

Bluefield Solar Income Fund Limited

Interim Report and
Unaudited Condensed Consolidated
Interim Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Company Registration Number: 56708

Table of Contents

| | |
|--|----|
| General Information | 3 |
| Highlights | 4 |
| Corporate Summary | 6 |
| Chairman's Statement | 7 |
| The Company's Investment Portfolio | 10 |
| Analysis of the Company's Investment Portfolio | 11 |
| Report of the Investment Adviser | 12 |
| Statement of Principal Risks and Uncertainties for the Remaining Six Months of the year to 30 June 2016 | 32 |
| Directors' Statement of Responsibilities | 33 |
| Independent Review Report to Bluefield Solar Income Fund Limited | 34 |
| Unaudited Condensed Consolidated Statement of Financial Position | 36 |
| Unaudited Condensed Consolidated Statement of Comprehensive Income | 37 |
| Unaudited Condensed Consolidated Statement of Changes in Equity | 38 |
| Unaudited Condensed Consolidated Statement of Cash Flows | 39 |
| Notes to the Unaudited Condensed Consolidated Interim Financial Statements | 40 |

General Information

Board of Directors (all non-executive)

John Rennocks (Chairman)

Paul Le Page (Chairman of Audit Committee)

John Scott (Senior Independent Director)

Laurence McNairn

Investment Adviser

Bluefield Partners LLP

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London, WC2N 4HS

Registered Office

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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

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Legal Advisers to the Company

(as to Guernsey law)

Carey Olsen

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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

- The Company was the first of the solar focused funds to list on the Premium Segment of the London Stock Exchange, raising £130 million, on 12 July 2013;
- The objective of the Company is to deliver long-term, stable dividends growing in line with RPI;
- Successful Placement of new shares in December 2015 raised gross proceeds of £31.6 million and the market capitalisation grew to £315.0 million at 31 December 2015 (30 June 2015: £306 million);
- During the six months ended 31 December 2015, the Company added 34 plants through 7 acquisitions from total commitments of £31.7 million with an estimated combined energy capacity of 25.8 MWp;
- NAV as at 31 December 2015 of £315.2 million (30 June 2015: £288.4 million);
- NAV per share as at 31 December 2015 of 101.79 pence per share (30 June 2015: 103.58 pence per share);
- The Company delivered an above-target dividend of 7.25 pence per share for the year ending 30 June 2015, and has paid a dividend in the period of 3.25 pence per share for the current financial year;
- Notwithstanding the reduction in power prices during the period, attractively priced acquisitions and strong contractual protections give the Directors comfort that the portfolio will continue to achieve the target return of 7 pence per share annually, rising with RPI;
- Since the end of the period, the Company has announced the agreement of an amended and restated credit facility, which increases the funds available from £50 million under the original Revolving Credit Facility (“RCF”) up to a total of £200 million. The Credit Facility is being provided by RBS and Investec;
- Since the end of the period, the Company has acquired 9 additional solar PV plants with an energy capacity totalling 119.3 MWp. The total consideration is £148.6 million, including transaction costs, debt costs and working capital. The acquisitions have been funded using the amended and restated credit facility.

Highlights (continued)

Results Summary:

| | Six months ended 31 December 2015 |
|---|--|
| Total income | £16,737,070 |
| Total comprehensive income before tax | £13,191,179 |
| Total underlying earnings (see Page 16) | £9,955,272 |
| Earnings per share | 4.66p |
| Underlying EPS (see Page 16) | 3.58p |
| Third interim dividend for the year ending 30 June 2015 (paid August 2015) | 1.50p |
| Fourth and final dividend for the year ending 30 June 2015 (paid October 2015) | 1.50p |
| First interim dividend for the year ending 30 June 2016 (paid December 2015) | 3.25p |
| NAV per share | 101.79p |
| Total Return (based on NAV per share movement and dividends paid) | 4.3% |
| Total Return to shareholders (based on share price movement and dividends paid in the period) | (1.6)% |

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 period 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

The period under review has delivered another solid set of results. The valuation has remained largely unchanged and in December 2015 the Company paid a 3.25 pence dividend, being the first interim dividend for the current financial year, laying the foundations for another on, or above, target, dividend payout for the full year ending 30 June 2016.

The announcements regarding the extension to the RCF and the acquisition of a large portfolio of operating assets in January 2016 are also very significant milestones as the Company grows. They are part of the business plan, articulated at the Company's IPO in July 2013 and are intended to enable the Company to introduce long-term, structural leverage and complete the IPO business plan.

The period had its challenges. Power prices have continued to drop and share prices in the sector have been adversely affected. The Government also created some uncertainty by removing a small element of regulated revenues. All that said, the results show another strong period where key measures of valuation and dividends have held up well in the face of these issues.

Dividends

The primary aim of the Company is to offer attractive levels of income, rising with inflation. In November 2015 we announced a 3.25 pence dividend. It was the Company's seventh consecutive dividend to be on, or above, target since IPO and while the sector in which we operate remains in its infancy, the income generative characteristics of renewable energy are continuing to be proven.

Our target dividend for the current year is 7.07 pence per share and I am happy to say that we expect to match or exceed this. The assurance I can give at this mid-point in the financial year is that the combination of an asset class with highly predictable energy generation and costs matched to a portfolio with over 90% of the revenues already contracted for the financial year makes forecasting slightly easier than would otherwise be the case. While I cannot forecast the weather to the end of June 2016, assuming an average spring and early summer I would expect to achieve our earnings and dividend targets.

Fundraising

In October 2015, we published a placement programme prospectus that will run for twelve months. We undertook an equity raise in December of c. £32 million, which was used to pay down borrowings incurred on projects originally acquired using the RCF.

Regulation

The period saw the UK Government remove the LEC in the July 2015 Summer Budget for renewable energy generators. Whilst the actual financial impact was limited it caused much wider concern amongst shareholders who saw this as the 'thin end of the wedge' and feared that the Government was looking to make retroactive changes to the primary, RO Scheme regulation. We do not share this view, albeit we understand why some investors reached this opinion. As a Company, we think the Government would be well served not to confuse shareholders by 'tinkering' but we still view the UK market to present low regulatory risk and to be one in which the Government has demonstrated its strong commitment to the existing primary regulation.

Chairman's Statement

Investment Strategy

The investment strategy, historically, has been to acquire primary assets with equity. The Company is continuing this policy but has also started to implement an important additional strategy. The period under review and immediately afterwards has seen an extension to the RCF and a very significant acquisition of a secondary portfolio. This not only builds the diversified asset base of the Company but also lays the platform for introducing structural debt. The purpose of the RCF is to act as a bridge to long-term structural leverage and the introduction of long-term borrowings is a key objective in 2016. When completed, the Company would expect to have structural leverage equivalent to 30% of its gross asset value. This is the level that the Company was targeting at IPO and is expected to give the Company a stable long-term source of funding and take advantage of today's current, attractive, cost of finance.

Market Growth

The UK market has recently been the fastest growing solar market in Europe for primary investment, and is expected to exceed 10 GWp by the end of March 2016. This is from a base of less than 2 GWp when BSIF listed in July 2013. Growth is expected to continue through until the end of the RO Scheme in April 2017. There is some uncertainty about whether solar PV will be invited into future CfD auctions however, though in the short-term the Company is seeing significant opportunities in both the primary and secondary markets for RO Scheme assets.

Portfolio performance

The performance of the operational portfolio continues to be encouraging and demonstrates a trend of generation which is higher than that originally modelled. This was offset in the period by lower than average irradiation, by which I mean a shortage of sunshine. The Company has seen more evidence of the benefits of the engagement with BSL, the Bristol-based asset monitoring and engineering consultancy that is monitoring the BSIF portfolio, and believes this arrangement will continue to add value to the Company in years to come.

Valuation

The latest asset valuation gives a modest reduction to the NAV net of dividends and, as before, full disclosure of the methodology and assumptions underpinning this are detailed on pages 20 to 26. I would like to highlight some points in this section:

1. The adoption of the revised December 2015 power curve has resulted in a £24.8 million reduction in the valuation;
2. Your Board committed to leverage the portfolio by authorising an increase in the RCF in December to fund the acquisition of one of the largest UK solar portfolios and has allowed for the addition of an appropriate level of structural debt and corresponding tax shield within the portfolio valuation.
3. The equity discount rate remains constant at 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 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.

Chairman's Statement

Outlook

The UK solar industry is still young and has experienced very high levels of growth in the past few years. Despite the market facing considerable headwinds, in the form of lower power prices, the Company has delivered a strong set of returns.

In a time of considerable uncertainty, especially for a new sector and Company such as BSIF, it is important that we continue to offer a high level of disclosure and transparency. I trust you will find this in our results.

And, finally, there remains a compelling and long-term opportunity for shareholders of BSIF. It remains, in my view, an attractively priced sector where the Company is achieving high infrastructure level returns with low levels of leverage, and with contracted, long dated and predominately regulated and indexed revenues. We strongly believe that the UK solar sector remains an interesting place for investors and that the market continues to offer appealing risk adjusted returns and dividends.

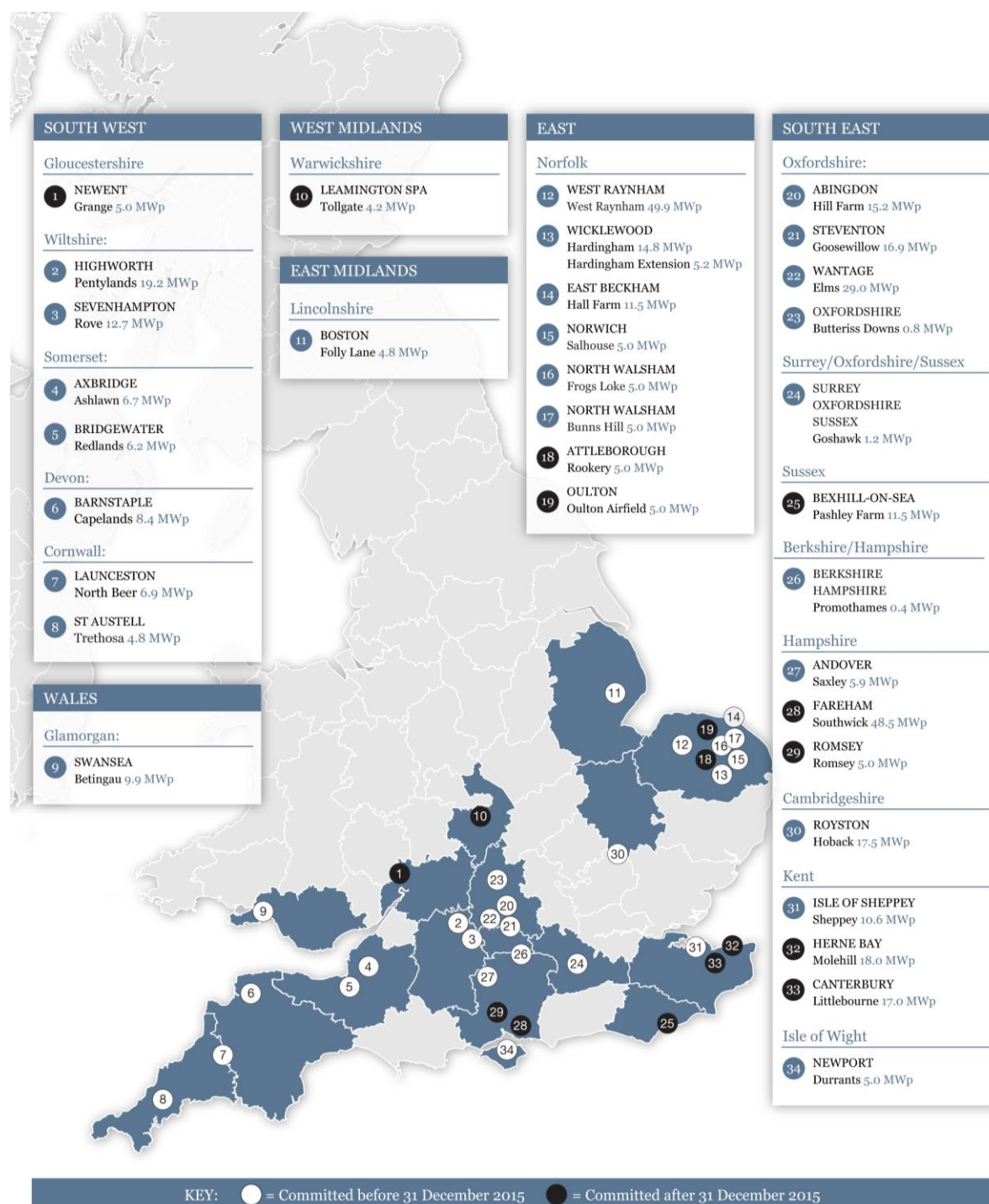
John Rennocks

Chairman

23 February, 2016

The Company's Investment Portfolio (as at 23 February 2016)

