formally appraise the performance and resources of the Investment Adviser.

Corporate Governance Report (continued)

Investment Advisory Agreement (continued)

The Investment Adviser is led by its managing partners, James Armstrong, Mike Rand and Giovanni Terranova, who founded the business in 2009 following their prior work together in European solar energy. The Investment Adviser's team have a combined record, prior to and including Bluefield Partners LLP, of investing in excess of £1 billion on solar PV projects. The managing partners have been involved in over £380 million of solar PV deals in the UK since December 2011 and over £1 billion of solar PV transactions in the UK and Europe since 2008. The Investment Adviser's non-executive team includes William Doughty, the founding CEO of Semperian; Dr. Anthony Williams, the former chair of the Risk Committee for the Fixed Income, Currencies & Commodities Division, and Partner at Goldman Sachs & Co; and Jon Moulton, the current chairman of Better Capital and former managing partner and founder of Alchemy Partners.

In view of the resources of the Investment Adviser and the Group's investment performance for the period, in the opinion of the Directors, the continuing appointment of the Investment Adviser is in the interests of the shareholders as a whole.

Dealings with Shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Company's AGM will provide a forum for shareholders to meet and discuss issues with the Directors of the Company. Members of the Board will also be available to meet with shareholders at other times, if required. In addition, the Company maintains a website which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and information on the Board.

Principal Risks and Uncertainties

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Company's principal risks and uncertainties are discussed in detail on pages 20 to 27 of the Strategic Report. The Company's financial instrument risks are discussed in Note 18 to the consolidated financial statements.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.bluefieldsif.com) and should be reviewed by shareholders.

Changes in Regulation

The Board monitors and responds to changes in regulation as it affects the Group and its policies. A number of changes to regulation occurred during the period.

Corporate Governance Report (continued)

Alternative Investment Fund Management Directive

The AIFMD, which was implemented across the EU 22 July 2013 with the transition period ending 22 July 2014, aims to harmonise the regulation of AIFMs and imposes obligations on managers who manage or distribute AIFs in the EU or who market shares in such funds to EU investors.

After seeking professional regulatory and legal advice, the Company was established in Guernsey as a self-managed Non-EU AIF. Additionally, the Company has taken advice on and implemented sufficient and appropriate policies and procedures that enable the Board to fulfil its role in relation to portfolio management and the management of risk. The Company is therefore categorised as an internally managed Non-EU AIFM for the purposes of the AIFMD and as such neither it nor the Investment Adviser is required to seek authorisation under the AIFMD.

The marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that EU member state is prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant EU member state entering into regulatory co-operation agreements with one another.

Currently, the NPPR provides a mechanism to market Non-EU AIFs that are not allowed to be marketed under the AIFMD domestic marketing regimes. The Board is utilising NPPR in order to market the Company, specifically in the UK pursuant to regulations 57, 58 and 59 of the UK Alternative Investment Fund Managers Regulations 2013. The Board is working with the Company's advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under NPPR. Eligible AIFMs will be able to continue to use NPPR until at least 2018, and until at least 2016 NPPR will be the sole regime available to market in the EEA.

Any regulatory changes arising from implementation of AIFMD (or otherwise) that limit the Company's ability to market future issues of its shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Ordinary Shares.

The Board, in conjunction with the Company's advisers, will continue to monitor the development of AIFMD and its impact on the Company.

Foreign Account Tax Compliance Act

FATCA became effective on 1 January 2013 and is being gradually implemented internationally. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US Tax compliance with respect to those assets. The Board in conjunction with the Company's service providers and advisers have ensured the Company's compliance with FATCA's requirements to the extent relevant to the Company.

Corporate Governance Report (continued)

Non-Mainstream Pooled Investment

On 1 January 2014 FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect.

The Board has been advised that the Company would qualify as an investment trust if it was resident in the UK, and therefore the Board believes that the retail distribution of its shares should be unaffected by the changes. It is the Board's intention that the Company will make all reasonable efforts to conduct its affairs in such a manner that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products.

By order of the Board

Paul Le Page
Director
30 September 2015

Laurence McNairn
Director
30 September 2015

Report of the Audit Committee

The Audit Committee, chaired by Paul Le Page and comprising all of the Directors set out on page 3, operates within clearly defined terms of reference (which are available from the Company's website) and includes all matters indicated by Disclosure and Transparency Rule 7.1 and the AIC Code. Appointments to the Audit Committee shall be for a period of up to three years, extendable for one or further three-year periods. It is also the formal forum through which the Auditor will report to the Board of Directors.

The Audit Committee will meet no less than twice a year, and at such other times as the Audit Committee shall require, and will meet the Auditor at least twice a year. Any member of the Audit Committee may request that a meeting be convened by the Company Secretary. The Auditor may request that a meeting be convened if they deem it necessary. Any Director who is not a member of the Audit Committee, the Administrator and representatives of the Investment Adviser shall be invited to attend the meetings as the Directors deem appropriate.

The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect, with two of its members who are chartered accountants and two members with an investment background.

Responsibilities

The main duties of the Audit Committee are:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas;
- reviewing the valuation of the Group's investments prepared by the Investment Adviser or independent valuation agents, and making a recommendation to the Board on the valuation of the Group's investments;
- meeting regularly with the Auditor to review their proposed audit plan and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification and non-audit work;
- considering annually whether there is a need for the Company to have its own internal audit function;
- keeping under review the effectiveness of the accounting and internal control systems of the Company;

Report of the Audit Committee (continued)

Responsibilities (continued)

- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on Audit Committees and the Company's institutional investors' commitment to the UK Stewardship code; and
- reviewing the risks facing the Company and monitoring the risk matrix.

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

The Auditor is invited to attend the Audit Committee meetings as the Directors deem appropriate and at which they have the opportunity to meet with the Committee without representatives of the Investment Adviser or the Administrator being present at least once per year.

Financial Reporting

The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, Investment Adviser and the Auditor the appropriateness of the interim and annual consolidated financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the Auditor;
- whether the annual report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- any correspondence from regulators in relation to the Group's financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Adviser and also reports from the Auditor on the outcomes of their half-year review and annual audit. Like the Auditor, the Audit Committee seeks to display the necessary professional scepticism their role requires.

Meetings

The Committee has met formally on six occasions in the year covered by this report. The matters discussed at those meetings were:

- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board ;
- review of the Group's risk matrix;
- review of the accounting policies and format of the financial statements;

Report of the Audit Committee (continued)

Meetings (continued)

- review and approval of the audit plan of the Auditor and timetable for the interim and annual consolidated financial statements;
- review the valuation policy and methodology of the Group's investments applied in the interim and annual consolidated financial statements;
- detailed review of the interim and annual report and consolidated financial statements; and
- assessment of the effectiveness of the external audit process as described below.

During the year, the Audit Committee also held informal meetings and discussions with the Company's corporate finance advisers to ensure that the Company obtained maximum value for money for these services.

The Audit Committee chairman or other members of the Audit Committee appointed for the purpose, shall attend each AGM of the Company, prepared to respond to any shareholder questions on the Audit Committee's activities.

Primary Area of Judgement

The Audit Committee determined that the key risk of misstatement of the Group's consolidated financial statements is the fair value of the SPV investments, in the context of the high degree of judgement involved in the assumptions and estimates underlying the discounted cash-flow calculations.

As outlined in Note 10 of the consolidated financial statements, the fair value of investments as at 30 June 2015 was £296,827,336 (2014: £136,120,317). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash-flow methodology. The Directors have also considered transactions in similar assets but as these are few in number they have relied primarily on DCF methodology for these valuations. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 3 in the consolidated financial statements.

The valuation of the Company's portfolio of solar assets as at 30 June 2015 has been determined by the Board of Directors based on work carried out by an external valuer, who is an experienced and independent third party, as well as with guidance from the investment adviser. As the Board has stated previously it intends to carry out external valuations every third year. The engagement with an external valuer has been carried out in advance of the third anniversary of the Company's incorporation. The Audit Committee has challenged the external valuer on the year end fair value of investments as part of its consideration of the consolidated financial statements.

The Audit Committee also reviewed and suggested factors that could impact the Company's portfolio valuation and its related sensitivities to the carrying value of the investments as required in accordance with IPEV Valuation Guidelines.

Report of the Audit Committee (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

As noted in the Group's consolidated financial statements for the period from 29 May 2013 to 30 June 2014, the Group had early adopted IFRS 10 'Consolidated Financial Statements' including the Amendments and the Company consolidates its results with BSIFIL. This treatment is based on an exception to the requirement for mandatory non-consolidation under IFRS 10 for investment entities. As the Company is an investment entity and BSIFIL is a subsidiary providing investment services to the Company, consolidation is required.

Monies transferred to BSIFIL from the underlying SPVs, which are not consolidated, are accounted for on a cash basis. The current assets and liabilities of the SPVs make up part of their overall fair value.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (Investment Entities: Applying the Consolidation Exception Amendments) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments are mandatory for annual periods beginning on or after 1 January 2016. The Board is currently assessing the full impact of these and the Company continues to consolidate its results with BSIFIL in these financial statements.

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit Committee is driven primarily by the Group's assessment of its principal risks and uncertainties as set out on pages 20 to 27 of the Strategic Report, and it receives reports from the Investment Adviser and Administrator on the Group's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External Audit

KPMG has been the Company's external Auditor since the Company's inception.

The Auditor is required to rotate the audit partner every five years. The current partner is in his second year of tenure. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. In line with the FRC's recommendations on audit tendering, this will be considered further when the audit partner rotates every five years. Under the Companies Law the reappointment of the external Auditor is subject to shareholder approval at the AGM.

The objectivity of the Auditor is reviewed by the Audit Committee which also reviews the terms under which the external Auditor may be appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to any non-audit work that the Auditor may undertake. In order to safeguard Auditor independence and objectivity, the Audit Committee ensures that any other advisory and/or consulting services provided by the external Auditor does not conflict with its statutory audit responsibilities. Advisory and/or consulting services will generally only cover reviews of interim financial statements, tax compliance and capital raising work. Any non-audit services conducted by the Auditor outside of these areas will require the consent of the Audit Committee before being initiated.

Report of the Audit Committee (continued)

External Audit (continued)

The external Auditor may not undertake any work for the Group in respect of the following matters : preparation of the financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was engaged to provide reporting accountant services in relation to the second prospectus and a review of the Group's interim information. Total fees paid amounted to £134,159 for the year ended 30 June 2015 (30 June 2014: £100,875) of which £61,398 related to audit and audit related services to the Group (30 June 2014: £35,000) and £72,761 in respect of non-audit services (30 June 2014: £65,875).

Notwithstanding such services, most of which have arisen in connection with the Company's share placings in November 2014, the Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

To fulfil its responsibility regarding the independence of the Auditor, the Audit Committee has considered:

- discussions with or reports from the Auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the Auditor and arrangements for ensuring the independence and objectivity and robustness and perceptiveness of the Auditor and their handling of key accounting and audit judgements.

To assess the effectiveness of the Auditor, the Committee has reviewed:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from other service providers evaluating the performance of the audit team;
- arrangements for ensuring independence and objectivity; and
- robustness of the Auditor in handling key accounting and audit judgements.

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2016.

The Chairman of the Audit Committee will be available at the AGM to answer any questions about the work of the Committee.

On behalf of the Audit Committee

Paul Le Page
Chairman of the Audit Committee
30 September 2015

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUEFIELD SOLAR INCOME FUND LIMITED

Opinions and conclusions arising from our audit

Opinion on financial statements

We have audited the consolidated financial statements (the "financial statements") of Bluefield Solar Income Limited (the "Company") and its subsidiary (together, the 'Group') for the year ended 30 June 2015 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('EU'). In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2015 and of its total comprehensive income for the year ended 30 June 2015;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of the Special Purpose Vehicle ("SPV") Investments (£296,827,336)

Refer to page 66 of the Report of the Audit Committee, Note 2(k)(i) accounting policies and Note 10 disclosures

- **The risk** – The Group measures its SPV investments at fair value based on unleveraged discounted cash flows of the underlying solar projects. The valuations are performed using forecast cash flows generated by each solar project over a long-term period and by selecting key assumptions such as discount rates, base energy yield assumptions, electricity price forecasts, operating costs and macroeconomic assumptions such as inflation and tax rates. The valuations are adjusted for other specific assets and liabilities of the SPVs. The Directors' commissioned an independent third party valuation expert to validate the assumptions used in the valuation models.

The assessment of long-term forecasts and the selection of appropriate assumptions surrounding uncertain future events, as set out in the key judgments and estimates section of the financial statements, are key judgments made by the Directors. There is a risk that changes to forecast cash flows and the selection of different assumptions may result in a materially different valuation.

- **Our response** – Our audit procedures with respect to the valuation of the SPV investments included, but were not limited to, meeting with the Investment Adviser and Directors to observe the design and implementation of the Board's challenge and approval process of the key assumptions made within the valuation models which were prepared by the Investment Adviser and reported on by the independent third party valuation expert.

With the assistance of our own valuation specialist, we challenged the key assumptions for the discount rate, base energy yield assumptions, electricity price forecasts, and operating costs, which included analyzing macroeconomic data (including inflation and tax forecasts) and observable market data to perform benchmarking to listed peers and sensitivity tests.

Independent Auditor's Report (continued)

For each valuation model, we assessed the key project specific cash flow projections, focusing on changes since the previous reporting period or from the date of acquisition for newly acquired projects, to corroborate key contracted revenues and costs with reference to underlying contracts, agreements, management information and, if available, historical data.

We assessed the professional qualifications, experience and independence of the Group's external valuation expert, in the context of their ability to comment on the assumptions, and considered whether their findings were consistent with the results of the audit work we had performed.

We have considered the adequacy of the Group's disclosures in accordance with IFRS 13 (see Note 10) including the use of estimates and judgements in arriving at fair value and sensitivities.

Our application of materiality and an overview of the scope of our audit

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

The materiality for the financial statements as a whole was set at £8,500,000. This has been calculated using a benchmark of the Group's net asset value (of which it represents approximately 3%) which we believe is the most appropriate benchmark as net asset value is considered to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £425,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The Group audit team performed the audit of the Group as if it was a single operating entity based on the aggregated set of financial information for the Group. The audit was performed using the materiality levels set out above and covered 100% of total Group income, 100% of Group total comprehensive income before taxation and 100% of total Group assets and liabilities.

Our assessment of materiality has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report (continued)

Matters on which we are required to report by exception

Under International Standards on Auditing [ISAs] (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy; or
- the Report of the Audit Committee does not appropriately address matters communicated by us to the audit committee.

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on Page 56 relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report (continued)

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on Page 54, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Neale D Jehan

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors

Guernsey

30 September 2015

The maintenance and integrity of the Bluefield Solar Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 £	30 June 2014 £
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	10	296,827,336	136,120,317
Trade and other receivables	12	244,444	511,111
Total non-current assets		297,071,780	136,631,428
Current assets			
Trade and other receivables	12	2,880,513	608,530
Cash and cash equivalents	13	13,273,472	11,287,130
Total current assets		16,153,985	11,895,660
TOTAL ASSETS		313,225,765	148,527,088
LIABILITIES			
Non-current liabilities			
Interest bearing borrowings	7, 14	18,900,000	-
Total non-current liabilities		18,900,000	-
Current liabilities			
Other payables and accrued expenses	14	5,934,898	851,069
Total current liabilities		5,934,898	851,069
TOTAL LIABILITIES		24,834,898	851,069
NET ASSETS		288,390,867	147,676,019
EQUITY			
Share capital		276,959,370	140,837,766
Retained reserves		11,431,497	6,838,253
TOTAL EQUITY	16	288,390,867	147,676,019
Number of Ordinary Shares in issue at year/period end	16	278,417,224	143,426,684
Net asset value per Ordinary Share (pence)	9	103.58	102.96

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 September 2015 and signed on their behalf by:

Paul Le Page
Director
30 September 2015

Laurence McNairn
Director
30 September 2015

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Income			
Investment income	4	1,901,662	1,142,237
Interest income from cash and cash equivalents		165,413	418,838
		2,067,075	1,561,075
Net gains on financial assets held at fair value through profit or loss	10	17,472,883	10,478,025
Operating income		19,539,958	12,039,100
Expenses			
Administrative expenses	5	3,022,085	2,054,320
Transaction costs	6	571,576	508,102
Operating expenses		3,593,661	2,562,422
Operating profit		15,946,297	9,476,678
Finance costs	7	795,538	32,633
Total comprehensive income before tax		15,150,759	9,444,045
Taxation	8	-	-
Total comprehensive income for the year/period		15,150,759	9,444,045
Attributable to:			
Owners of the Company		15,150,759	9,444,045
Earnings per share:			
Basic and diluted (pence)	15	6.71	6.99

All items within the above statement have been derived from continuing activities.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Number of Ordinary Shares	Share capital £	Retained earnings £	Total equity £
Shareholders' equity at 1 July 2014		143,426,684	140,837,766	6,838,253	147,676,019
Shares issued during the period:					
120,000,000 Ordinary Shares issued via placing	16	120,000,000	123,000,000	-	123,000,000
7,500,000 Ordinary Shares issued via placing	16	7,500,000	7,687,500	-	7,687,500
Share issue costs	16	-	(2,291,852)	-	(2,291,852)
Shares issued as consideration for SPV investment	16,19	7,490,540	7,725,956	-	7,725,956
Dividends paid	16,17	-	-	(10,557,515)	(10,557,515)
Total comprehensive income for the period		-	-	15,150,759	15,150,759
Shareholders' equity at 30 June 2015		278,417,224	276,959,370	11,431,497	288,390,867

For the period from incorporation on 29 May 2013 to 30 June 2014

	Note	Number of Ordinary Shares	Share capital £	Retained earnings £	Total equity £
Shareholders' equity at 29 May 2013		-	-	-	-
Shares issued during the period:					
130,000,000 Ordinary Shares issued at IPO	16	130,000,000	130,000,000	-	130,000,000
290,000 Ordinary Shares issued at IPO in lieu of Directors' fees	16,19	290,000	290,000	-	290,000
13,028,999 Ordinary Shares issued via placing	16	13,028,999	13,159,289	-	13,159,289
107,685 Ordinary Shares issued via scrip dividend	16	107,685	109,812	-	109,812
Share issue costs	16	-	(2,721,335)	-	(2,721,335)
Dividends paid	16,17	-	-	(2,605,792)	(2,605,792)
Total comprehensive income for the period		-	-	9,444,045	9,444,045
Shareholders' equity at 30 June 2014		143,426,684	140,837,766	6,838,253	147,676,019

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Cash flows from operating activities			
Total comprehensive income for the year/period		15,150,759	9,444,045
Adjustments:			
Increase in trade and other receivables		(2,005,316)	(829,641)
Increase in other payables and accrued expenses		69,230	851,069
Net gains on financial assets held at fair value through profit or loss	10	(17,472,883)	(10,478,025)
Finance expense on revolving loan facility	7	96,592	-
Net cash inflow generated from operating activities		(4,161,618)	(1,012,552)
Cash flows from investing activities			
Purchase of financial asset at fair value through profit or loss	10	(140,101,912)	(127,313,722)
Cancellation of loan by SPV		670,000	-
Receipts from SPV investments held at fair value through profit or loss	10	8,938,331	1,671,430
Net cash used in investing activities		(130,493,581)	(125,642,292)
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares	16	130,687,500	143,159,289
Issue costs paid	16	(2,291,852)	(2,721,335)
Dividends paid	16,17	(10,557,515)	(2,495,980)
Drawdown on revolving loan facility	7	38,400,000	-
Repayment of revolving loan facility - Capital	7	(19,500,000)	-
Repayment of revolving loan facility - Interest	7	(96,592)	-
Net cash generated from financing activities		136,641,541	137,941,974
Net increase in cash and cash equivalents		1,986,342	11,287,130
Cash and cash equivalents at the start of the year/period		11,287,130	-
Cash and cash equivalents at the end of the year/period	13	13,273,472	11,287,130

The purchase of financial assets at fair value through profit and loss excludes an accrued amount of £5,014,599 (see Notes 10 and 14) and £7,725,956 where consideration for a SPV investment was settled in shares (see Notes 10, 16 and 19).