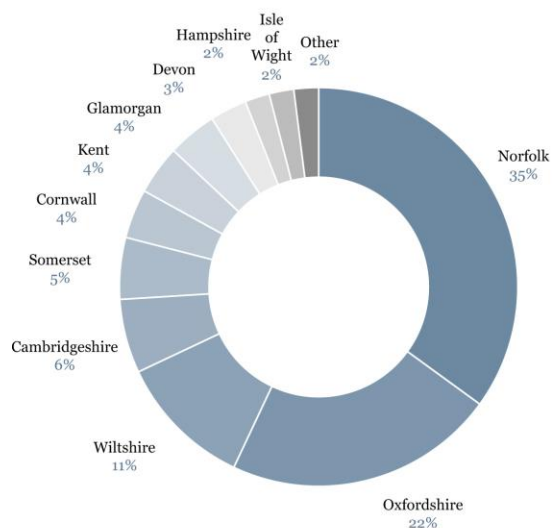
The Company has a geographically diverse group of assets containing a range of proven solar technology and infrastructure.



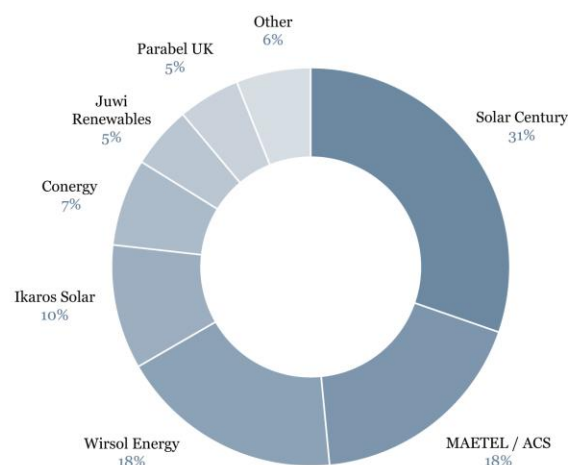
Analysis of the Company's Investment Portfolio

The portfolio breakdown by commitments made as at 31 December 2015 is as follows:

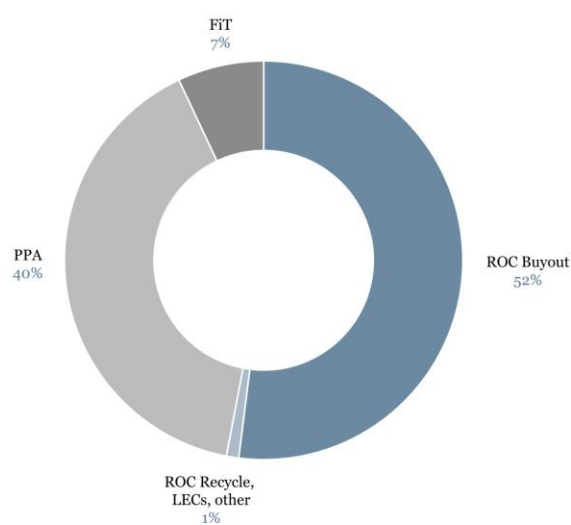
Geographical Analysis



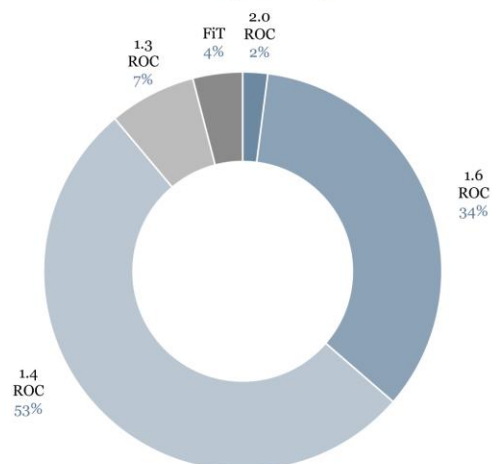
Contractor Breakdown



Revenue Type



Subsidy Vintage



Report of the Investment Adviser

Introduction

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 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 60 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.

1. Portfolio Developments

Portfolio Performance

The Company's operating portfolio as at 31 December 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 | Solarcentury | Oxfordshire | 1.6 ROCs | 15.2 |
| Hardingham | Solarcentury | 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 | Solarcentury | 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 | Solarcentury | Hertfordshire | 1.4 ROCs | 17.5 |
| Roves | Wirsol Energy | Wiltshire | 1.4 ROCs | 12.7 |
| Sheppey | Solarcentury | 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 | Solarcentury | Norfolk | 1.4 ROCs | 5.2 |
| Salhouse | Wirsol Energy | Norfolk | 1.3 ROCs | 5.0 |
| Durrants | REC | Isle of Wight | FiT | 5.0 |
| Goshawk (10x Thames Water & 1x Adnams) | British Gas | Surrey/Oxfordshire/ Suffolk | FiT | 1.2 |
| Trethosa | Wirsol Energy | Cornwall | FiT | 4.8 |
| Rhydy Pandy - Butteriss Downs (20 sites) | Trina/LDK | Oxfordshire | FiT | 0.8 |
| Rhydy Pandy - Promothames (9 sites) | Trina/LDK | Berkshire/ Hampshire | FiT | 0.4 |
| Total | | | | 263.7 |

Report of the Investment Adviser (continued)

1. Portfolio Developments (continued)

As at 31 December 2015, the Company had an operational portfolio of 60 PV plants committing £301.8 million and delivering an annual energy capacity of 263.7 MWp. In addition to the operating portfolio the Company also had a further 3 plants under construction; committing £16.3 million for an energy capacity of 14.8 MWp. Located across the south of England and Wales, the investments are geographically diverse, have been constructed by 11 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 2015 and the performance of those plants acquired and constructed during the period.

During the period, despite irradiation levels being c. 4.5% below long-term average forecasts and a small number of isolated faults (all remedied in the period and covered through contractual protection) on three projects, generation of the plants owned and operational in June 2015 was down only 4.4% at 105.9 GWh against a forecasted generation 110.8 GWh. A result driven in part by effective operational management by BSL on the behalf of the Company. This resulted in an overall Performance Ratio (indicator of the performance of the plants) c. 1.7% above investment case.

Lower generation and downward pressure on power prices were offset by the effective management of power price exposure. The strong operational performance and our contractual protections allowed the Company to generate revenues in the period only 2.8% below forecast, notwithstanding the weather.

More specifically, the limited underperformance of revenue against forecast is particularly pleasing in light of the continuing decline in power prices over the last 6 months and the significantly lower than expected levels of irradiation. This serves to further confirm the effectiveness of the Company's PPA strategy, which aims to minimise the Company's exposure to short-term price volatility, and achieved an average power price across the portfolio of £47.4 per MWh against average 'day ahead' peak prices which ranged from £43.7/MWh to £39.8/MWh over the same period.

The impact of the fall in power prices over the period and the Company's exposure to the power market for revenue is discussed in detail in the section below on PPA strategy.

In addition, the Company's ability to recover performance liquidated damages (£261,000) and insurance claims (£136,000) within the period is testament to the strong contractual protections in place.

Report of the Investment Adviser (continued)

1. Portfolio Developments (continued)

The plants acquired and constructed in the period, namely Salhouse, Trethosa, Rhydy Pandy (Butteriss and Promothames), have all met expectations on revenue and generation during their initial period of operation to 31 December 2015.

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 31 December 2015 and provide contractual entitlement to recovery of damages as a result of operational underperformance against the contractual performance warranty. These warranties provide significant ongoing protections regarding non-weather related project underperformance. In practice, with very few exceptions, our plants have been performing at, or above, expectations.

PPA strategy

Over the period 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 combination of the renewal strategy with the acquisition in January 2016 of c. 95 MWp operational plants with long-term PPA with attractive fixed power prices until Q1 2018 provide significant comfort in the price certainty for the Company. Over the next two semesters (January to June 2016 and July to December 2016) the Company has a price confidence level of respectively c. 91% and c. 79% over its revenues stream.

The PPA counterparties are selected on a 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 period show that the sale of electricity accounts for 40% of the Company's income. Regulated revenue from the sale of FiTs, ROCs and LECs accounted for 60%.

Despite a drop of c. 2.5% in market peak power prices recorded over the reporting period compared to the previous 6 months, the average power price achieved through the quarterly fixing across the portfolio was £47.4 per MWh compared to £48.1 per MWh achieved over the same period in the year ended 30 June 2015 – a reduction of 1.46%.

The strong performance of the portfolio combined with the contractual protections for the period of underperformance in the projects enabled the Company to undershoot its target revenues by only a narrow margin, notwithstanding the environment of significantly weaker power prices, combined with a lack of sunshine leading to reduced irradiation.

Report of the Investment Adviser (continued)

1. Portfolio Developments (continued)

Power Price Sensitivity

Analysis of the Company's portfolio and its exposure to power price variations affirms the robust nature of the revenues and the Company's ability to deliver its dividends in the coming years. This is partly due to the majority of revenues being regulated (60%) and also due to the Investment Adviser having applied a prudent power price forecast when making acquisitions.

In quantifying the impact of changes in the wholesale power price market, the Company's portfolio has been analysed based upon the assumption that the dividend target for the period to June 2018 is met at a base case power price assumption of £40.0 per MWh, with any excess cash generated used to make debt repayments.

Although in practice in the period January - June 2016 the average PPA fix across the portfolio is £46.0 per MWh and no repayment of debt is expected within this period.

Indicative sensitivity analysis, excluding specific debt repayment profiling, has been performed to highlight the impact further declines in power prices could have on the level of expected dividends in the period to June 2018.

Dividend Target sensitivity (based upon Investment Adviser forecasts):

| Financial year ending 30 June | 2016* | 2017 | 2018 |
|--------------------------------------|--------------|-------------|-------------|
| Target, pence per share | 3.82 | 7.25 | 7.43 |
| Power Price £40/MWh | 3.82 | 7.25 | 7.43 |
| Power Price £35/MWh | 3.76 | 6.91 | 6.89 |
| Power Price £30/MWh | 3.69 | 6.55 | 6.31 |
| Power Price £25/MWh | 3.63 | 6.20 | 5.74 |
| Power Price £20/MWh | 3.57 | 5.84 | 5.16 |
| Power Price £0/MWh | 3.31 | 4.42 | 2.86 |

*The 2016 dividend target is adjusted to reflect the 3.25 pence per share interim dividend that has already been paid. The 2017 and 2018 dividend targets reflect a 2.5% RPI uplift assumption.

The impact of power prices on NAV is set out below in the valuations section.

Report of the Investment Adviser (continued)

1. Portfolio Developments (continued)

Analysis of Investment Income Generation

The favourable performance of the portfolio has resulted in the Company achieving its target in respect of the income generated to support the 1st interim dividend of 3.25 pence with the release of income accrued but not distributed at Investment SPV level as at 30 June 2015 funding the 3rd and 4th interim dividends for the year ended 30 June 2015.