Proceeds from issue of Ordinary Shares excludes £7,725,956 in respect of shares issued as consideration for a SPV investment (see Notes 10, 16 and 19).

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015

1. General information

The Company is a non-cellular company limited by shares and was incorporated in Guernsey under the Law on 29 May 2013 with registered number 56708 as a closed-ended investment company. It is regulated by the GFSC.

The consolidated financial statements for the year ended 30 June 2015 comprise the financial statements of the Company and its wholly owned subsidiary, BSIFIL, as at 30 June 2015.

The investment objective of the Group is to provide shareholders with an attractive return, principally in the form of income distributions, by investing via SPVs into a portfolio of large scale UK based solar energy infrastructure assets.

On 11 July 2013, the Company completed its IPO, which raised gross proceeds of £130,290,000. The Company's shares were admitted to trading on the Main Market of the LSE on 12 July 2013. Placings during the current year have raised gross cash of £130,687,500.

The Group has appointed Bluefield Partners LLP as its Investment Adviser.

2. Accounting policies

a) Basis of preparation

The consolidated financial statements, included in this annual report, have been prepared in accordance with IFRS and the DTRs of the UK FCA.

These consolidated financial statements have been prepared under the historical cost convention with the exception of financial assets measured at fair value through profit or loss, and in accordance with the provisions of the Companies Law.

The principal accounting policies adopted are set out below.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

a) Basis of preparation (continued)

Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Revised and amended standards		
IFRS 10	Investment Entities: Applying the Consolidation Exception	1 January 2016

The Group has not early adopted these standards and is currently assessing their impact.

b) Going concern

At 30 June 2015, the Company had invested in seventeen solar projects through the full commitment of the IPO proceeds and the use of the additional £127.5 million raised through a subsequent share issue. Further to this, all of the seventeen solar projects were completed and were in operation by 30 June 2015. This resulted in a cash balance of £13,273,472 and net assets of £288,390,867 as at 30 June 2015. During the period, the Company had also entered into a £50 million revolving loan facility of which £18,900,000 had been drawn down as at 30 June 2015 leaving £31,100,000 available. These resources, together with the net income generated by the acquired projects are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company expects to continue to comply with the covenants of its revolving loan facility.

The Directors in their consideration of going concern, have reviewed comprehensive cash-flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performances of the current solar plants in operation and, at the time of approving the consolidated financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

c) Accounting for subsidiaries

The Board has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to all its subsidiaries as the Company is effectively the sole shareholder in all the subsidiaries, is exposed and has rights to the returns of all subsidiaries and has the ability either directly or through the Investment Adviser to affect the amount of its returns from all subsidiaries.

The amendments to IFRS 10, IFRS 12 and IAS 27 were endorsed by the EU on 20 November 2013, and had an effective date of 1 January 2014 with early adoption permitted. The Amendments introduced an exception to the principle that controlled subsidiaries should be consolidated. It defined an investment entity and required a parent that is an investment entity to measure its subsidiaries at fair value through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', rather than consolidate the results of the subsidiaries on a line by line basis.

The Directors have assessed the position of the Group and are of the opinion that the Group has all the typical characteristics of an investment entity and the three essential criteria specified in the standard.

The three essential criteria are such that the entity must:

- obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
- commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
- measure and evaluate the performance of substantially all of its investments on a fair value basis.

In respect of the first essential criterion, typically an investment entity would have several investors who pool their funds to gain access to investment management services and investment opportunities that they might not have had access to individually. In accordance with the Company's Prospectus, typical investors of the Company are generally institutional and sophisticated investors due to the high capital costs, potential risk of capital loss, limited liquidity of the underlying solar assets, long-term nature of these assets and regulatory issues. The Company, being listed on the LSE Main Market, attracts investment from a diverse group of external shareholders.

In respect of the second criterion, consideration is also given to the time frame of an investment. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. As the Group invests in underlying solar assets that have an expected life of 25 years and as the solar assets are expected to have no residual value after their 25 year life, the Directors consider that this demonstrates a clear exit strategy from these investments.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

c) Accounting for subsidiaries (continued)

In respect of the third criterion, the Group measures and evaluates the performance of all of its investments on a fair value basis. Subsidiaries are consolidated into the consolidated financial statements when they provide investment management services to the Company while all other subsidiaries and investments are held at fair value through profit or loss (see Note 2 (k)(i)).

As such, the Directors have concluded that the Group satisfies the criteria as defined in the Amendments to be regarded as an investment entity for the year ended 30 June 2015.

Consolidated subsidiary

The Company makes its investments in the SPVs through its subsidiary, BSIFIL, in which it is the sole shareholder. The Amendments require a subsidiary of an investment entity that provides services that relate to the investment entity's activities to be consolidated. The Board assessed the function of BSIFIL and maintains that it provides investment related services because such services are an extension of the operations of the Company. As such at 30 June 2015, the Company consolidates the results of BSIFIL which leads to BSIFIL's investments in the SPVs being represented as financial assets held at fair value through profit or loss on the consolidated statement of financial position date.

Where necessary, adjustments have been made to the financial statements of BSIFIL to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of BSIFIL during the year are included in the consolidated statement of comprehensive income for the year. BSIFIL results for the year ended 30 June 2015 have been included by reference to management accounts drawn in line with the Group's reporting period.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (the Consolidation Exception Amendments) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments have been issued and are effective for annual periods beginning on or after 1 January 2016. The Board is currently assessing the full impact of these and the Company continues to consolidate its results with BSIFIL in these financial statements.

Unconsolidated subsidiaries

The Group has not consolidated its equity interests in the SPVs that invest in the solar projects. Accordingly, the Group's equity interests in the SPVs are held for investment purposes and not as operating vehicles and therefore it is the Group's interest in the SPVs which constitute its investment assets, rather than each SPV's investment in the solar project itself.

Note 11 discloses the financial support provided by the Group to the unconsolidated SPV investments.

d) Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the functional currency of the Company as well as the presentation currency. The Group's funding, investments and transactions are all denominated in Sterling.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

e) Income

Consultancy services fee income is recognised on an accruals basis.

Interest income on cash and cash equivalents is recognised on an accruals basis using the effective interest rate method.

f) Expenses

Operating expenses are the Group's costs incurred in connection with the on-going administrative costs and management of the Group's investments. Operating expenses are accounted for on an accruals basis.

Transaction costs arising from the acquisition of the Group's investments that are recurring in nature and that would not be recovered on the subsequent sale of the investment in an orderly transaction (such as legal fees relating to due diligence and technical reviews of the solar farms) are expensed in the consolidated statement of comprehensive income. Transaction costs that are intrinsically linked to the value of the investments (such as legal fees relating to the contracts on the construction and maintenance of solar assets, stamp duty fees relating to the leases on the solar farms, insurance during construction and technical due diligence on construction) are included in the cost of the financial assets held at fair value through profit or loss at the period end. All transaction costs relating to uncompleted investment projects are expensed to the consolidated statement of comprehensive income.

g) Finance costs

Borrowing costs are recognised in the consolidated statement of comprehensive income in the period to which they relate on an accruals basis using the effective interest rate method.

h) Dividends

Dividends paid are disclosed in equity. Dividends approved by the Board prior to a year-end are disclosed as a liability. Dividends declared but not approved will be disclosed in the notes to the consolidated financial statements.

i) Segmental reporting

IFRS 8 'Operating Segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Group is engaged in a single segment of business, being investment mainly in UK solar energy infrastructure assets via SPVs, and mainly in one geographical area, the UK, and therefore the Group has only a single operating segment.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

i) Segmental reporting (continued)

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these consolidated financial statements.

The Board of Directors has overall management and control of the Group and will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus, which cannot be radically changed without the approval of shareholders. The Board of Directors has delegated the day-to-day implementation of the investment strategy to its Investment Adviser but retains responsibility to ensure that adequate resources of the Group are directed in accordance with their decisions. Although the Board obtains advice from the Investment Adviser, it remains responsible for making final decisions in line with the Company's policies and the Board's legal responsibilities.

j) Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except for deferred income tax assets which are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credit or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted "in use" basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date and the tax system elected by the Company.

BSIFIL is registered for UK VAT purposes with HM Revenue & Customs. Recoverable VAT is included within receivables at year end.

k) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group offsets financial assets and financial liabilities if the Group has a legally enforceable legal right to offset the recognised amounts and interests and intends to settle on a net basis or realise the asset and liability simultaneously.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

k) Financial instruments (continued)

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are initially measured at fair value.

The Group has not classified any of its financial assets as 'held to maturity' or as 'available for sale'. The Group's financial assets comprise of only financial assets held at fair value through profit or loss and cash and receivables.

i) Financial assets held at fair value through profit or loss

- *Classification*

The Group has been classified as an investment entity and as such its investments in the SPVs are held at fair value through profit or loss and measured in accordance with the requirements of IAS 39 (see Note 2 (c)).

- *Recognition*

Investments made by the Group in the SPVs are initially recognised at transaction price on the day the loan commitment is drawn down. Transaction costs arising from the acquisition of the investments in the SPVs that are recurring in nature and that would not be expected to be recovered on a subsequent sale of the investment are expensed to the consolidated statement of comprehensive income. However, 'one-off' transaction costs that are incurred by or on behalf of the SPVs in order to create future cash-flows are intrinsically linked to the value of the investments and as such are included in the cost of the financial assets held at fair value through profit or loss (see Note 2 (f)).

- *Measurement*

Subsequent to initial recognition, the investments in the SPVs are measured at each subsequent reporting date at fair value. Gains and losses resulting from the revaluation of investments in the SPVs are recognised in the consolidated statement of comprehensive income (see Note 10). The Group has elected to recognise all gains and losses from financial assets held at fair value through profit or loss as a single line in the consolidated statement of comprehensive income. Fair value is determined on an unleveraged, discounted cash-flow basis in accordance with the IPEV Valuation Guidelines recognising any other assets and liabilities of the SPV.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

k) Financial instruments (continued)

Financial assets (continued)

ii) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash-flow has expired.

iii) Cash and cash equivalents and other receivables

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Other receivables including VAT recoverable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of only financial liabilities measured at amortised cost.

i) Financial liabilities measured at amortised cost

These include trade payables, borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost less impairment using the effective interest rate method.

ii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

2. Accounting policies (continued)

l) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Direct issue costs include those incurred in connection with the placing and admission which include fees payable under the Placing Agreement, legal costs and any other applicable expenses.

m) Share based payments

Directors' fees

As disclosed in Note 19, the Directors elected to receive their Directors' fees for the first two years, from the date of their appointment, through an issue of Ordinary Shares, which were allotted and issued at the initial issue price. For all Directors this two year period had completed by 30 June 2015 and Directors are now remunerated for their services in cash.

Investment Adviser's variable fee

The Group recognises the variable fee for the services received in a share-based payment transaction as the Group becomes liable to the variable fee on an accruals basis. The variable fee will be accrued in the accounting period in which the Company exceeds its target distribution as per the Investment Advisory Agreement (see Note 5). A corresponding increase in equity is recognised when payment for the variable fee is made in an equity settled share based payment transaction based on the fair value of the services provided. The variable fee is not applicable in the Company's first financial period.

3. Critical accounting judgements, estimates and assumptions in applying the Group's accounting policies

The preparation of the consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The area involving a high degree of judgement or complexity or area where assumptions and estimates are significant to the consolidated financial statements has been identified as the risk of misstatement of the valuation of the SPV investments (see Note 10). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

3. Critical accounting judgements, estimates and assumptions in applying the Group's accounting policies (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

Following the adoption of the Amendments, the Board has determined, and continues to hold the view, that the Company satisfies the criteria to be regarded as an investment entity and that the Company, together with BSIFIL, which also serves as a holding company for the Group's investments in the SPVs, provides investment related services. This determination involves a degree of judgement due to the complexity within the wider structure of the Group and the investments in the SPVs (see Note 2 (c)). As disclosed in Note 2 (c), the Board has determined the unit of account to be the Group's interest in the SPV rather than the SPV's investments in the solar projects. Additionally, as the investments in the SPVs consist of both debt and equity investments, judgement has been applied to the unit of account for the measurement of these investments.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (Investment Entities: Applying the Consolidation Exception) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments are mandatory for annual periods beginning on or after 1 January 2016. The Board is currently assessing the full impact of these.

The Group continues to consolidate BSIFIL and holds all SPV investments at fair value. The net assets of BSIFIL, which at 30 June 2015 principally comprise cash and working capital balances in addition to the SPV investments, would be required to be included in the carrying value of the financial assets held at fair value through profit or loss. This change would not materially affect the Group's net assets. At 30 June 2015, BSIFIL's cash and working capital balances are not included in the fair value of the financial assets held at fair value through profit or loss and are presented within the Group's net assets.

4. Investment income

	Year ended 30 June 2015	29 May 2013 to 30 June 2014
	£	£
Consultancy services fee income	1,901,662	1,142,237

During the previous period, BSIFIL entered into consultancy agreements with each SPV for the provision of on-going ad-hoc advisory services in the management, administration and operation of each SPV. The consultancy services fee income is charged according to hourly rates and agreed from time to time between BSIFIL and each SPV.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

5. Administrative expenses

	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Investment advisory fees (including technical services fee)	2,007,666	1,204,987
Legal and professional fees	275,934	341,500
Administration fees	287,424	145,076
Directors' remuneration	145,599	150,986
Audit fees	61,398	35,000
Non-audit fees*	10,661	25,875
Broker fees	52,032	48,453
Regulatory Fees	25,511	9,589
Registrar fees	25,177	11,812
Insurance	56,891	9,214
Listing fees	18,004	26,849
Other expenses	55,788	44,979
	3,022,085	2,054,320

*Note: 2015 excludes £62,100 of non-audit fees in relation to the placings in November 2014, which were deducted from the placing proceeds. 2014 excluded £40,000 of non-audit fees in relation to the IPO, which were deducted from the IPO proceeds.

Investment Advisory Agreement

The Group and the Investment Adviser have entered into an Investment Advisory Agreement, dated 24 June 2013, pursuant to which the Investment Adviser has been given overall responsibility for the non-discretionary management of the Group's (and any of the Group's SPVs) assets (including uninvested cash) in accordance with the Group's investment policies, restrictions and guidelines. Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to a combination of a base fee and variable fee. The base fee is payable quarterly in arrears in cash, at a rate equivalent to 1% per annum of the NAV up to and including £100,000,000, 0.80% per annum of the NAV above £100,000,000 and up to and including £200,000,000 and 0.60% per annum of the NAV above £200,000,000. The base fee will be calculated on the NAV reported in the most recent quarterly NAV calculation as at the date of payment. The variable fee is based on the following:

(i) if in any year (excluding the Company's first financial year), the Company exceeds its distribution target of 7 pence per Ordinary Share per year which will rise with the annual RPI in the third year, the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. The Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

5. Administrative expenses (continued)

Investment Advisory Agreement (continued)

(ii) if in any year (excluding the Company's first financial year), the Company fails to achieve its distribution target of 7 pence per Ordinary Share per year which will rise with the annual RPI in the third year, the Investment Adviser will repay its base fee in proportion by which the actual annual distribution per Ordinary Share is less than the target distribution, subject to a maximum repayment in any year equal to 35% of the base fee calculated prior to any deduction being made. The repayment will be split equally across the four quarters in the following financial year and will be set off against the quarterly management fees payable to the Investment Adviser in that following financial year.

On 11 June 2014, BSIFIL entered into a Technical Services Agreement with the Investment Adviser, with a retrospective effective date of 25 June 2013 in order to delegate the provision of the consultancy services to the Investment Adviser in its capacity as technical adviser to the SPVs. On the same date, 11 June 2014, the Group entered into a base fee offset arrangement agreement, whereby the aggregate technical services fee and base fee payable (under the Investment Advisory Agreement) shall not exceed the base fee that would otherwise have been payable to the Investment Adviser in accordance with the Investment Advisory Agreement had no fees been payable under Technical Services Agreement.

In the event that the Investment Adviser becomes liable to pay the variable fee repayment amount, the Investment Adviser shall be liable to pay such amount regardless of whether or not the base fee previously paid to it under the Investment Advisory Agreement had been reduced by virtue of the application of the set off arrangements as outlined on the base fee offset arrangement agreement dated 11 June 2014.

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 19.

Administration Agreement

The Administrator has been appointed to provide day-to-day administration and company secretarial services to the Company, as set out in the Administration Agreement dated 24 June 2013.

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £5,000 and £2,500 for the provision of a compliance officer and money laundering reporting officer respectively.

The Administrator will also be entitled to an investment related transaction fee charged on a time spent basis, which is capped at a total of £5,000 per investment related transaction. All reasonable costs and expenses incurred by the Administrator in accordance with this agreement are reimbursed to the Administrator quarterly in arrears.

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 19.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

6. Transaction costs

	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Completed investment acquisitions	614,546	465,132
Other investment acquisitions	(42,970)	42,970
	571,576	508,102

7. Finance costs

	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Arrangement fees	266,667	22,222
Loan facility fees	432,279	10,411
Loan interest	96,592	-
	795,538	32,633

On 11 June 2014, the Group entered into a three-year revolving acquisition facility for up to £50 million with RBS, which expires on 10 June 2017. This facility has been secured against the Group's assets through a debenture agreement entered into as part of the facility. This facility includes a working capital element and will provide the Group with a flexible source of funding to make additional acquisitions of solar energy assets in the UK. The facility is subject to an interest rate margin over LIBOR of 2.25% and an arrangement fee of 1.6% over the total commitment, secured against the Group's existing assets (see Note 10). The arrangement fee is to be amortised over the three year term of the loan facility. The Group is required to meet certain financial covenants, the most significant of which is maintaining a forecast and historic interest cover ratio above 3.5:1 and a leverage ratio of not greater than 0.35:1. At 30 June 2015, the Group had drawn down an amount totalling £18,900,000 (2014: £Nil) on this facility.

Leverage as at 30 June 2015 is 6.15% (2014: Nil) calculated by the commitment method and 6.43% (2014: Nil) calculated by the gross method.

8. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £1,200 (2014: £600) (included within regulatory fees).

The income from the Company's investments is not subject to any further tax in Guernsey although the subsidiary and underlying SPVs, as UK based entities, are subject to the current prevailing UK corporation tax rate. The standard rate of UK corporation tax to 31 March 2014 is 23%, 21% from 1 April 2014 and is 20% from 1 April 2015. This is due to decrease to 19% in 2017 and to 18% by 2020.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

8. Taxation (continued)

At the year end, BSIFIL had taxable profits of £12,944,738 (2014: £5,056,147) which are expected to be offset against the taxable losses of the underlying SPVs through group relief. As a result, the tax charge for the period shown in the consolidated statement of comprehensive income is nil.

9. Net asset value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £288,390,867 (2014: £147,676,019) and the number of shares in issue at 30 June 2015 of 278,417,224 (2014: 143,426,684) Ordinary Shares.

10. Financial assets held at fair value through profit or loss

The Group's accounting policy on the measurement of these financial assets is discussed in Note 2 (k) and below.

	30 June 2015 Total £	30 June 2014 Total £
Opening balance (Level 3)	136,120,317	-
Additions	152,842,467	127,313,722
Cancellation of loan by SPV	(670,000)	-
Change in fair value of financial assets held at fair value through profit or loss	8,534,552	8,806,595
Closing balance (Level 3)	296,827,336	136,120,317

As disclosed in Note 11, the fair value of the West Raynham project is represented as 100% of the valuation less the outstanding amount of equity and loan commitment due on 30 June 2015.