As set out in the table below, the Company has paid dividends totalling 3.25 pence per share in respect of the period under review. The analysis highlights the underlying EPS for this period.

| | |
|---|--------------------|
| Investment Income Generated | £20,231,872 |
| Accrued Income as at 30 June 2015 | £14,456,344 |
| Accrued Income as at 31 December 2015 | £5,545,057 |
| Change in Accrued Income in the period | -£8,911,287 |
| Total Investment Income | £11,320,585 |
| Operating Costs | -£2,727,080 |
| | £8,593,505 |
| Income retained from Financial Year 14/15 | £1,361,767 |
| Total Underlying Earnings | £9,955,272 |
| Number of shares | 278,417,224 |
| Underlying EPS | 3.58 |

| Dividend paid/ Earnings Carried forward | Pence per share | Number of shares | Amount |
|---|------------------------|-------------------------|---------------|
| Dividend paid 15 December 2015 | 3.25 | 278,417,224 | £9,048,562 |
| Earnings carried forward pre 4 December 2015 issue | 0.33 | 278,417,224 | £906,710 |
| Earnings carried forward post 4 December 2015 issue | 0.29 | 309,417,224 | £906,710 |

Report of the Investment Adviser (continued)

2. Acquisitions

During the period the Company successfully completed the acquisition of 34 additional plants through 7 acquisitions for the total consideration of £31.7 million as set out in the table below:

| Project | Contractor | Region | ROC banding/FiT | MWp | Status |
|---|---------------|-------------------------|-----------------|-------------|-----------------------|
| Salhouse | Wirsol Energy | Norfolk | 1.3 ROCs | 5.0 | Operational |
| Trethosa | Wirsol Energy | Cornwall | FiT | 4.8 | Operational |
| Rhydy Pandy- Butteriss Downs (20 sites) | Trina/LDK | Oxfordshire | FiT | 0.8 | Operational |
| Rhydy Pandy- Promothames (9 sites) | Trina/LDK | Berkshire/ Hampshire | FiT | 0.4 | Under construction |
| Frogs Loke | Solarcentury | Norfolk | 1.3 ROCs | 5.0 | Under construction |
| Bunns Hill | Solarcentury | Norfolk | 1.3 ROCs | 5.0 | Under construction |
| Folly Lane | Solarcentury | Lincolnshire | 1.3 ROCs | 4.8 | Under construction |
| Total | | | | 25.8 | |

This expands the portfolio to 26 projects, covering 63 plants, with a combined capacity of 278.5 MWp. Details of the acquisitions made in the period are outlined below, all of which are 100% owned by BSIFIL.

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 became operational in October 2015 and has been accredited under the 1.3 ROC regime. The plant uses REC modules and Huawei inverters and was funded initially by the original RCF and refinanced through the proceeds of the Placement completed in December 2015.

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 became operational in October 2015 and is expected to be accredited under the FiT regime, achieving a tariff of £61.6/MWh. The plant uses REC modules and Huawei inverters and was funded initially by the original RCF and refinanced through the proceeds of the Placement completed in December 2015.

Report of the Investment Adviser (continued)

2. Acquisitions (continued)

Rhydy Pandy - Butteriss Downs, Oxfordshire; and Promothames, Berkshire & Hampshire

On 21 August 2015 terms were agreed with private shareholders for a 100% subsidiary of BSIFIL to acquire two solar PV portfolio holding companies, projects Butteriss Downs, and Promothames. The two project holding companies hold a total of 29 operational solar PV plants located on, and connected to, industrial sites in the UK owned by Thames Water Utilities. The total installed capacity is 1.254 MWp, and the projects benefit from the FiT and PPA agreements with Thames Water where the power produced by the PV system is consumed by the site. Purchase of 100% of projects Butteriss Downs and Promothames completed on 21 August 2015. As Bluefield acted as the Investment Adviser to the seller as well as to the Company in the transaction, and Members or employees of Bluefield 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 (see Note 18).

The acquisitions were funded initially by the original RCF and refinanced through the proceeds of the Placement completed in December 2015.

Frogs Loke, Norfolk

On 17 December 2015 terms were agreed with Solarcentury 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 Canadian Solar modules and SMA inverters and is now funded through the RBS and Investec amended acquisition facility.

Bunns Hill, Norfolk

On 18 December 2015 terms were agreed with Solarcentury 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 Neo Solar Europe modules and SMA inverters and is now funded through the RBS and Investec amended acquisition facility.

Folly Lane, Lincolnshire

On 17 December 2015 terms were agreed with Solarcentury as EPC contractor to build a 4.8 MWp solar farm in Lincolnshire. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use Canadian Solar modules and Huawei inverters and is now funded through the RBS and Investec amended acquisition facility.

Report of the Investment Adviser (continued)

2. Acquisitions (continued)

Post period end acquisitions:

Since the period end, the Company has completed a significant £148.6 million phase of acquisitions through a combination of purchasing five construction assets, contracted with Solarcentury (a total of 24.3 MWp) and four operational assets (a total of 95 MWp). This further round of acquisition was driven principally by two strategic drivers:

- (i) To facilitate the Company's strategy to take on structural leverage (targeted to stabilise at circa 30% of GAV) which will support the Company in delivering its long-term income targets;
- (ii) To provide a significant short-term power price hedge – the secondary assets benefiting from fixed power prices to 2018 at attractive rates relative to those available in the market today.

The acquisitions have resulted in a significant increase in scale of the Company's portfolio from 278.5 MWp at 31 December 2015 to 397.8 MWp to date. This increase in scale is also expected to be beneficial for the Company in facilitating economies of scale.

Rookery, Norfolk

On 18 January 2016 terms were agreed with Solarcentury 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 Canadian Solar modules and SMA inverters and is being funded through the RBS and Investec amended acquisition facility.

Grange, Gloucestershire

On 21 January 2016 terms were agreed with Solarcentury as EPC contractor to build a 5.0 MWp solar farm in Gloucestershire. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use Canadian Solar modules and Huawei inverters and is being funded through the RBS and Investec amended acquisition facility.

Southwick, Hampshire

On 22 January 2016 terms were agreed with Primrose Solar to purchase a 48.5 MWp solar farm in Hampshire. The project became operational on 9 March 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Solarcentury. The plant uses JA Solar modules and Power One and ABB inverters, and is being funded through the RBS and Investec amended acquisition facility.

Littlebourne, Kent

On 22 January 2016 terms were agreed with Primrose Solar to purchase a 17.0 MWp solar farm in Kent. The project became operational on 20 October 2014 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters, and is being funded through the RBS and Investec amended acquisition facility.

Pashley, Sussex

On 22 January 2016 terms were agreed with Primrose Solar to purchase an 11.5 MWp solar farm in Sussex. The project became operational on 13 February 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters, and is being funded through the RBS and Investec amended acquisition facility.

Report of the Investment Adviser (continued)

2. Acquisitions (continued)

Post period end acquisitions (continued):

Molehill, Kent

On 22 January 2016 terms were agreed with Primrose Solar to purchase an 18.0 MWp solar farm in Kent. The project became operational on 24 March 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters, and is being funded through the RBS and Investec amended acquisition facility.

Tollgate, Warwickshire

On 27 January 2016 terms were agreed with Solarcentury as EPC contractor to build a 4.3 MWp solar farm in Warwickshire. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use Canadian Solar modules and Huawei inverters and is being funded through the RBS and Investec amended acquisition facility.

Romsey, Hampshire

On 10 February 2016 terms were agreed with Solarcentury as EPC contractor to build a 5.0 MWp solar farm in Hampshire. The project is currently under construction and is expected to be accredited under the 1.3 ROC regime. The plant will use Canadian Solar modules and Huawei inverters and is being funded through the RBS and Investec amended acquisition facility.

Oulton, Norfolk

On 10 February 2016 terms were agreed with Solarcentury 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 Canadian Solar modules and SMA inverters and is being funded through the RBS and Investec amended acquisition facility.

3. 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.

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 most recent of which was the independent review completed by EY for the 30 June 2015 Annual Report.

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 Invest Europe, application of which is considered consistent with the requirements of compliance with IAS 39 and IFRS 13.

In accordance with these guidelines the Investment Adviser has prepared its valuations either on the basis of cost for investments made shortly before the valuation date, or on the basis of DCF methodology, exercising its judgement in assessing the expected future cashflows, project life, financial model and discount rate.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 31 December 2015 is £324.2 million (30 June 2015: £296.8 million).

Report of the Investment Adviser (continued)

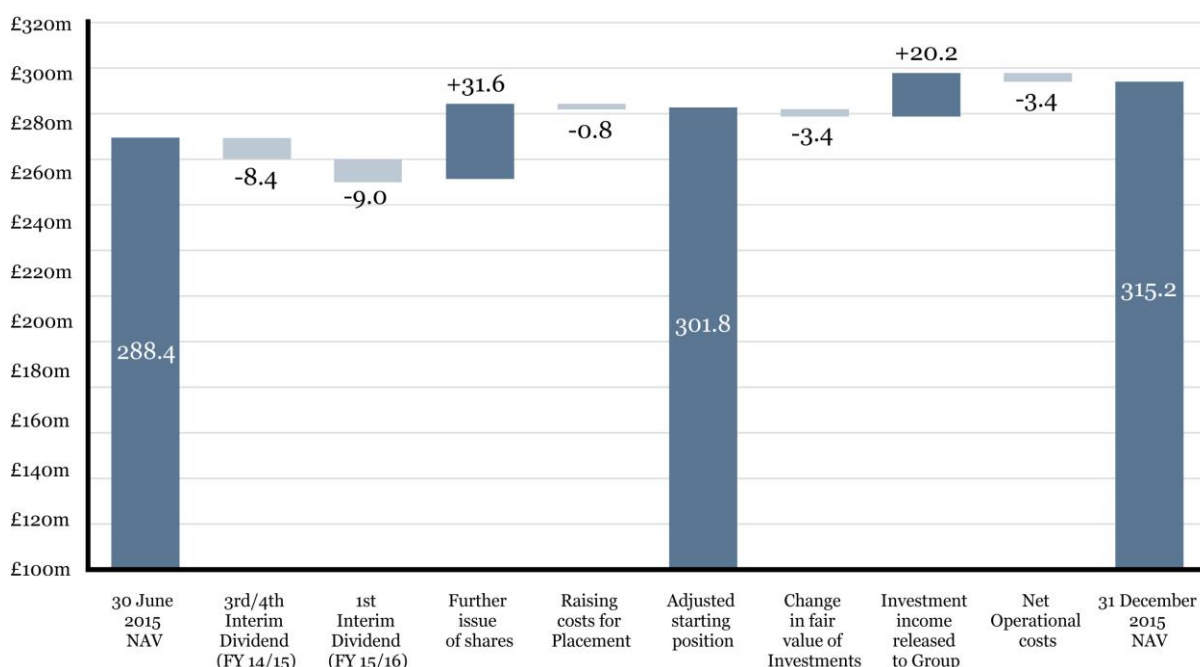
3. NAV and valuation of the Portfolio (continued)

NAV movement

The Company issued shares to the value of £31.6 million (gross) in the period and paid total dividends of £17.4 million, being 3 pence per share in total for the 3rd and 4th interim dividends in respect of the period ending 30 June 2015 (when combined with the earlier interim dividends, these provide a total dividend in the 2014/15 financial year of 7.25 pence per share). 3.25 pence per share was paid in December 2015 as a first interim dividend in respect to the current reporting period.

Adjusting the 30 June 2015 NAV of £288.4 million for the net contribution of shares raised in the period (£30.8 million) and the dividends paid in the period (£17.4 million), the uplift in the NAV of the Company during the period was £13.4 million, or 4.6%.

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



Whilst the movements in the graph 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.

Changes to Portfolio valuation methodology

In the period between July 2015 and December 2015 a number of key developments have emerged in the UK solar and broader macroeconomic markets.