The 'Additions' of £152,842,467 includes an accrued amount of £5,014,599 (see Note 14) and £7,725,956 in respect of shares issued as consideration for a SPV investment (see Notes 16 and 19).

Analysis of net gains on financial assets held at fair value through profit or loss (per consolidated statement of comprehensive income)

Change in fair value of financial assets held at fair value through profit or loss	8,534,552	8,806,595
Receipts from SPV investments held at fair value through profit or loss	8,938,331	1,671,430
	17,472,883	10,478,025

At 30 June 2015, £111,821,757 million (2014: £111,762,207 million) of the Group's assets have been pledged as security against the Group's revolving loan facility (see Note 7).

Fair value measurements

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

10. Financial assets held at fair value through profit or loss (continued)

Fair value measurements (continued)

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes ‘observable’ requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments carried at fair value are the SPV investments held by the Group, which are fair valued at each reporting date. The Group’s investments have been classified within Level 3 as the SPV investments are not traded and contain unobservable inputs (see Note 2 (k)).

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2015. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, these are always expected to be classified as Level 3.

Valuation methodology and process

The Directors base the fair value of the investments in the SPVs held by the Group on information received from the Investment Adviser. Fair value is calculated on an unleveraged, discounted cash-flow basis in accordance with the IPEV Valuation Guidelines. The Investment Adviser produces fair value calculations on a semi-annual basis as at 30 June and 31 December each year. However, in every third year (commencing not later than the year ended 30 June 2016), the Board will have an external valuation performed by an experienced independent third party. Such an external valuation has been undertaken by an independent valuer for the year ended 30 June 2015 and considered by Directors in determining the portfolio fair value.

The Board reviews and considers the fair value arrived at by the valuer before incorporating into the fair value of the investments adopted by the Group. As all the underlying solar plants are fully operational, the discounted cash-flow technique was applied in appraising each SPV’s solar project. This method identifies the inputs that have the most significant impact on the carrying value of the investments which include the discount rate, electricity price forecasts, the amount of electricity the solar assets are expected to produce and inflation rate on related costs.

The Directors have satisfied themselves as to the Group’s valuation policy, valuation methodology, discount rates and key assumptions applied.

The key inputs to the valuation are the discount rate, power price forecasts and inflation rate. Original discount rates applied when the solar assets were first purchased could change due to factors such as a material change in long term inflation expectations or risk-free rates; a change in risk perception of solar assets or the regulation supporting solar assets; or a change in the nature of capital available within the industry (for example, large scale institutional investors with a low cost of capital may drive the reduction in the cost of capital for solar assets). As a result, the discount rates are subjective and an alternative

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

10. Financial assets held at fair value through profit or loss (continued)

Valuation methodology and process (continued)

assumption may result in a different rate. Judgement is used by the Board in arriving at the appropriate discount rate used by the Group and its selection reflects the fact that during the period there has been an increase in the demand for income-producing infrastructure assets and with this an increase in the number of market participants. As highlighted by the discount range presented by EY in their Independent Valuation review and supported by the experience of the Investment Adviser whilst bidding on projects, the impact of these factors has resulted in discount rates for the sector reducing over the period. To accurately reflect this evolving landscape, the Directors have chosen to apply a reduction of 0.3% to the discount rate that has been applied, moving the rate from 7.8% in 2014 to 7.5% in 2015.

Long term power price forecasts are obtained from a leading power forecaster, which are reviewed and adjusted by the valuer, as required, in order to align these with the fixed power prices which would currently be achieved on the power purchasing agreements that the SPVs have entered into. This curve equates to an increase in power prices from the 2015/2016 financial year at an average nominal rate of 2.32%, compared with our assumption on inflation of 2.5% (2014: 2.5%) per annum.

In the Independent Valuation presented by EY the valuation range was based upon application of a long-term RPI assumption of 3.1% per annum (sourced from Oxford Economics). However, following consultation with the Investment Adviser a review of peer-group comparators, and in particular in consideration of long term as well as short term market trends, the Board elected to take a more prudent assumption on long term inflation and decided to continue to apply the rate of 2.5%, in line with the level used in previous valuations presented as at 31 December 2014 and 30 June 2014.

Related revenue (for associated FiTs and ROCs benefits) and costs (for the construction and maintenance of the solar assets) may not stay constant in real terms over the life of the solar assets due to inflation rates. The Group assumes an inflation rate of 2.5%.

Long term irradiation forecasts based on a number of long term irradiation databases utilising both ground and satellite based measurements have been provided by a leading solar PV technical adviser in the UK market. The Investment Adviser has relied on this data and where applicable, the performance ratio warranted by the contractors. Base energy yield assumptions are P50 (50% probability of exceedence).

Each investment is subject to full UK corporate taxation at the prevailing rate with the tax shield being limited to the applicable capital allowances from the Group's SPV investments.

Sensitivity analysis

The table below analyses the sensitivity of the fair value of investments to an individual input, while all other variables remain constant. The Board considers 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

10. Financial assets held at fair value through profit or loss (continued)

Valuation methodology and process (continued)

Sensitivity analysis (continued)

Input	Change in input	30 June 2015		30 June 2014	
		Change in fair value of investments £	Change in NAV per share (pence)	Change in fair value of investments £	Change in NAV per share (pence)
Discount rate	+ 0.5%	(11,819,069)	(4.20)	(5,248,224)	(3.55)
	- 0.5%	12,104,577	4.30	5,602,764	3.79
Power prices	+10%	15,306,668	5.50	7,362,428	4.99
	-10%	(15,317,940)	(5.50)	(7,363,074)	(4.99)
Inflation rate	+ 0.25%	6,042,730	2.20	2,626,043	1.78
	- 0.25%	(5,868,154)	(2.11)	(2,548,372)	(1.73)
Energy yield	10 year P90	(26,094,579)	(9.40)	(11,572,695)	(7.84)
	10 year P10	26,042,683	9.40	11,560,789	7.83
Operational costs	+10%	(6,717,775)	(2.40)	(3,040,785)	(2.06)
	-10%	6,712,220	2.40	3,040,408	2.06
Tax Rate	+5%	(9,660,760)	(3.50)	(4,227,338)	(2.86)
	-5%	9,660,760	3.50	4,227,338	2.86

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

11. Financial support to unconsolidated SPV investments

The following table shows the SPV investments of the Group which have not been consolidated in the preparation of these consolidated financial statements as the Group has adopted the investment entity exemption referred to Note 2 (c):

Project	SPV Investments	Date of investment	Site location	Ownership Interest
Goosewillow	ISP (UK) 1 Limited	5 August 2013	Oxfordshire	100%
Hardingham	Hardingham Solar Limited	30 August 2013 / 19 November 2014	Norfolk	100%
North Beer	North Beer Solar Limited	10 October 2013	Cornwall	100%
Hill Farm	HF Solar Limited	21 October 2013	Oxfordshire	100%
Saxley	Saxley Solar Limited	19 December 2013	Hampshire	100%
Betingau	Betingau Solar Limited	23 December 2013	Glamorgan	100%
Hall Farm	Hall Solar Limited	24 December 2013	Norfolk	100%
Sheppey	Sheppey Solar Limited	18 February 2014	Kent	100%
Pentylands	Solar Power Surge Limited	4 March 2014	Wiltshire	100%
Hoback	Hoback Solar Limited	17 June 2014	Hertfordshire	100%
Capelands	Capelands Solar Farm Limited	25 July 2014	Somerset	100%
Redlands	Redlands Solar Farm Limited	25 July 2014	Somerset	100%
L&P Solar *	Bluefield L&P Solar Limited	9 October 2014	Various	100%
Ashlawn	Ashlawn Farm Limited	3 December 2014	Somerset	100%
Rove	Wel Solar Farm Limited	23 December 2014	Wiltshire	100%
Elms	Wel Solar Park 2 Limited	11 February 2015	Oxfordshire	100%
West Raynham **	Good Energy West Raynham Solar Park Limited	26 March 2015	Norfolk	90%

As at 30 June 2014 the Group did not consolidate those investments with dates before 30 June 2014.

* See Notes 16 and 19

** As at 30 June 15, BSIFIL owned 90% of the shares of the Good Energy West Raynham Solar Park Limited, in respect of the West Raynham project, however the SPA signed with the seller, on 27 March 2015, contains a put option and a call option which gives BSIFIL the right and obligation to purchase the remaining 10% of the shares. As disclosed in Note 10, the fair value of this investment is therefore represented as 100% of the valuation less the outstanding amount of equity and loan commitment due on 30 June 2015.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

11. Financial support to unconsolidated SPV investments (continued)

The Group has advanced the following shareholder loans to the SPVs, the loans are subject to an interest rate of 7 % per annum, are unsecured and repayable no later than 25 years from the date the respective loan agreements were entered into:

As at 30 June 2015		Equity	Shareholder loan	Total investment commitment	Outstanding commitment
Project	SPV	£	£	£	30 June 2015 £
Hill Farm	HF Solar Limited	1	17,249,999	17,250,000	-
Hardingham	Hardingham Solar Limited	1	22,649,999	22,650,000	-
Betingau	Betingau Solar Limited	1	11,154,999	11,155,000	12,434
Goosewillow	ISP (UK) 1 Limited	10	18,909,990	18,910,000	-
Hall Farm	Hall Solar Limited	1,316,592	12,003,479	13,320,071	-
North Beer	North Beer Solar Limited	1,000	9,299,000	9,300,000	-
Saxley	Saxley Solar Limited	1	6,949,999	6,950,000	-
Sheppey	Sheppey Solar Limited	1	11,949,999	11,950,000	-
Pentylands	Solar Power Surge Limited	780,143	20,569,990	21,350,133	133
Hoback	Hoback Solar Limited	1,731,800	17,218,200	18,950,000	1,688
L&P *	Bluefield L&P Solar Limited	3,653,624	4,591,313	8,244,937	-
Capelands	Capelands Solar Farm Limited	100	8,569,900	8,570,000	-
Redlands	Redlands Solar Farm Limited	100	6,319,900	6,320,000	-
Ashlawn	Ashlawn Farm Limited	1	7,549,999	7,550,000	-
Rove	Wel Solar Farm Limited	1	13,949,999	13,950,000	-
Elms	Wel Solar Farm Limited 2	2	32,699,998	32,700,000	-
West Raynham	Good Energy West Raynham Solar Park Limited	5,014,600	48,532,744	55,538,602	5,285,454
		12,497,978	270,169,507	284,658,743	5,299,709

*See Notes 16 and 19

The Group's SPVs are committed to pay amounts equal to the loan commitment to meet working capital requirements and payments for the EPC contracts entered into with the contractors for the design and construction of the solar plants. At 30 June 2015, the amounts drawn down by the SPVs are not equal to the loan commitment due to timing differences, which will be settled in due course. In the period post year end BSIFIL has completed two payments for deferred share consideration of £5.014m on 3 July, (see Note 14.) and £1.26m on 13 August as well as a further payment of £2.82m due under the EPC contract (also completed on 3 July 2015). This leaves a final balancing payment of deferred share consideration and outstanding costs from the transaction of £1.19m still to be settled by BSIFIL and the SPV.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

11. Financial support to unconsolidated SPV investments (continued)

As at 30 June 2014		Equity	Shareholder loan	Total investment commitment	Outstanding commitment 30 June 2014
Project	SPV	£	£	£	£
Hill Farm	HF Solar Limited	1	17,249,999	17,250,000	8,715
Hardingham	Hardingham Solar Limited	1	16,949,999	16,950,000	6,286
Betingau	Betingau Solar Limited	1	11,154,999	11,155,000	6,088
Goosewillow	ISP (UK) 1 Limited	10	18,909,990	18,910,000	-
Hall Farm	Hall Solar Limited	1,316,592	12,003,479	13,320,071	-
North Beer	North Beer Solar Limited	1,000	9,299,000	9,300,000	7,794
Saxley	Saxley Solar Limited	1	6,949,999	6,950,000	-
Sheppey	Sheppey Solar Limited	1	11,949,999	11,950,000	6,492
Pentylands	Solar Power Surge Limited	10	21,349,990	21,350,000	-
Hoback	Hoback Solar Limited	-	18,950,000	18,950,000	18,950,000
		1,317,617	144,767,454	146,085,071	18,985,375

12. Trade and other receivables

	30 June 2015 £	30 June 2014 £
Non-current assets		
Prepayments:		
- Arrangement fees (Note 7)	244,444	511,111
Current assets		
Income receivable from consultancy services fee (see Note 4)	541,893	148,243
Short term loan to SPV	1,656,105	-
VAT receivable	300,057	16,728
Interest receivable	100	5,274
Trade debtors	40,175	-
Other receivables	2,681	23,887
Prepayments:		
- Arrangement fees on loan facilities (Note 7)	266,667	266,667
- Directors' remuneration (see Note 19)	-	139,014
- Insurance	54,609	-
- Other	18,226	8,717
	2,880,513	608,530

The short term loan to SPV is in relation to a payment of VAT by BSIFL on behalf of the West Raynham project was payable on demand and has been repaid post year end.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

12. Trade and other receivables (continued)

BSIFIL had been engaged with HM Revenue and Customs regarding the recovery of VAT however on 16 July 2015 HMRC confirmed that they no longer wished to challenge BSIFIL's VAT recovery status. There are no material past due or impaired receivable balances outstanding at the year end.

On 12 July 2013, 290,000 Ordinary Shares were issued to the Directors in lieu of a cash payment for Directors' fees for the first two years. The release of this prepayment completed in June 2015 (see Note 19).

The Directors consider that the carrying amount of all receivables approximates to their fair value.

13. Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits held with maturities of up to three months. The carrying amounts of these assets approximate their fair value.

	30 June 2015 £	30 June 2014 £
Cash and cash equivalent:		
- Committed	10,300,054	5,035,375
- Uncommitted	2,973,418	6,251,755
	13,273,472	11,287,130

Committed cash and cash equivalents consist of amounts expected to be utilised to meet the Group's commitments.

14. Other payables and accrued expenses

	30 June 2015 £	30 June 2014 £
Non-current liabilities		
Interest bearing borrowings – drawdown during the period	(38,400,000)	-
Interest bearing borrowings – repaid during the period	19,500,000	-
	(18,900,000)	-

As disclosed in Note 7, on 11 June 2014, the Group entered into a three-year revolving acquisition facility for up to £50 million with RBS, of which, £18,900,000 had been drawn down at the year end.

Current liabilities

Deferred consideration – SPV investment	5,014,599	-
Investment advisory fees	573,432	322,758
Legal and professional fees	14,688	313,164
Administration fees	56,707	33,688
Audit fees	55,000	35,000
Other payables	220,472	146,459
	5,934,898	851,069

Deferred consideration for SPV investment payable at the year end is in relation to the West Raynham project. This was paid on 3 July 2015.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

14. Other payables and accrued expenses (continued)

The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit period. The Board of Directors considers that the carrying amount of all payables approximates to their fair value.

15. Earnings per share

	Year ended 31 June 2015	29 May 2013 to 30 June 2014
Profit attributable to shareholders of the Company	£15,150,759	£9,444,045
Weighted average number of Ordinary shares in issue	225,817,646	135,075,710
Basic and diluted earnings from continuing operations and profit for the year/period (pence)	6.71	6.99

There was no income earned or shares issued between 29 May 2013 and 11 July 2013, therefore this period was not included for the purpose of calculating the weighted average number of shares in respect of 2014.

There are no potentially dilutive shares in issue.

16. Share capital

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which, upon issue, the Directors may designate into such classes and denominated in such currencies as they may determine.

Number of Ordinary Shares	Year ended 30 June 2015 Number	29 May 2013 to 30 June 2014 Number
Opening balance	143,426,684	-
Shares issued as consideration for SPV investment (Notes 11, 19)	7,490,540	-
Shares issued for cash	127,500,000	143,028,999
Shares issued in lieu of Directors' fees	-	290,000
Share issued as a scrip dividend alternative	-	107,685
Closing balance	278,417,224	143,426,684

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

16. Share capital (continued)

Shareholders' Equity	Year ended 30 June 2015 £	29 May 2013 to 30 June 2014 £
Opening balance	147,676,019	-
Shares issued as consideration for SPV investment (Notes 11,19)	7,725,956	-
Shares issued for cash	130,687,500	143,159,289
Shares issued in lieu of Directors' fees	-	290,000
Share issued as a scrip dividend alternative	-	109,812
Share issue costs	(2,291,852)	(2,721,335)
Dividends paid	(10,557,515)	(2,605,792)
Retained earnings	15,150,759	9,444,045
Closing balance	288,390,867	147,676,019

On 9 October 2014, the Company issued 7,490,540 new Ordinary Shares as partial consideration for the acquisition of Bluefield L&P Solar Limited. These shares were issued at a price of £1.03143 per Ordinary Share, raising total gross proceeds of £7,725,956. The issue price for each consideration share equalled the average mid-market price of the Ordinary Shares during the seven dealing days up to and including the third dealing day prior to completion of the acquisition agreement. The issuance of the consideration shares is reflected as an increase in equity and a corresponding increase in financial assets held at fair value through profit or loss. This transaction had no impact on the unaudited condensed consolidated statement of comprehensive income.

On 14 November 2014, the Company issued 120,000,000 new Ordinary Shares following a placing subsequent to the authority granted by the shareholders at the EGM held on 1 October 2014. These shares were issued at a price of £1.025 per Ordinary Share, raising gross proceeds of £123,000,000.

On 25 November 2014, the Company issued 7,500,000 new Ordinary Shares following a placing subsequent to the authority granted by the shareholders at the EGM held on 1 October 2014. These shares were issued at a price of £1.025 per Ordinary Share, raising gross proceeds of £7,687,500.

Rights attaching to shares

The Company has a single class of Ordinary Shares which are entitled to dividends declared by the Company. At any general meeting of the Company each ordinary Shareholder is entitled to have one vote for each share held. The Ordinary Shares also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

Retained reserves

Retained reserves comprise of retained earnings as detailed in the consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

17. Dividends

On 8 September 2014, the Board declared a second interim dividend of £2,868,534, in respect of the year ending 30 June 2014, equating to 2 pence per Ordinary Share, which was paid on 31 October 2014 to shareholders on the register on 19 September 2014.

In conjunction with the placings, as disclosed in Note 16, the Board had considered the timing of the Company's dividends with the objective of ensuring that any issue of new shares would not be dilutive to the dividend attributable to existing ordinary shareholders. As such, the Board decided to bring forward the declaration and payment dates of the first interim dividend in respect of the year to 30 June 2015. As a result, on 3 November 2014 the Board declared the first interim dividend of £4,904,809, equating to 3.25 pence per Ordinary Share (first interim dividend in respect of the year ending 30 June 2014: 2 pence per Ordinary Share), which was paid on 5 December 2014 to shareholders on the register on 14 November 2014.

On 6 May 2015, the Board declared a second interim dividend of £2,784,172, in respect of the year ending 30 June 2015, equating to 1 penny per Ordinary Share (second interim dividend in respect of the year ending 30 June 2014: 2 pence per Ordinary Share), which was paid on 15 May 2015 to shareholders on the register on 8 May 2015.

Post year end, on 28 July 2015, the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.5 pence per Ordinary Share (third interim dividend in respect of the year ending 30 June 2014: Nil), which was paid on 21 August 2015 to shareholders on the register on 6 August 2015.

Post year end, on 30 September 2015, the Board approved a fourth interim dividend of 1.50 pence per Ordinary Share which will be payable to shareholders on the register as at 9 October 2015 with an associated ex-dividend date of 8 October 2015.