Forward looking regulatory changes in UK solar and the resulting expectation of a slowdown in growth of the primary market has led to increasing competitive pressure in the pricing of new transactions, which was matched by a reduction during the period of the Company's investment activities, as the Company purchased only five primary assets, totalling 24.6 MWp.

Report of the Investment Adviser (continued)

3. NAV and valuation of the Portfolio (continued)

In parallel, continued expectation of economic slowdown has led to historic lows in interest rates, combined with increasing availability of long-term fixed-rate financing. These market factors, together with a scarcity of large scale solar plant capacity available for sale, have in the Directors' opinion (taking into account the views provided by the Investment Adviser) resulted in some increases in solar asset pricing, even in the face of significant headwinds facing power prices materialising in the form of declining average power offtake prices and significant drops in long-term power price forecasts.

In light of these factors the Board has considered in detail the implications of these dynamics on the Directors' Valuation. Based upon advice from the Investment Adviser, the Directors concluded that there is no basis for reducing the equity discount rate applied to the Directors' Valuation, since while competitive pressure has increased, power price and regulatory factors alone do not present an environment which justifies a falling cost of equity.

The Directors' Valuation is therefore based upon an unchanged equity discount rate of 7.5%. This discount rate was evaluated in detail in the 30 June 2015 Annual Statements.

Up until the 30 June 2015 valuation, the Directors' Valuation has been based upon an assumption of zero debt and zero tax shielding from interest. It is notable, however, that in the period to 31 December 2015 a number of key players in the UK solar sector - including BSIF - have announced long-term debt facilities or the intention to put in place long-term debt facilities. This has been widely reported within the listed renewable energy sector.

More specifically, the Company has progressed a defined strategy to introduce structural debt to the portfolio, which has as at the date of this Interim Statement resulted in the announcement of the Company's 100% subsidiary, BSIFIL, entering into a syndicated bank financing agreement of £200 million in January 2016. This short-term debt, which has been utilised to make new investment commitments of £165 million since the date of signing of the facility, has resulted in an increase in the leverage of BSIF from 8.0% to 36.8% of GAV (assuming investment commitments fully included in GAV and debt drawings). The Company has a target to achieve long-term structural leverage of 25-35%, via the issuance of long-term debt supplemented by a smaller revolving acquisition facility.

On the basis of consideration of both the increase in use of leverage across the UK solar market, including within the listed sector, as well as specifically the introduction of new leverage to the Company, the Directors have concluded that it is no longer appropriate to value the Company's portfolio on the basis of zero leverage. The Directors' Valuation has therefore now adopted an assumed long-term leverage, resulting in a reduction in WACC and a limited degree of tax shielding from interest on debt.

Besides the change in approach to valuation with regard to leverage, the Directors' Valuation does not incorporate any further changes to methodology regarding optimisation of costs or performance enhancement compared to the 30 June 2015 valuation or the EY independent valuation. As such, in the period the two material drivers of valuation movement are the change in power price forecast, for which the most up-to-date independent forecast has been applied consistently, and the adoption of moderate leverage assumptions in the valuation.

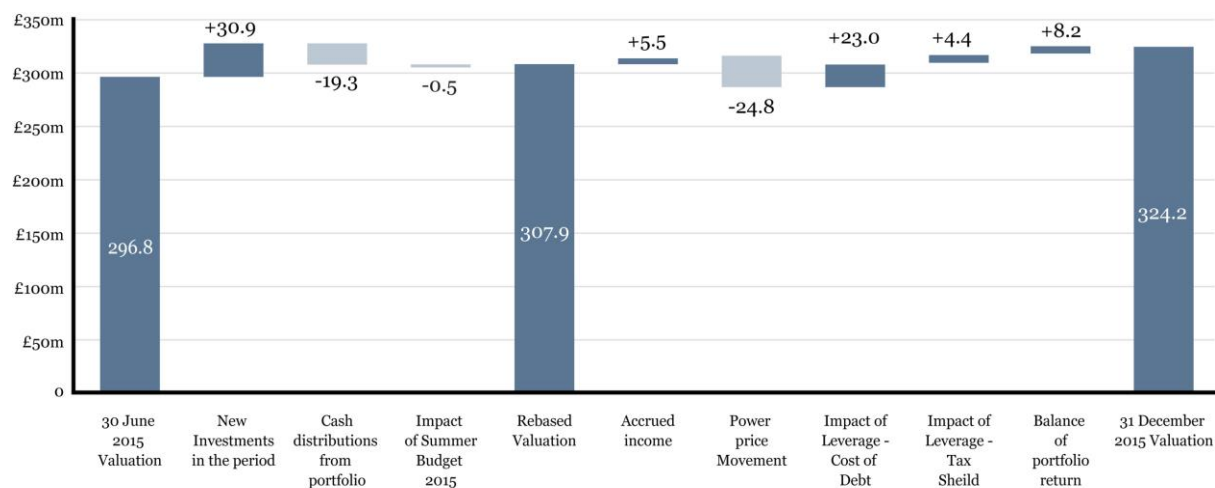
The impact on the valuation of the portfolio and the level of leverage assumed is discussed in the valuation movements section below.

Report of the Investment Adviser (continued)

3. NAV and valuation of the Portfolio (continued)

Portfolio Valuation movements

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.



| | (£million) | As % of rebased valuation |
|-----------------------------------|--------------|---------------------------|
| 30 June 2015 Valuation | 296.8 | |
| New Investments | 30.9 | |
| Cash receipts from portfolio | -19.3 | |
| Impact of Summer Budget 2015 | -0.5 | |
| Rebased Valuation | 307.9 | |
| Accrued income | 5.5 | 1.8% |
| Power Price Movement | -24.8 | -8.1% |
| Impact of Leverage - Cost of debt | 23.0 | 7.5% |
| Impact of Leverage – Tax shield | 4.4 | 1.4% |
| Balance of portfolio return | 8.2 | 2.7% |
| 31 December 2015 Valuation | 324.2 | 5.3% |

Report of the Investment Adviser (continued)

3. NAV and valuation of the Portfolio (continued)

Valuation movement during the period to 31 December 2015 (continued)

Each movement between the re-based valuation and the 31 December 2015 valuation is considered in turn below:

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 31 December 2015 is a reduction of £0.5 million to the portfolio value. The minimal impact is due to the fact the Directors' Valuation as at 30 June 2015 assumed LECs would apply for only a further 5 years. As a result, the impact of the loss of LECs on the Directors' Valuation is limited to a £4.1 million reduction. In the same Summer Budget the Chancellor announced a reduction in corporation tax to 18%, to apply from 2020. As the Company's valuation methodology had conservatively assumed no tax shielding, and as such a full impact of corporation tax on the portfolio, the valuation impact of the reduction in projected taxation rates substantially offset the impact of loss of LECs.

Accrued income

This constitutes the income built up within the individual SPVs but not distributed to the Group as at 31 December 2015.

Power Prices

During the period power prices continued to fall with a number of power forecasters reducing their wholesale power price projections. More specifically, the Company has consistently adopted the power curve of a leading independent power price forecaster in each of the Directors' Valuations. The forecaster released an updated forecast in December 2015 and this updated forecast has been applied to the Directors' Valuation. The impact of the application of the new forecast power prices was a reduction in value of £24.8 million. The independent power forecast curve implies a solar capture PPA rate of £41.48 in 2016 and a constant annual growth rate of 2.09% 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 fixed 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.

Introduction of Leverage

During the period a number of announcements of large UK solar portfolio transactions funded materially by debt occurred. Combined with the increase in the number of solar market participants accessing acquisition finance and the size of facilities being secured, not least the recent increase of the Company's own RCF to £200 million, it is the Directors' view that to reflect market activity accurately the Company's portfolio should now be valued on the basis of containing a modest level of long-term leverage, consistent with the stated Company strategy and market activity.

The Directors elected to apply a conservative level of assumed long-term leverage at 30% of GAV, and an assumed fixed cost of debt, before tax shield, of 4.5%. The tax shield resulting from the introduction of leverage to the valuation approach has been modelled based upon the assumption of a 17 year straight line amortisation of debt, which the Directors believe represents a conservative approach in the current debt market. The impact of the shift from the previous valuation basis of zero leverage to 30% assumed leverage is an uplift to the portfolio valuation of £23.0 million with the impact of the tax shield adding a further uplift of £4.4 million.

Report of the Investment Adviser (continued)

3. NAV and valuation of the Portfolio (continued)

Balance of Portfolio Return

The balance of portfolio return is comprised of the contribution from the unwinding of the discount rate and minor changes to the long- term level of asset management costs.

Other Assumptions

Consistent with previous Directors' Valuations, the valuation assumes a terminal value of zero for all projects within the portfolio 25 years after their commencement of operation. There have been no material changes to assumptions regarding the future performance or cost optimisation of the portfolio when compared to the EY valuation and Directors 30 June 2015 Valuation. On the basis of these key assumptions the Directors believe there remains further potential for NAV enhancement based upon long-term proof of plant performance and through potential for future extension of asset life.

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.

Weighted Average Cost of Capital

In determining the appropriateness of applying leverage within the Directors' Valuation as at 31 December 2015 the Investment Adviser and the Directors have reviewed the activity within the market over both the immediate and the medium term as well as referencing the analysis provided as part of the independent valuation for the year ended 30 June 2015.

The Directors reviewed analysis presented by the Investment Adviser that highlighted increasing levels of debt being announced by market participants as well as evidence that prices for projects over the period have remained stable despite a continued fall in power prices. They concluded that this was largely a consequence of an increasing contribution of leverage being used to fund acquisitions, thus lowering participants' overall cost of capital.

After reviewing the analysis presented by the Investment Adviser, the Board determined that it was appropriate to continue to adopt an equity discount rate of 7.5%, recognising that while government announcements regarding forward looking regulatory changes have created some increase in market activity, this competitive pressure has been offset by an increased investor perception of power price and regulatory uncertainties.

However, in consideration of the valuation guidelines requirement to adopt a 'willing buyer – willing seller' methodology, as set out above, the Directors have adopted an assumption of a conservative level of leverage borrowed at prudent interest rates in order to reflect both sector trends and the Company's recent adoption of portfolio leverage. The table below outlines the key assumptions applied:

| Metric | Assumption |
|-------------------------------------|-------------------|
| Equity Discount Rate | 7.5% |
| Level of leverage | 30% |
| Cost of debt (before tax shielding) | 4.5% |

The product of the above metrics is a WACC of 6.60%. The effect of debt tax shield has been modelled conservatively by calculating the actual tax shield based upon a 17 year loan tenor amortising on a straight line basis. The total interest tax shield effect is equivalent to average 7.8% of EBITDA over the 17 year assumed life of debt and average 15.2% over the first 5 years.

The Directors' Valuation includes a 2.5% long-term inflation assumption, consistent with previous Directors' Valuations.

Report of the Investment Adviser (continued)

3. NAV and valuation of the Portfolio (continued)

The Directors believe that the level of leverage, (being lower than the actual level of leverage within the Company and that typically seen within the industry), and the cost of debt (being higher than the actual level within the Company and currently available in the market) represent a prudent basis of valuation, with room for enhancement should the Company be successful in achieving the closing of long-term structural debt within its portfolio.

4. 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:

Equity Discount Rate

At 31 December 2015, all of the operational investments within the portfolio have been valued with DCF methodology on the basis of an equity discount rate of 7.5%.

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

| Equity Discount Rate | -0.5% | Base: 7.5% | +0.5% |
|--|---------------|-------------------|---------------|
| Impact on Directors' Valuation | +£9.2 million | £324.2 million | -£9.3 million |
| Implied change in NAV per Ordinary Share | +2.97p | 101.79p | -3.00p |

Cost of debt at portfolio level

The sensitivity illustrates the effect of a 0.5% increase and a 0.5% decrease in the cost of debt (before tax shield) for the portfolio, assuming in each case that the change occurs from 31 December 2015 and remains constant over the life of the project.

| Cost of debt | -0.5% | Base: 4.5% | +0.5% |
|--|---------------|-------------------|---------------|
| Impact on Directors' Valuation | +£4.1 million | £324.2 million | -£4.0 million |
| Implied change in NAV per Ordinary Share | +1.32p | 101.79p | -1.29p |

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 some 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 Portfolio would be £330.8 million with a NAV per share 103.9 pence per share, 2.1 pence above its current valuation.

| Inflation Rate | -0.25% | Base: 2.5% | +0.25% |
|--|---------------|-------------------|---------------|
| Impact on Directors' Valuation | -£6.4 million | £324.2 million | +£6.6 million |
| Implied change in NAV per Ordinary Share | -2.07p | 101.79p | +2.13p |

Report of the Investment Adviser (continued)

4. Valuation Sensitivities (continued)

Power Price

The DCF valuation is based upon a power price forecast prepared by a leading forecaster, whose up to date forecast has been applied consistently in the Directors' Valuations. The Investment Adviser has benchmarked the power price forecast options including valuing on the basis of zero real energy price inflation or applying forecasts provided by alternative forecast providers.

As set out in section 1 of this Interim Report, since IPO the Company has seen significant negative developments in both short-term power prices and long-term power price forecasts. Between the June 2015 and December 2015 Directors' Valuations the adopted power price forecast has dropped from an opening power price for 2016 of £47.97/MWh in June to £41.48/MWh in December, and creating an increase in CAGR from 1.43% in June to 2.09% in December, this shift in power forecast having an overall -£24.8 million impact of NAV.

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 sensitivity below considers a flat 20% movement in power prices across the life of the projects.

| Power Price | -20% | Base: 0% | +20% |
|--|----------------|-----------------|----------------|
| Impact on Directors' Valuation | -£31.4 million | £324.2 million | +£31.3 million |
| Implied change in NAV per Ordinary Share | -10.14p | 101.79p | +10.11p |

On the basis of the recent dynamic nature of the power market this sensitivity has been increased from 10% in previous financial reports to 20%. This reflects the Investment Adviser's view of ongoing uncertainties in power price evolution and makes power prices the single largest valuation sensitivity.

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 lower volatility of irradiation, which is largely based on predictable daylight hours, and to a much lesser extent on variable weather patterns.

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 | -£28.3 million | £324.2 million | +£28.1 million |
| Implied change in NAV per Ordinary Share | -9.14p | 101.79p | +9.09p |

Report of the Investment Adviser (continued)

4. Valuation Sensitivities (continued)

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 £3.6 million

| Tax Rate | -5% | Base (20%) | +5% |
|--|---------------|-------------------|---------------|
| Impact on Directors' Valuation | +£7.6 million | £324.2 million | -£7.6 million |
| Implied change in NAV per Ordinary Share | +2.45p | 101.79p | -2.45p |

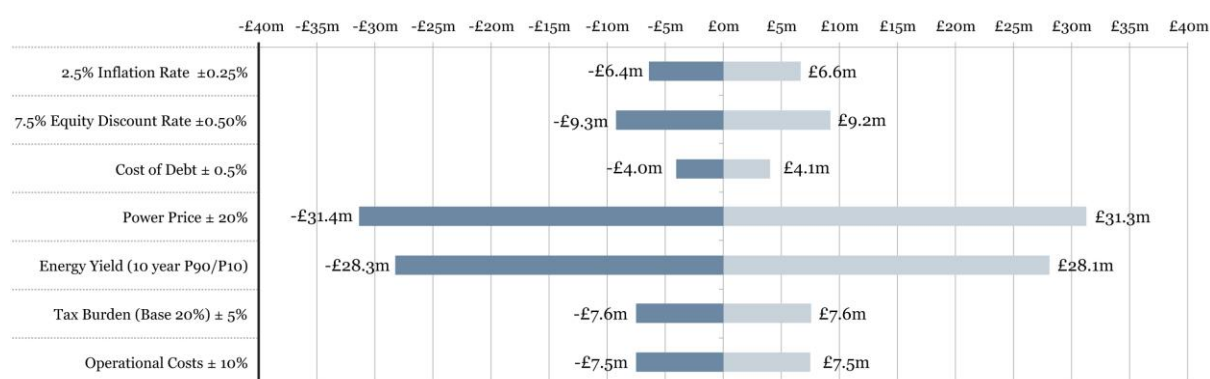
Operating costs at project company level

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 31 December 2015 and remains constant over the life of the project.

| Operating Costs | -10% | Base | +10% |
|--|---------------|----------------|---------------|
| Impact on Directors' Valuation | +£7.5 million | £324.2 million | -£7.5 million |
| Implied change in NAV per Ordinary Share | +2.42p | 101.79p | -2.42p |

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



Report of the Investment Adviser (continued)

5. 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 had a margin of 2.25% over LIBOR and was due to expire on 10 June 2017.

The Facility was drawn in the period (£32.8 million) but repaid with part of the proceeds from the Placement in December 2015. A balance of £11.5 million was drawn down at period end.

On 25 January 2016 the Company announced that an amended and restated facility agreement related to the RCF, provided by RBS and Investec, had been agreed, which increased the funds available from £50 million under the original acquisition facility up to a total of £200 million.

The restated facility agreement is being provided in three tranches; Tranche A £50 million, Tranche B £100 million and Tranche C £50 million with an overall blended rate of 2.05% over LIBOR and are due to expire as described in note 7.

6. Market Developments

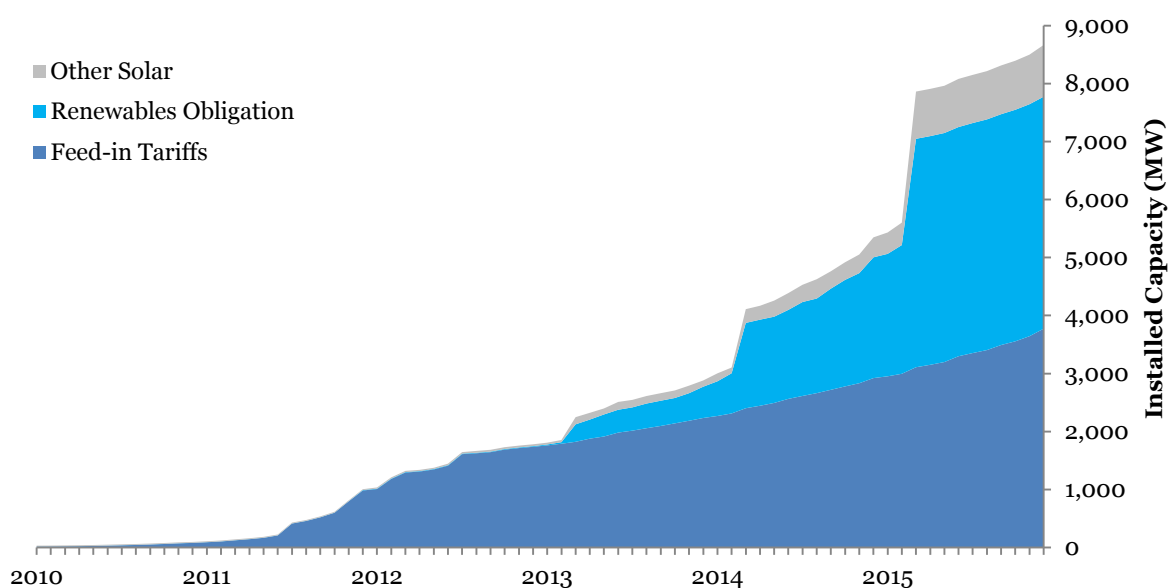


Fig B.1: UK cumulative solar PV deployment (DECC, 2016)

The latest figures released by DECC show that overall UK solar PV capacity stood at 8,667 MWp across 842,005 installations as at 31 December 2015. Installed capacity rose by 7.24% (585 MWp) in the six months to 31 December 2015. The total number of installations increased by 15.5% (112,871) in the six months to 31 December 2015.

Capacity accredited under the Renewables Obligation stood at 4,001 MWp across 15,582 installations. This represents 46% of total solar capacity, and 2% of all installations. Capacity eligible for FiTs (i.e. MCS, ROO-FiT and RO to FiT transfers) stood at 3,773 MWp across 823,045 installations. This represents 44% of total solar capacity, and 98% of all installations. Other (unaccredited) solar capacity stood at 893 MWp, representing 10% of total solar deployment.

Report of the Investment Adviser (continued)

6. Market Developments (continued)

Closure of the Renewables Obligation (RO)

DECC released a consultation dated 22 July 2015 in respect of the closure of the RO Scheme for solar PV projects having a capacity of 5 MWp or less. Following the consultation period, DECC released a response which confirms the changes proposed in the consultation. The changes confirmed by the response are set out below:

- The RO Scheme, as proposed on 22 July 2015, will be closed for ground-mounted solar PV projects having a capacity of 5 MWp or less from 1 April 2016.
- A grace period arrangement has been confirmed which is intended to protect developers who have made a significant financial commitment on or before 22 July 2015 and those that experience grid delay beyond their control. Projects that meet at least one of the grace period criteria (as set out below) will be protected from the early closure of the RO Scheme and given until 31 March 2017 to accredit.
- Projects that have a planning permission submission after 22 July 2015 will be offered a reduced banding of 0.8 ROCs instead of the current 1.3 ROCs.

With projects larger than 5 MWp excluded from the RO Scheme a year earlier, this means no further accreditation is possible for new solar PV projects irrespective of the capacity from 1 April 2016, unless they qualify for a grace period, in which case they have until 31 March 2017 to accredit. This is expected to lead to another first-quarter boom in 2016 that could rival the record 2.3 GWp added in Q1 2015.

Grace Periods

DECC in its response has confirmed it will provide closure grace periods in line with those offered when the RO Scheme was closed to new solar capacity above 5 MWp a year earlier. The grace periods to be provided are for preliminary accreditation, significant financial commitment and for delays in the planned grid connection due to factors outside developers' control.

The eligibility date is set at 22 July 2015, the date on which the consultation was published. Additional capacity added to an accredited solar PV generating station that does not take the station above 5 MWp total installed capacity will also be eligible for the significant financial commitment and grid delay grace periods.

7. Regulation

Grandfathering and Banding Review

DECC in its consultation proposed to remove grandfathering for solar PV projects with a capacity of 5 MWp or less accredited from 23 July 2015 onwards. Solar PV projects have benefitted from the principle of grandfathering, whereby a project once accredited would be guaranteed the same level of banding throughout the 20-year duration of the subsidy.

In its response, DECC has confirmed the removal of grandfathering for solar PV projects with a capacity of 5 MWp or less accredited from 23 July 2015 onwards. This means projects accredited from this date would see their ROC banding change in the future. DECC has confirmed the launch of a ROC banding review which would see banding levels reduce to 0.8 ROCs from 1 June 2016 until the next banding review.

In the same case as the early RO closure, DECC will provide an exception to the grandfathering removal for projects that meet the 'significant financial commitment' grace period criteria. In addition, DECC has confirmed it will allow projects qualifying for the exception to the removal of grandfathering to also benefit from an exception designed to provide protection against the proposed banding review reduction in support.

Report of the Investment Adviser (continued)

7. Regulation (continued)

The forward looking regulatory changes related to the closure of the RO Scheme or ROC banding review, referenced in this Section 7 and Section 6 above, do not affect the Company's existing operational portfolio; further, any assets acquired by the Company that are currently under construction, which may be impacted by such regulatory changes are confirmed to qualify for the Grace Period and the relevant grandfathering provisions.

8. Post December update

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

The Company has announced that it has entered into binding contracts on five new build 5 MWp assets, comprising two plants in Norfolk, one in Gloucestershire, one in Warwickshire and one in Hampshire. All plants are expected to become operational before 31 March 2016 and to qualify under the 1.3 ROC regime. These projects, contracted with Solarcentury, follow the 15 MWp of new build projects also contracted with Solarcentury in December 2015 and comprise part of a wider pipeline of projects under negotiation. Solarcentury will act as the EPC contractor for the plants, warranting their performance for an initial period.