18. Risk management policies and procedures

The Group is exposed to a variety of financial risks, including market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Investment Adviser and the Administrator report to the Board on a quarterly basis and provide information to the Group which allows it to monitor and manage financial risks relating to its operations.

The Group's overall risk management programme focuses on the unpredictability of financial markets and government energy policy and seeks to minimise potential adverse effects on the Group's financial performance, as referenced in the Principal Risks and Uncertainties section in the Strategic Report.

The Board of Directors is ultimately responsible for the overall risk management approach within the Group. The Board of Directors has established procedures for monitoring and controlling risk. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

In addition, the Investment Adviser monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Further details regarding these policies are set out below:

Market price risk

Market price risk is defined as the risk that the fair value of future cash-flows of a financial instrument held by the Group will fluctuate because of changes in market prices.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

18. Risk management policies and procedures (continued)

Market price risk (continued)

Market price risk will arise from changes in the inflation rate as the electricity prices generated by the Group, although fixed through the FiTs and ROC regimes, will be subject to annual inflationary changes. The Group's future SPV investments are subject to fluctuations in the price of new solar PV equipment. The price of solar equipment can be influenced by a number of factors, including the price and availability of raw materials, demand for PV equipment and any import duties that may be imposed on PV equipment. Changes in the cost of solar PV equipment could have a material adverse effect on the Group's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

The valuation of future investments will be subject to the risk that these will not achieve the expected ROC banding if a new accreditation comes into effect in future. In order to mitigate this risk, if the expected ROC banding is not achieved, the EPC contract price will be reduced in order for the Company to maintain the same internal rate of return on each project.

The Group's overall market position is monitored by the Investment Adviser and is reviewed by the Board of Directors on an on-going basis.

Currency risk

The Group does not have any direct currency risk exposure as all its investments and transactions are in Sterling. The Group is however indirectly exposed to currency risk on future investments that will require importation of equipment.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments, related income from the cash and cash equivalents and interest income from the loan commitments to the SPVs will fluctuate due to changes in market interest rates. The Company is also exposed to interest rate risk via its floating rate credit facility. As disclosed in Notes 7 and 14, the drawn down amount at the year end is £18,900,000. If the LIBOR rate were to increase by 1% the interest due on the amount drawn down as at 30 June 2015 would increase by £371,000 over the term of the facility to June 2017.

The Group's interest bearing financial assets consist of cash and cash equivalents and the loan commitments to the SPVs. The Group's interest rate risk is limited to interest earned on cash balances and from the loan commitments to the SPVs. The interest rates on the short-term bank deposits are fixed and do not fluctuate significantly with changes in market interest rates. The interest rate of 7% per annum applied to the shareholder loans to the SPVs is also fixed in nature and is therefore not expected to fluctuate significantly with changes in market interest rates (see Note 11). Accordingly, the fair value of the financial assets held at fair value through profit or loss as determined on an unleveraged, discounted cash-flow basis is not expected to fluctuate significantly with changes in market interest rates.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

18. Risk management policies and procedures (continued)

Interest rate risk (continued)

The following table shows the portfolio profile of the financial assets at year end:

	Interest rate	Total as at 30 June 2015 £
Floating rate		
RBSI	0.00%	204,658
RBS	0.10%	12,640,777
Fixed rate		
Lloyds International	0.25%	23,241
Lloyds	0.30%	404,796
		13,273,472
	Interest rate	Total as at 30 June 2014 £
Floating rate		
RBSI	0.10%	94,990
RBS	0.10%	4,080,925
Fixed rate		
Lloyds International	0.50%	22,939
Lloyds	1.00%	7,088,276
		11,287,130

The valuation of the SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash-flow technique when valuing the investments. The Investment Adviser reviews the discount rates bi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. Total exposure to interest rate risk on the financial assets held at fair value through profit or loss at the year end is £296,827,336 (2014: £136,120,317) (see Note 10).

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

18. Risk management policies and procedures (continued)

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's SPVs have entered into turnkey EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date the Group's SPVs held performance bonds totalling £18,017,385 (2014: £10,969,303) with banks that have credit rating which is of investment grade.

The Group's credit risk exposure is due to a portion of the Group's assets being held as cash and cash equivalents and accrued interest. The Group maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk which have all been group rated A by Fitch, and this is subject to the Group's credit risk monitoring policies, as mentioned above. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2015, the maximum credit risk exposure in relation to cash and cash equivalents was £13,273,472 (2014: £11,287,130).

	Cash £	Fixed deposit £	Interest accrued £	Total as at 30 June 2015 £
RBSI	204,658	-	-	204,658
RBS	12,640,777	-	-	12,640,777
Lloyds International	-	23,241	-	23,241
Lloyds	-	404,796	100	404,896
	12,845,435	428,037	100	13,273,572
	Cash £	Fixed deposit £	Interest accrued £	Total as at 30 June 2014 £
RBSI	94,990	-	-	94,990
RBS	4,080,925	-	-	4,080,925
Lloyds International	-	22,939	-	22,939
Lloyds	-	7,088,276	5,274	7,093,550
	4,175,915	7,111,215	5,274	11,292,404

The carrying amount of these assets approximates their fair value.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

18. Risk management policies and procedures (continued)

Credit risk (continued)

The Group also faces credit risk with the construction of solar PV assets, as it is likely to result in reliance upon services being delivered by one or more contractors. Whilst the performance of contractor services will usually be guaranteed with penalties linked to underperformance, and potentially in some cases backed by guarantees, any such guarantees are expected to be limited in their scope and quantum and may not always cover the full loss of profit incurred by a project. Failure of a contractor or a change in a contractor's financial circumstances may, among other things, result in the relevant asset underperforming or becoming impaired in value and there can be no assurance that such underperformance or impairment will be fully or partially compensated by any contractor warranty or bank guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities as they fall due. The Investment Adviser and the Board continuously monitor forecasted and actual cash-flows from operating, financing and investing activities.

As the Group's investments are in the SPVs, which are private companies that are not publicly listed, the return from these investments is dependent on the income generated or the disposal of solar assets by the SPVs and will take time to realise.

The following table details the Group's expected maturity for its financial assets and liabilities. These are undiscounted contractual cash-flows:

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2015 £
Assets				
Financial assets held at fair value through profit or loss	27,843,142	75,647,462	359,317,158	462,807,762
Trade and other receivables*	2,541,011	-	-	2,541,011
Cash and cash equivalents	13,273,472	-	-	13,273,472
Liabilities				
Other payables and accrued expenses	(5,934,898)	-	-	(5,934,898)
Interest bearing loans	(267,750)	(19,628,438)	-	(19,896,188)
	37,454,977	56,019,024	359,317,158	452,791,159

* excluding prepayments

At 30 June 2015, there is sufficient liquidity in the form of cash and cash equivalents to satisfy the Group's obligations.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

18. Risk management policies and procedures (continued)

Liquidity risk (continued)

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2014 £
Assets				
Financial assets held at fair value through profit or loss	11,017,412	26,273,820	127,028,117	164,319,349
Trade and other receivables*	194,133	-	-	194,133
Cash and cash equivalents	11,287,130	-	-	11,287,130
Liabilities				
Other payables and accrued expenses	(851,069)	-	-	(851,069)
	21,647,606	26,273,820	127,028,117	174,949,543

* excluding prepayments

Capital management policies and procedures

The Group's capital management objectives are to ensure that the Group will be able to continue as a going concern while maximising the capital return to equity shareholders.

In accordance with the Group's investment policy, the Group's principal use of cash (including the proceeds of the IPO, placings and the loan facility) is to fund the Group's projects, as well as expenses related to the issues during the year, on-going operational expenses and payment of dividends and other distributions to shareholders in accordance with the Company's dividend policy.

The Board, with the assistance of the Investment Adviser, monitors and reviews the broad structure of the Company's capital on an on-going basis.

The Company has no imposed capital requirements except for the financial covenants as disclosed in Note 7.

The capital structure of the Company consists of issued share capital and retained earnings.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

19. Related party transactions and Directors' remuneration

In the opinion of the Directors, the Company has no immediate or ultimate controlling party.

Laurence McNairn, Director of the Company, is also a director and indirect shareholder of the Company's Administrator, Heritage International Fund Managers Limited.

From the total administration fees incurred during the period, £278,555 (2014: £145,076) relates to the fees of the Administrator, of which £56,707 (2014: £33,688) was outstanding at the year end.

The Directors are remunerated for their services with annual fees of £33,000, with effect from 12 June 2015 for Paul Le Page and John Scott and with effect from 1 July 2015 for Laurence McNairn (2014: £30,000) each, with Paul Le Page receiving an additional annual fee of £5,500, with effect from 12 June 2015 (2014: £5,000) for acting as chairman of the Audit Committee. The Chairman receives fees of £55,000 per annum, with effect from 12 June 2015 (2014: £50,000).

The Directors elected to receive their Directors' fees for the first two years through an issue of Ordinary Shares, which were allotted and issued at the initial issue price. The value of this non-cash consideration is equivalent to the aggregate cash payment that otherwise would have been made to the Directors for the provision of their services in accordance with the terms of their respective appointment letters.

As a result, on 12 July 2013, the Company issued a total of 290,000 Ordinary Shares as part of the IPO at the issue price of £1 per Ordinary Share, to the Directors in lieu of a cash payment for Directors' fees for the first two years (see Note 16).

The total Directors' fees expense for the period amounted to £145,599 (2014: £150,986). The prepaid element of the Directors' fees, spread over two years, completed in June 2015. In accordance with the terms of their respective appointment letters all Directors will receive cash payments for their services in future. Cash payment of Directors' fees in the year totalled £6,585 (2014: Nil), of which £6,585 was outstanding at 30 June 2015 (2014: Nil).