In addition, the Company has also announced it acquired a portfolio of four operational solar PV assets totalling 95 MWp from Primrose Solar Management Limited. The projects in the Primrose Portfolio are located in Hampshire (48.5 MWp), Kent (17 MWp and 18 MWp) and Sussex (11.5 MWp) and have been constructed by two different contractors: Solarcentury and ib vogt. All have been accredited for 1.4 ROCs. The Primrose Portfolio, which makes up approximately 25% of the Company's portfolio, benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018.

All acquisitions post the period end have been funded using the Company's amended acquisition facility. As a result of these additional projects the total commitments, £165 million of the amended acquisition facility has now been utilised.

Bluefield Partners LLP

23 February 2016

Statement of Principal Risks and Uncertainties for the Remaining Six Months of the year to 30 June 2016

As described in the Company's annual financial statements as at 30 June 2015, the Company's principal risks and uncertainties include the following:

- Availability of large scale solar assets;
- Electricity market fluctuations;
- Under performance of plants; and
- Availability and pricing of long-term finance.

Additionally, 'Valuation errors', described as a "key risk" in the Company's annual financial statements as at 30 June 2015, has been identified as an additional principal risk and uncertainty for the remaining six months of the financial year to 30 June 2016:

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. To mitigate this risk, 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 GAV calculation and methodology used are presented to the Audit Committee and to the Board for challenge, approval and adoption. Additionally, the Investment Adviser actively monitors the output from each project on an ongoing basis and actions are taken to mitigate any shortfalls relating to the operations. Finally, ongoing quarterly reconciliations are performed between the SPVs and the Company; which includes on-site visits to the assets and the engagement of independent valuation agents.

Further information in relation to these principal risks and uncertainties, as well as other key risks identified by the Company, may be found on pages 21 to 27 of the Company's annual financial statements as at 30 June 2015.

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.

Risks are mitigated and managed by the Board through continual review, policy setting and regular reviews 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 a formal review of the risk matrix at the Audit Committee meeting held on 16 December 2015. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Group faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Directors' Statement of Responsibilities

The Directors are responsible for preparing the Interim Report and Unaudited Condensed Consolidated Interim Financial Statements in accordance with applicable regulations. The Directors confirm that to the best of their knowledge:

- the Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
- the Chairman's Statement, Report of the Investment Adviser and Statement of Principal Risks and Uncertainties for the Remaining Six Months of the year to 30 June 2016 include a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Paul Le Page
Director
23 February 2016

Independent Review Report to Bluefield Solar Income Fund Limited

Introduction

We have been engaged by Bluefield Solar Income Fund Limited (the “**Company**”) to review the condensed set of consolidated financial statements in the interim financial report for the six months ended 31 December 2015 which comprises the unaudited condensed consolidated statement of financial position, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity, unaudited condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (“the **DTR**”) of the UK's Financial Conduct Authority (“the **UK FCA**”). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union (“**EU**”). The condensed set of consolidated financial statements included in this interim financial report have been prepared in accordance with IAS 34 Interim Financial Reporting, adopted by the **EU**.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report to Bluefield Solar Income Fund Limited (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim financial report for the six months ended 31 December 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Neale D. Jehan
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Glategny Court, Glategny Esplanade
St. Peter Port,
Guernsey, GY1 1WR
24 February 2016

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2015

| | | 31 December 2015 Unaudited £ | 30 June 2015 Audited £ |
|--|------|------------------------------------|------------------------------|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets held at fair value through profit or loss | 10 | 324,243,712 | 296,827,336 |
| Trade and other receivables | 12 | 111,111 | 244,444 |
| Total non-current assets | | 324,354,823 | 297,071,780 |
| Current assets | | | |
| Trade and other receivables | 12 | 1,922,318 | 2,880,513 |
| Cash and cash equivalents | 13 | 1,889,417 | 13,273,472 |
| Total current assets | | 3,811,735 | 16,153,985 |
| TOTAL ASSETS | | 328,166,558 | 313,225,765 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest bearing borrowings | 14 | 11,500,000 | 18,900,000 |
| Total non-current liabilities | | 11,500,000 | 18,900,000 |
| Current liabilities | | | |
| Other payables and accrued expenses | 14 | 1,495,224 | 5,934,898 |
| Total current liabilities | | 1,495,224 | 5,934,898 |
| TOTAL LIABILITIES | | 12,995,224 | 24,834,898 |
| NET ASSETS | | 315,171,334 | 288,390,867 |
| EQUITY | | | |
| Share capital | | 307,740,923 | 276,959,370 |
| Other reserves | | 208,813 | - |
| Retained earnings | | 7,221,598 | 11,431,497 |
| TOTAL EQUITY | 16 | 315,171,334 | 288,390,867 |
| Number of Ordinary Shares in issue at period/year end | 16 | 309,417,224 | 278,417,224 |
| Net Asset Value per Ordinary Share (pence) | 9 | 101.79 | 103.58 |

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by a committee of the Board of Directors on 23 February 2016 and signed on their behalf by:

John Rennocks
Director
23 February 2016

Paul Le Page
Director

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

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2015

| | Note | Six months ended 31 December 2015 Unaudited £ | Six months ended 31 December 2014 Unaudited £ |
|---|------|--|--|
| Income | | | |
| Income from investments | 4 | 2,098,950 | 864,341 |
| Interest income from cash and cash equivalents | | 5,496 | 69,092 |
| | | 2,104,446 | 933,433 |
| Net gains on financial assets held at fair value through profit or loss | 10 | 14,632,624 | 7,788,100 |
| Operating income | | 16,737,070 | 8,721,533 |
| Expenses | | | |
| Administrative expenses | 5 | 2,130,161 | 1,770,169 |
| Transaction costs | 6 | 818,811 | 471,561 |
| Operating expenses | | 2,948,972 | 2,241,730 |
| Operating profit | | 13,788,098 | 6,479,803 |
| Finance costs | 7 | 596,919 | 423,982 |
| Total comprehensive income before tax | | 13,191,179 | 6,055,821 |
| Taxation | 8 | - | - |
| Total comprehensive income for the period | | 13,191,179 | 6,055,821 |
| Attributable to: | | | |
| Owners of the Company | | 13,191,179 | 6,055,821 |
| Earnings per share: | | | |
| Basic and diluted (pence) | 15 | 4.66 | 3.48 |

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

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

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2015 (unaudited)

| | Note | Number of Ordinary Shares | Other reserves £ | Share capital £ | Retained earnings £ | Total equity £ |
|--|--------------|---------------------------------|------------------------|-----------------------|---------------------------|--------------------|
| Shareholders' equity at 1 July 2015 | | 278,417,224 | - | 276,959,370 | 11,431,497 | 288,390,867 |
| Shares issued during the period: | | | | | | |
| 30,098,639 Ordinary Shares issued via placing | 16 | 30,098,639 | - | 30,700,612 | - | 30,700,612 |
| 901,361 Ordinary Shares issued via offer | 16 | 901,361 | - | 919,388 | - | 919,388 |
| Ordinary Shares to be issued in settlement of variable fee | 16 | - | 208,813 | - | - | 208,813 |
| Share issue costs | 16 | - | - | (838,447) | - | (838,447) |
| Dividends paid | 16,17 | - | - | - | (17,401,078) | (17,401,078) |
| Total comprehensive income for the period | | - | - | - | 13,191,179 | 13,191,179 |
| Shareholders' equity at 31 December 2015 | | 309,417,224 | 208,813 | 307,740,923 | 7,221,598 | 315,171,334 |

For the six months ended 31 December 2014 (unaudited)

| | | Number of Ordinary Shares | Other reserves £ | 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 | | 120,000,000 | - | 123,000,000 | - | 123,000,000 |
| 7,500,000 Ordinary Shares issued via placing | | 7,500,000 | - | 7,687,500 | - | 7,687,500 |
| Share issue costs | | - | - | (2,235,495) | - | (2,235,495) |
| Shares issued as consideration for SPV investment | | 7,490,540 | - | 7,725,956 | - | 7,725,956 |
| Dividends paid | | - | - | - | (7,773,343) | (7,773,343) |
| Total comprehensive income for the period | | - | - | - | 6,055,821 | 6,055,821 |
| Shareholders' equity at 31 December 2014 | | 278,417,224 | - | 277,015,727 | 5,120,731 | 282,136,458 |

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2015

| | | Six months ended 31 December 2015 Unaudited £ | Six months ended 31 December 2014 Unaudited £ |
|---|-----------|--|--|
| | Note | | |
| Cash flows from operating activities | | | |
| Total comprehensive income for the period | | 13,191,179 | 6,055,821 |
| Adjustments: | | | |
| Decrease/(Increase) in trade and other receivables | | 1,091,528 | (226,093) |
| Increase in other payables and accrued expenses | | 574,925 | 1,075,445 |
| Net gains on financial assets held at fair value through profit or loss | 10 | (14,632,624) | (7,788,100) |
| Finance expense on revolving loan facility | 7 | 348,122 | 74,449 |
| Movement in other reserves relating to Investment Adviser variable fee shares | 16 | 208,813 | - |
| Net cash generated from/(used in) operating activities | | 781,943 | (808,478) |
| Cash flows from investing activities | | | |
| Purchase of financial assets held at fair value through profit or loss | | (35,925,777) | (48,913,438) |
| Receipts from SPV investments held at fair value through profit or loss | 10 | 18,127,426 | 5,689,741 |
| Net cash used in investing activities | | (17,798,351) | (43,223,697) |
| Cash flow from financing activities | | | |
| Proceeds from issue of Ordinary Shares | 16 | 31,620,000 | 138,413,456 |
| Issue costs paid | 16 | (838,447) | (2,235,495) |
| Dividends paid | 16,17 | (17,401,078) | (7,773,343) |
| Drawdown on revolving loan facility | 14 | 24,700,000 | 19,500,000 |
| Repayment of revolving loan facility - capital | 14 | (32,100,000) | (19,500,000) |
| Repayment of revolving loan facility - interest | 7 | (348,122) | (74,449) |
| Net cash generated from financing activities | | 5,632,353 | 128,330,169 |
| Net (decrease)/increase in cash and cash equivalents | | (11,384,055) | 84,297,994 |
| Cash and cash equivalents at the start of the period | | 13,273,472 | 11,287,130 |
| Cash and cash equivalents at the end of the period | 13 | 1,889,417 | 95,585,124 |

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 31 December 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 Guernsey Financial Services Commission.

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2015 comprise the financial statements of the Company and its wholly owned subsidiary, BSIFIL, as at 31 December 2015.

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

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

2. Accounting policies

a) Basis of preparation

The financial statements, included in this interim report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU and the Disclosure and Transparency Rules of the Financial Conduct Authority. The same accounting policies, presentation and methods of computation are followed in these financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2015.

These financial statements have been prepared under the historical cost convention with the exception of financial assets held at fair value through profit or loss and in accordance with the provisions of DTR.

These financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2015, which were prepared under full IFRS requirements as adopted by the EU.

Functional and presentation currency

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

Seasonal and cyclical variations

Although the bulk of the Company's generation occurs during the summer months when the days are longer, the Group's results do not vary significantly during reporting periods as a result of seasonal activity.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

2. Accounting policies (continued)

b) Going concern

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 these 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 these financial statements.

c) 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, 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 financial statements.

For management purposes, the Group is engaged in a single segment of business, being investment in UK solar energy infrastructure assets via SPVs, and in one geographical area, the UK.

d) Acquisitions settled through share consideration

Where an acquisition of an investment asset by BSIFIL is settled by consideration of shares in the Company, the number of shares issued is determined using the fair value of each share at the time of the acquisition (see Note 16).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

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

The preparation of these 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 financial statements has been identified as the risk of misstatement of the valuation of the SPV investments (see Note 10).

The estimates and underlying assumptions are reviewed on an ongoing 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.

Accounting for subsidiaries

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. These amendments have yet to be endorsed by the European Financial Reporting Advisory Group. The Board is currently assessing the full impact of these.

The Group continues to consolidate BSIFIL and holds all SPV investments at fair value. At 31 December 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. Under the amendments, the net assets of BSIFIL, which at 31 December 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

4. Income from investments

| | Six months ended 31 December 2015 £ | Six months ended 31 December 2014 £ |
|--|---|---|
| Consultancy services fee income | 1,269,977 | 864,341 |
| Monitoring fee in relation to loans supplied | 828,973 | - |
| | 2,098,950 | 864,341 |

BSIFIL has entered into consultancy agreements with each SPV for the provision of 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.

BSIFIL also provides monitoring and loan administration services to all SPVs, for which an annual fee is charged, payable in arrears.

5. Administrative expenses

| | Six months ended 31 December 2015 £ | Six months ended 31 December 2014 £ |
|---|---|---|
| Investment advisory base fee (see Note 18) | 1,217,751 | 872,286 |
| Investment advisory variable fee (to 30 June 2015) (see Note 18) | 208,813 | - |
| Legal and professional fees | 92,571 | 259,911 |
| Provision for VAT | - | 215,840 |
| Bank and financing costs | 193,683 | - |
| Administration fees (see Note 18) | 142,760 | 121,607 |
| Directors' remuneration (see Note 18) | 85,447 | 73,096 |
| Audit fees | 41,425 | 21,643 |
| Non-audit fees | 12,500 | 20,850 |
| Broker fees | 25,027 | 25,745 |
| Regulatory Fees | 19,145 | 13,048 |
| Registrar fees | 18,998 | 15,302 |
| Insurance | 33,979 | 20,581 |
| Listing fees | 5,803 | 81,801 |
| Other expenses | 32,259 | 28,459 |
| | 2,130,161 | 1,770,169 |

6. Transaction costs

| | Six months ended 31 December 2015 £ | Six months ended 31 December 2014 £ |
|---|---|---|
| Investment acquisitions – completed | 321,764 | 168,032 |
| Investment acquisitions – completed subsequent to the period end | 490,927 | - |
| Other investment acquisitions | 6,120 | 303,529 |
| | 818,811 | 471,561 |

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

7. Finance costs

| | Six months ended 31 December 2015 £ | Six months ended 31 December 2014 £ |
|--------------------|---|---|
| Arrangement fees | 133,333 | 133,333 |
| Loan facility fees | 115,464 | 216,200 |
| Loan interest | 348,122 | 74,449 |
| | 596,919 | 423,982 |

On 11 June 2014, the Group entered into a three-year revolving acquisition facility for up to £50m with RBS, which expires on 10 June 2017. During the first six months of the financial year, the Group had drawn down amounts of £24.7 million from this facility. The facility is subject to an interest rate margin of 2.25% over LIBOR and arrangement fee of 1.6% over total commitment, secured against the Group's assets. The arrangement fee is to be amortised over the three year term of the loan facility. Interest charged for the six months ended 31 December 2015 amounted to £348,122 (31 December 2014: £74,449). In December 2015 £32.1 million was repaid on this facility. The balance of the loan at 31 December 2015 was £11.5 million (31 December 2014: £Nil).

On 21 January 2016, after the period end, the original three-year revolving acquisition facility detailed above was amended and restated. The revised credit facility increases the funds available from £50 million to £200 million and is being provided by RBS and Investec. The facility is divided into three tranches, the details of which are shown below:

| | Tranche A | Tranche B | Tranche C |
|---------------------|-----------------|-------------------|--------------------|
| Amount | £50m | £100m | £50m |
| Type | Term Loan | Term Loan | Revolving Facility |
| Margin (over LIBOR) | 190 bps | 210 bps | 210bps |
| Tenor | 20 January 2017 | 30 September 2017 | 30 September 2017 |

As at 31 December 2015, £108.7 million (30 June 2015: £111.8 million) of the Group's assets have been pledged as security against the Group's revolving loan facility.

Leverage as at 31 December 2015 is 3.52% (30 June 2015: 6.15%) calculated by the commitment method and 3.54% (30 June 2015: 6.43%) 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 (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 2015 was 21% and from 1 April 2015 is 20%. This is due to decrease to 19% in 2017 and to 18% by 2020.

At the period end, BSIFIL had taxable profits of £10,395,412 (31 December 2014: £4,708,214) 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 unaudited condensed consolidated statement of comprehensive income is £Nil (31 December 2014: £Nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

9. Net Asset Value per Ordinary Share

The calculation of NAV per Ordinary Share is arrived at by dividing the total net assets of the Group as at the unaudited condensed consolidated statement of financial position date by the number of Ordinary Shares of the Group at that date.

For the calculation of NAV per Ordinary Share as at 31 December 2015 the shares earned by the Investment Adviser but not yet issued at that date, 214,541, have been included in the total number of shares meaning the Net Assets are divided by 309,631,765 shares to arrive at the NAV per share.

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

| | 31 December 2015 Total £ | 30 June 2015 Total £ |
|--|--------------------------------|----------------------------|
| Opening balance (Level 3) | 296,827,336 | 136,120,317 |
| Additions* | 30,911,178 | 152,842,467 |
| Cancellation of loan by SPV | - | (670,000) |
| Change in fair value of financial assets held at fair value through profit or loss | (3,494,802) | 8,534,552 |
| Closing balance (Level 3) | 324,243,712 | 296,827,336 |

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

| | Six months ended 31 December 2015 £ | Six months ended 31 December 2014 £ |
|--|---|---|
| Change in fair value of financial assets held at fair value through profit or loss | (3,494,802) | 2,098,359 |
| Receipt from SPV investments held at fair value through profit or loss | 18,127,426 | 5,689,741 |
| | 14,632,624 | 7,788,100 |

*As at 31 December 2015, the additions figure of £30,911,178 excludes an amount paid during the period of £5,014,599 which was accrued at 30 June 2015.

Fair value measurements

Financial assets and financial liabilities are classified in their entirety into only one of the following three 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

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

Fair value measurements (continued)

The only financial instruments carried at fair value are the investments held by the Group, through the SPVs, 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.

Transfers during the period

There have been no transfers between levels during the six months ended 31 December 2015. Due to the nature of the investments, these will be classified as Level 3.

Valuation methodology and process

The same valuation methodology and process for operational solar plants is followed in these financial statements as was applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2015. Solar plants under construction and not yet operational are valued at cost and exclude acquisition costs which are expensed in the period in which they are incurred.

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 of operational SPVs is calculated on a leveraged, 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 the Board will have an external valuation performed by an experienced independent third party. Such an external valuation was undertaken by EY for the year ended 30 June 2015 and considered by the Directors in determining the portfolio fair value at that date.

The Board reviews and considers the recommendations of the Investment Adviser and/or an independent valuer to form an opinion of the fair value of the investments adopted by the Group. The discounted cash-flow technique was applied in appraising each SPV's solar project when the underlying solar plants are fully operational. 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 equity discount rate, interest rate, gearing level, length of debt, power price forecasts, inflation rate, irradiation forecasts and taxation. 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 assumption may result in a different rate.

Judgement is used by the Board in arriving at the appropriate WACC used by the Group.

The Board's selection of an equity discount rate reflects the fact that during the period, whilst power prices have decreased the acquisition prices of income generating assets have remained stable in the experience of the Investment Adviser. The Directors, therefore, do not consider there to be a significant change in the sector and have chosen to apply the same equity discount rate as at 30 June 2015 of 7.5%.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

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

Valuation methodology and process (continued)

The Company's business plan, articulated at the time of the IPO, and recent prospectus of 26 October 2015, noted that it intends to use long-term structured debt as well as equity with a target long-term leverage of 25-35% of GAV. Accordingly, the Group has assumed 30% debt with an interest rate of 4.5% - this is based on taking a prudent view of current market conditions. A 17 year maturity is assumed for debt. These together give a WACC of 6.60%.

Long-term power price forecasts are obtained from a leading power price 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.

Related revenue (for associated FiT and ROC 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% (30 June 2015: 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 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) (30 June 2015: P50).

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

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

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.

| Input | Change in input | Change in fair value of investments £ | Change in NAV per share (pence) |
|----------------------|-----------------|--|------------------------------------|
| Equity discount rate | +0.5% | (9,300,000) | (3.00) |
| | -0.5% | 9,200,000 | 2.97 |
| Cost of debt | +0.5% | (4,000,000) | (1.29) |
| | -0.5% | 4,100,000 | 1.32 |
| Power prices | +20% | 31,300,000 | 10.11 |
| | -20% | (31,400,000) | (10.14) |
| Inflation rate | + 0.25% | 6,600,000 | 2.13 |
| | - 0.25% | (6,400,000) | (2.07) |
| Energy yield | 10 year P90 | (28,300,000) | (9.14) |
| | 10 year P10 | 28,100,000 | 9.09 |
| Taxation | +5% | (7,600,000) | (2.45) |
| | -5% | 7,600,000 | 2.45 |
| Operational costs | +10% | (7,500,000) | (2.42) |
| | -10% | 7,500,000 | 2.42 |

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

11. Financial support to unconsolidated SPV investments

The following table shows the SPV investments of the Group. As the Group is considered to be an investment entity under IFRS 10, these SPV investments have not been consolidated in the preparation of these financial statements:

| Project | SPV investment | Date of investment | Site location | Ownership Interest |
|------------------------------|---|-------------------------------------|----------------|--------------------|
| Hill Farm | HF Solar Limited | 21 October 2013 | Oxfordshire | 100% |
| Hardingham | Hardingham Solar Limited | 30 August 2013/ 19 November 2014 | Norfolk | 100% |
| Betingau | Betingau Solar Limited | 23 December 2013 | Glamorgan | 100% |
| Goosewillow | ISP (UK) 1 Limited | 5 August 2013 | Oxfordshire | 100% |
| Hall Farm | Hall Solar Limited | 24 December 2013 | Norfolk | 100% |
| North Beer | North Beer Solar Limited | 10 October 2013 | Cornwall | 100% |
| Saxley | Saxley Solar Limited | 19 December 2013 | Hampshire | 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 | Cambridgeshire | 100% |
| L&P Solar (see Note 16) | Bluefield L&P Solar Limited* | 9 October 2014 | Various | 100% |
| Capelands | Capelands Solar Farm Limited | 25 July 2014 | Devon | 100% |
| Redlands | Redlands Solar Farm Limited | 25 July 2014 | Somerset | 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 | 100% |
| Trethosa | Trethosa Solar Limited | 24 July 2015 | Cornwall | 100% |
| Salhouse | Salhouse Solar Limited | 24 July 2015 | Norfolk | 100% |
| Rhydy Pandy (see Note 18) | Bluefield Peregrine Limited and Bluefield Kite Limited | 21 August 2015 | Various | 100% |
| Frogs Loke | Frogs Loke Solar Limited | 17 December 2015 | Norfolk | 100% |
| Bunns Hill | Bunns Hill Solar Limited | 18 December 2015 | Norfolk | 100% |
| Folly Lane | Folly Lane Solar Limited | 17 December 2015 | Lincolnshire | 100% |

*Bluefield L&P Solar Limited includes underlying SPVs; KS SPV5 Limited and Bluefield Goshawk Limited.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

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 31 December 2015

| Project | SPV | Equity £ | Shareholder loan £ | Total investment commitment £ | Outstanding commitment 31 December 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 | - |
| 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 | - |
| Hoback | Hoback Solar Limited | 1,731,800 | 17,218,200 | 18,950,000 | - |
| L&P Solar (see Note 16) | 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 | 32,699,999 | 32,700,001 | - |
| West Raynham | Good Energy West Raynham Solar Park Limited | 7,012,275 | 48,532,744 | 55,545,019 | - |
| Trethosa | Trethosa Solar Limited | 3 | 5,724,997 | 5,725,000 | - |
| Salhouse | Salhouse Solar Limited | 100 | 5,557,900 | 5,558,000 | - |
| Rhydy Pandy (see Note 18) | Bluefield Peregrine Limited and Bluefield Kite Limited | 1 | 4,199,999 | 4,200,000 | - |
| Frogs Loke | Frogs Loke Solar Limited | 748,210 | 4,813,790 | 5,562,000 | 1,566,228 |
| Bunns Hill | Bunns Hill Solar Limited | 1 | 5,290,999 | 5,291,000 | 1,523,263 |
| Folly Lane | Folly Lane Solar Limited | 1 | 5,233,999 | 5,234,000 | 2,748,302 |
| | | 15,243,969 | 300,991,192 | 316,235,161 | 5,837,793 |

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

11. Financial support to unconsolidated SPV investments (continued)

As at 30 June 2015

| Project | SPV | Equity £ | Shareholder loan £ | Total investment commitment £ | Outstanding commitment 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 |

*Bluefield L&P Solar Limited includes underlying SPVs; KS SPV5 Limited and Bluefield Goshawk Limited.