At 30 June 2015, the number of Ordinary Shares held by each Director is as follows:

Director	2015 Number of Ordinary Shares	2014 Number of Ordinary Shares
John Rennocks	255,805	155,000
Paul Le Page	70,000	70,000
Laurence McNairn	441,764	91,764
John Scott	276,176	201,176
	1,043,745	517,940

John Scott and John Rennocks are Directors of BSIFIL. Mike Rand and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL. To date, none of these Directors has received any fees for their services as Directors of this wholly owned subsidiary.

The Group's investment advisory fees for the period amounted to £2,007,666 (2014: £1,204,987) of which £573,432 (2014: £322,758) was outstanding at the year end.

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

19. Related party transactions and Directors' remuneration (continued)

The Group's consultancy services fee income for the period amounted to £1,901,662 (2014: £1,142,237) of which £582,069 (2014: £148,243) was outstanding at the year end.

On 9 October 2014, BSIFIL acquired Bluefield L&P Solar Limited. As three members of the Investment Adviser are also Directors of BSIFIL or its subsidiaries, are indirectly key management personnel of the Company and owned B shares in Bluefield L&P Solar Limited, they are considered related parties, and the transaction a related party transaction, under UK FCA Listing Rule 11 'Related Party Transactions' and IAS 24 'Related Party Disclosures'. The three members of the Investment Adviser received £1,548 cash consideration for their B shares. As holders of B shares, they were also entitled to receive 20% of the profit generated by the sale of Bluefield L&P Solar Limited. Their share of this amounted to £353,965. In reviewing the purchase price paid by the Company for the acquisition of Bluefield L&P Solar Limited, the Board obtained a valuation report from BDO LLP to confirm that the purchase price was determined on a fair and reasonable basis.

On 20 May 2015 the Board approved the transfer of the operation of daily management activities of the solar project companies, currently outsourced to other external parties, to an asset management company, Bluefield Asset Management Services Limited; a company which has the same ownership as that of the Investment Adviser. The Board believe that active, integrated and co-ordinated management of the solar plants enhances the probability of the plants exceeding expected budgeted generation and so in turn increases the likelihood of delivering benefits in terms of the financial return of the companies. The asset management services cover three main areas: project operation and monitoring services, financial management and reporting services and loan administration. The provision of these services to SPVs is being implemented over a period of twelve months commencing from May 2015. Fees paid to BSL in the year ended 30 June 2015 totalled £58,748 (2014: Nil).

Post year end, on 21st August 2015 terms were agreed for BSIFIL to acquire Bluefield EIS Limited, Bluefield Kite Limited and Bluefield Peregrine Limited. On 24 August 2015, BSIFIL completed the acquisition of Bluefield Kite Limited and Bluefield Peregrine Limited. Bluefield EIS Limited is expected to be completed once certain condition precedents have been addressed. As two members of the Investment Adviser, are also Directors of BSIFIL or its subsidiaries, are indirectly key management personnel of the Company and owned B shares in Bluefield EIS Solar Limited, Bluefield Kite Limited and Bluefield Peregrine Limited, they are considered related parties, and the transaction a related party transaction, under UK FCA Listing Rule 11 'Related Party Transactions' and IAS 24 'Related Party Disclosures'. The two members of the Investment Adviser received £8,680 cash consideration for their ordinary shares. As holders of B shares, they were also entitled to a carried interest in the sale of the Ordinary shares. Their share of this amounted to £83,014. A Fair and Reasonable Opinion was sought and received from Numis Securities Limited before signing of the transaction.

20. Guarantees and other commitments

As at 30 June 2015, the Group had provided guarantees amounting to £265,326,000 (2014: £125,040,000) to the SPVs in relation to the funding of EPC contracts entered into by the SPVs, of which £148,468,000 (2014: £100,830,000) was paid during the period and £Nil (2014: £24,210,000) held by the SPVs in escrow.

As at 30 June 2015, the Company had provided guarantees amounting to £111,822,000 (2014: £111,800,000) to the BSIFIL in relation to the revolving loan facility entered into by the Group (see Note 10).

At the reporting date, the Group had investment commitments of £10,314,309 (2014: £18,985,375) relating to equity and the shareholder loans extended to its SPVs (see Note 11).

Notes to the Consolidated Financial Statements for the year ended 30 June 2015 (continued)

21. Subsequent events

On 8 July 2015 the Chancellor of the Exchequer, in the Summer Budget 2015, announced the removal of the exemption for renewably sourced electricity from the Climate Change Levy from which many renewables projects in the UK benefit by way of the sale of Levy Exemption Certificates. This will be effective from 1 August 2015. The budget also proposed future reductions in UK corporate tax. The impact of these changes is discussed in the Investment Adviser's Report.

On 28 July 2015 the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.5 pence per Ordinary Share, which was paid on 21 August 2015 to shareholders on the register on 6 August 2015.

Also on 28 July 2015 the Group entered into binding contracts to acquire two UK-based sub-5MWp solar photovoltaic assets. The two assets are a 4.79 MWp plant in Cornwall and a 4.98MWp plant in Norfolk. They are being acquired for a total consideration of £11.22 million.

As disclosed in Note 19, related party transactions and directors' remuneration, on 24 August 2015 the Group entered into binding contracts to acquire three UK-based solar photovoltaic assets. The three assets are a 463 KWp rooftop installation in Northants, a portfolio of 9 plants in south and west London with a total capacity of 430 KWp and a portfolio of 19 plants in Oxfordshire, Gloucestershire and Wakefield Place with a total capacity of 824 KWp. The total consideration paid for the assets was £5.95 million.

On 30 September 2015, the Board approved a fourth interim dividend of 1.50 pence per Ordinary Share which will be payable to shareholders on the register as at 9 October 2015 with an associated ex-dividend date of 8 October 2015. Payment of this additional dividend triggers a variable fee payable to the Investment Adviser post year end.

Glossary of Defined Terms

AGM means the Annual General Meeting

AIC means the Association of Investment Companies

AIC Code means the Association of Investment Companies Code of Corporate Governance

AIC Guide means the Association of Investment Companies Corporate Governance Guide for Investment Companies

AIF means Alternative Investment Fund

AIFM means Alternative Investment Fund Management

AIFMD means the Alternative Investment Fund Management Directive

Amendments means the Investment Entities Amendments to IFRS 10, IFRS 12 and IAS 27

Articles means the Memorandum and Articles of Incorporation registered 29 May 2013 as amended

Auditor means KPMG Channel Islands Limited (see KPMG)

Bluefield means Bluefield Partners LLP

BSL means Bluefield Services Limited

Board means the Directors of the Company

BSIFIL means Bluefield SIF Investments Limited being the only direct subsidiary of the Company

Business days means every official working day of the week, generally Monday to Friday excluding public holidays

CAGR means compound annual growth rate

Calculation Time means the Calculation Time as set out in the Articles of Incorporation

Cfd means Contract for Difference

Company means Bluefield Solar Income Fund Limited

Companies Law means the Companies (Guernsey) Law 2008, as amended (see Law)

Consolidation Exception Amendments means the 18 December 2014 further amendments to IFRS 10 Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Consultation means the Department of Energy & Climate Change consultation into changes to financial support for large scale solar delivered in quarter 4, 2014

C Shares means Ordinary Shares approved for issue at no par value in the Company

CSR means Corporate Social Responsibility

DCF means Discounted Cash Flow

DECC means the Department of Energy and Climate Change

DNO means Distribution Network Operator

Glossary of Defined Terms (continued)

DTR means the Disclosure and Transparency Rules of the UK's FCA

EGM means Extraordinary General Meeting

EPC means Engineering, Procurement & Construction

EU means the European Union

EY means Ernst & Young LLP

Facility means the £50 million revolving credit facility arranged with RBS

FATCA means the Foreign Account Tax Compliance Act

Financial Statements means the unaudited condensed consolidated interim financial statements

FiT means Feed-in Tariff

GFSC means the Guernsey Financial Services Commission

Group means Bluefield Solar Income Fund Limited and Bluefield SIF Investments Limited

Guernsey Code means the Guernsey Financial Services Commission Finance Sector Code of Corporate Governance

GWh means Gigawatt hour

GWp means Gigawatt peak

IAS means International Accounting Standard

IASB means the International Accounting Standards Board

IFRS means International Financial Reporting Standards as adopted by the EU

Investment Adviser means Bluefield Partners LLP

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines

IPO means initial public offering

IVSC means the International Valuation Standards Council

KPI means Key Performance Indicators

KPMG means KPMG Channel Islands Limited (see Auditor)

KWp means Kilowatt peak

Law means Companies (Guernsey) Law, 2008 as amended (see Companies Law)

LD means liquidated damages

LEC means Levy Exemption Certificate, the certificates awarded to renewable energy projects in relation to their clean energy production which were typically monetised under PPA contracts to offset levies due under the Climate Change Levy to energy suppliers.

LIBOR means London Interbank Offer Rate

Listing Rules means the set of FCA rules which must be followed by all companies listed in the UK

Glossary of Defined Terms (continued)

Lloyds means Lloyds Bank Group PLC

Lloyds International means Lloyds Bank International Limited

LSE means London Stock Exchange PLC

Main Market means the main securities market of the London Stock Exchange

MWh means Megawatt hour

MWp means Megawatt peak

NAV means Net Asset Value as defined in the prospectus

NMPI means Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion

NPPR means the AIFMD National Private Placement Regime

Official List means the Premium Segment of the UK Listing Authority's Official List

Ordinary Shares means the issued ordinary share capital of the Company, of which there is only one class

Placement means the placement of new shares in November 2014

Placing Agreement means the agreement relating to the placement defined above

PPA means Power Purchase Agreements

PV means Photovoltaic

RBS means The Royal Bank of Scotland plc

RBSI means Royal Bank of Scotland International plc

RO Scheme means the Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty

ROC means Renewable Obligation Certificates

RPI means the Retail Price Index

SPA means Share Purchase Agreement

SPVs means the Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets

Sterling means the Great British pound currency

Strategy means the Department of Energy & Climate Change Solar PV Strategy: Part 2

UK means the United Kingdom of Great Britain and Northern Ireland

UK Code means the United Kingdom Corporate Governance Code

UK FCA means the UK Financial Conduct Authority