The Group's SPVs are committed to pay amounts equal to the loan commitment and equity to meet working capital requirements and payments for the turnkey EPC contracts entered into with the contractors for the design and construction of the solar plants. At 31 December 2015, the amounts drawn down by the SPVs are not equal to the loan commitments due to timing differences, which will be settled in due course.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

12. Trade and other receivables

| | 31 December 2015 | 30 June 2015 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Non-current assets | | |
| Prepayments: | | |
| - Arrangement fees (Note 7) | 111,111 | 244,444 |
| | 111,111 | 244,444 |
| Current assets | | |
| Income from investments (see Note 4) | 1,461,533 | 541,893 |
| Short-term loan to SPV | - | 1,656,105 |
| VAT receivable | 114,421 | 300,057 |
| Interest receivable | 673 | 100 |
| Trade debtors | 8,100 | 40,175 |
| Other receivables | 3,184 | 2,681 |
| Prepayments: | | |
| - Arrangement fees (Note 7) | 266,667 | 266,667 |
| - Insurance | 28,629 | 54,609 |
| - Other | 39,111 | 18,226 |
| | 1,922,318 | 2,880,513 |

There are no other material past due or impaired receivable balances outstanding at the period end.

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.

| | 31 December 2015 | 30 June 2015 |
|---------------------------|------------------|-------------------|
| | £ | £ |
| Cash and cash equivalent: | | |
| - Committed | 1,889,417 | 10,300,054 |
| - Uncommitted | - | 2,973,418 |
| | 1,889,417 | 13,273,472 |

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

14. Other payables and accrued expenses

| | 31 December 2015 £ | 30 June 2015 £ |
|--|-----------------------|---------------------|
| Non-current liabilities | | |
| Opening balance at 1 July 2015 | (18,900,000) | - |
| Interest bearing borrowings – drawdown during the period | (24,700,000) | (38,400,000) |
| Interest bearing borrowings – repaid during the period | 32,100,000 | 19,500,000 |
| | (11,500,000) | (18,900,000) |

The Group has a three-year revolving acquisition facility for up to £50 million with RBS, of which, £11.5 million had been drawn down at the period end. Since 31 December 2015, the original revolving acquisition facility has been amended and restated (see Note 7).

Current liabilities

| | | |
|---|------------------|------------------|
| Acquisition costs | 684,443 | - |
| Deferred consideration – SPV investment | - | 5,014,599 |
| Investment advisory fees | 209,339 | 573,432 |
| Legal and professional fees | 186,500 | 14,688 |
| Administration fees | 58,897 | 56,707 |
| Audit fees | 39,500 | 55,000 |
| Other payables | 316,545 | 220,472 |
| | 1,495,224 | 5,934,898 |

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

| | Six months ended 31 December 2015 | Six months ended 31 December 2014 |
|--|--------------------------------------|--------------------------------------|
| Profit attributable to shareholders of the Company | £13,191,179 | £6,055,821 |
| Weighted average number of Ordinary Shares in issue | 283,205,535 | 174,243,151 |
| Basic and diluted earnings from continuing operations and profit for the period (pence) | 4.66 | 3.48 |

For the calculation of Earnings per Share at 31 December 2015 the shares earned by the Investment Adviser but not yet issued have been included in the calculation of the weighted average number of shares based upon them being issued at the end of the year in which they were earned.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

16. Share capital and Other reserves

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.

| Share capital | Six months ended 31 December 2015 Number of Ordinary Shares | Year ended 30 June 2015 Number of Ordinary Shares |
|---|--|--|
| Opening balance | 278,417,224 | 143,426,684 |
| Shares issued as consideration for SPV investment | - | 7,490,540 |
| Shares issued for cash | 31,000,000 | 127,500,000 |
| Closing balance | 309,417,224 | 278,417,224 |

Additionally, as at 31 December 2015 214,541 shares are due to be issued to the Investment Adviser. These are included within Other reserves.

| Shareholders equity | Six months ended 31 December 2015 £ | Year ended 30 June 2015 £ |
|---|--|--|
| Opening balance | 288,390,867 | 147,676,019 |
| Shares issued as consideration for SPV investment | - | 7,725,956 |
| Shares issued for cash | 31,620,000 | 130,687,500 |
| Shares to be issued in settlement of variable fee | 208,813 | - |
| Share issue costs | (838,447) | (2,291,852) |
| Dividends paid | (17,401,078) | (10,557,515) |
| Retained earnings | 13,191,179 | 15,150,759 |
| Closing balance | 315,171,334 | 288,390,867 |

Dividends declared and paid in the period are disclosed in Note 17.

Shares issued during the period

On 4 December 2015, the Company issued 31,000,000 new Ordinary Shares following a placing and offer subsequent to the authority granted by the shareholders at the EGM held on 17 November 2015. These shares were issued at a price of £1.02 per Ordinary Share, raising gross proceeds of £31,620,000.

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 dividends 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.

Other reserves

As at 31 December 2015, the variable element of the Investment Adviser's fee (£208,813) to be settled as equity, earned in respect of year ended 30 June 2015, is outstanding and is reflected in Other reserves. On 23 February 2016 the Board approved the issue of 214,541 Ordinary Shares at a value of £0.97 per Ordinary Share (based on 30 June 2015 NAV per Share adjusted for dividends).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

17. Dividends

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 1.50 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 7 August 2015.

On 1 October 2015, the Board declared a fourth and final dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.50 pence per Ordinary Share (fourth and final dividend in respect of the year ending 30 June 2014: Nil), which was paid on 30 October 2015 to shareholders on the register on 9 October 2015.

On 26 October 2015, the Board declared a first interim dividend of £9,048,562, in respect of year ending 30 June 2016, equating to 3.25 pence per Ordinary Share (first interim dividend in respect of the year ending 30 June 2015: £4,904,809), which was paid on 15 December 2015 to shareholders on the register as at 13 November 2015.

18. 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 of the Company's Administrator, Heritage International Fund Managers Limited. Within the total administration fees incurred during the period of £142,760, £125,944 (31 December 2014: £71,736) relates to the fees of the Administrator, of which £58,897 (30 June 2015: £56,707) was outstanding at the period end.

The total Directors' fees expense for the period amounted to £85,447 (31 December 2014: £73,096). Laurence McNairn received a Director's fee of £16,636 (31 December 2014: £15,123). 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 and Directors are now paid in cash.

For the period to 31 December 2015, remuneration paid to each Director is as follows:

| | 31 December 2015 | 31 December 2014 |
|------------------|-------------------------|-------------------------|
| John Rennocks | 30,247 | 25,206 |
| Paul Le Page | 19,408 | 17,644 |
| Laurence McNairn | 16,636 | 15,123 |
| John Scott | 19,156 | 15,123 |
| | 85,447 | 73,096 |

As at 31 December 2015, the number of Ordinary Shares held by each Director is as follows:

| | 31 December 2015 | 30 June 2015 |
|------------------|-------------------------|---------------------|
| John Rennocks | 330,805 | 255,805 |
| Paul Le Page | 70,000 | 70,000 |
| Laurence McNairn | 441,764 | 441,764 |
| John Scott | 276,176 | 276,176 |
| | 1,118,745 | 1,043,745 |

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

18. Related Party Transactions and Directors' Remuneration (continued)

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.

The Group's investment advisory fees for the period amounted to £1,426,564 (31 December 2014: £872,286) of which £209,339 (30 June 2015: £573,432) was outstanding at the period end and is to be settled in cash. Included within investment advisory fee expense at the period end is the variable element of investment advisory fees of £208,813 earned in respect of the year ended 30 June 2015. The Investment Adviser receives the variable element of fees as an equity settled share based payment which is also outstanding at the period end (see Note 16).

The Group's consultancy services fee income for the period amounted to £1,269,977 (31 December 2014: £864,341) of which £632,561 (30 June 2015: £582,069) was outstanding at the period end.

The Group's shareholder loan monitoring fee income for the period amounted to £828,973 (31 December 2014: £Nil) which was outstanding at the period end (30 June 2015: £Nil).

Fees paid to BSL, a company which has the same ownership as that of the Investment Adviser, totalled £248,209 in the six month's ended 31 December 2015 (30 June 2015: £58,748).

On 24 August 2015, BSIFIL completed the acquisition of Bluefield Kite Limited and Bluefield Peregrine Limited. 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 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.

19. Guarantees and other commitments

As at 31 December 2015, the Group had provided guarantees amounting to £295.31 million (30 June 2015: £265.33 million) to the SPVs in relation to the funding of EPC contracts entered into by the SPVs, of which £29.01 million (30 June 2015: £148.49 million) was paid during the period and £Nil (30 June 2015: £Nil) held by the SPVs in escrow.

As at 31 December 2015, the Company had provided guarantees amounting to £108.7 million (30 June 2015: £111.82 million) to BSIFIL in relation to the revolving loan facility entered into by the Group (see Note 7).

At the reporting date, the Group had loan commitments of £5,837,793 (30 June 2015: £10,314,309) relating to the shareholder loans extended to its SPVs (see Note 11).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 31 December 2015

20. Subsequent events

On 18 and 21 January 2016, two new build sub-5 MWp assets have been contracted comprising a 4.99 MWp plant in Norfolk and a 4.98 MWp plant in Gloucestershire. Both plants are expected to become operational before 31 March 2016 and to qualify under the 1.3 ROC regime.

On 22 January 2016, the Company successfully acquired four operational solar PV assets totalling 95 MWp as part of the Primrose Portfolio from Primrose Solar Management Limited. The projects in the Primrose Portfolio are located in Hampshire (48.5 MWp), Kent (17 MWp and 18 MWp) and Sussex (11.5 MWp).

On 27 January and 10 February 2016, terms were agreed with Solarcentury as EPC contractor to build two 5 MWp solar plants located in Hampshire and Norfolk and a 4.3 MWp solar plant located in Warwickshire. All are expected to be accredited under the 1.3 ROC regime.

The nine acquisitions were funded through amendment and restatement of the original three-year revolving acquisition facility, signed on 21 January 2016 (see Note 7) which increases the funds available, from £50 million under the original facility, to £200 million.

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 Manager

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 Asset Management 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

GAV means Gross Asset Value

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

Investec means Investec Bank Plc

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

Glossary of Defined Terms (continued)

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 Offered Rate

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

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 December 2015.

PPA means Power Purchase Agreements

Primrose Portfolio means a portfolio four operational solar PV assets purchased from Primrose Solar Management Limited

PV means Photovoltaic

RBS means The Royal Bank of Scotland plc

RBSI means Royal Bank of Scotland International plc

RCF means Revolving Credit Facility

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

Glossary of Defined Terms (continued)

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

WACC means Weighted Average Cost of Capital