Bluefield Solar Income Fund Limited

Annual Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

Company Registration Number: 56708

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General Information

Board of Directors (all non-executive)
John Rennocks (Chairman)
John Scott (Senior Independent Director)
Paul Le Page (Chairman of Audit Committee)
Laurence McNairn

Investment Adviser
Bluefield Partners LLP
53 Chandos Place
London, WC2N 4HS

Registered Office
Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey, GY1 4HY

Administrator, Company Secretary and Designated Manager
Heritage International Fund Managers Limited
Heritage Hall
PO Box 225
Le Marchant Street, St Peter Port
Guernsey, GY1 4HY

Sponsor, Broker and Financial Adviser
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Independent Auditor & Reporting Accountants
KPMG Channel Islands Limited
Glategny Court, Glategny Esplanade
St Peter Port
Guernsey, GY1 1WR

Legal Advisers to the Company
(as to English law)
Norton Rose Fulbright LLP
3 More London Riverside
London, SE1 2AQ

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue, St Sampson
Guernsey, GY2 4LH

Legal Advisers to the Company
(as to Guernsey law)
Carey Olsen
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Receiving Agent and UK Transfer Agent
Capita Registrars Limited
The Registry
34 Beckenham Road, Beckenham
Kent, BR3 4TU

Principal Bankers
Royal Bank of Scotland International Limited
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey, GY1 4BQ

Highlights

Introduction

- The Company delivered total underlying earnings[1] of £25.1 million (2016: 20.9 million) in the year and underlying EPS[2] of 7.32 pence (2016: 7.10 pence) and declared a fully covered dividend of 7.25 pps against a target of 7.18 pps (2016: 7.25 pps and a target of 7.07 pps);

- Fully covered debt service including both interest and principal repayment of £2.7 million;

- A successful Placement of new shares in October 2016 raised gross proceeds of £60.6 million and the Company's market capitalisation grew to £425 million at 30 June 2017;

- During the year ended 30 June 2017, the Company announced 10 acquisitions, consisting of 10 additional plants, financed by total consideration of £44.4 million with an estimated combined energy capacity of 40.3 MWp;

- As at 30 June 2017, the Company had a total of 41 large solar assets, 40 micro solar assets and 1 roof top asset, with an estimated combined energy capacity in excess of 441.5 MWp, all of which were operational;

- NAV as at 30 June 2017 was £409 million (30 June 2016: £308 million), equivalent to a NAV per share of 110.49 pence (30 June 2016: 99.39 pence);

- WACC used for the Directors' Valuation reduced from 6.6% at 30 June 2016 to 6.15%;

- In September 2016, the Company announced a long term financing agreement between BSIFIL and Aviva Investors. The £187 million facility is fully amortising over 18 years and has two tranches: £121.5 million is fixed at a cost of 2.875% and £65.5 million has a cost of 0.70% plus RPI; and

- The portfolio capacity as at 30 June 2017 will power the equivalent of 133,774 homes and save 189,845 tonnes of CO_2 in a year.

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the shareholders by definitively linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 38.
2. Underlying EPS is calculated using underlying earnings divided by the average number of shares calculated as described on page 39.

Highlights (continued)

Results Summary:

	As at / year ended 30 June 2017
Total operating income	**£65,236,334**
Total comprehensive income	**£64,045,718**
Total underlying earnings	**£25,060,605**
Earnings per share	**18.26p**
Underlying EPS	**7.32p**
Earnings per share bought forward	**0.23p**
Total declared dividends per share for year	**7.25p**
Earnings per share carried forward (See Page 39)	**0.30p**
NAV per share	**110.49p**
Share price at 30 June 2017	**115.00p**
Total return[3]	**18.46%**
Total return to shareholders[4]	**22.56%**

3. Total return is based on NAV per share movement and dividends paid in the year
4. Total return to shareholders is based on share price movement and dividends paid in the year

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 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 following its IPO on 12 July 2013. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling.

The Company has the ability to use long term and short term debt at the holding company level as well as having long term, non-recourse debt at the SPV level.

Investment Adviser

The Investment Adviser to the Company during the year was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 BSL, a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by BSIFIL.

Chairman's Statement

Introduction

It has been another good year for the Company.

Dividends for the full financial year are again 7.25 pps, unchanged from last year but ahead of our target of 7.18 pps; this now means we have distributed total dividends of 21.75 pps from our cash flows since February 2014.

The Company's NAV now reflects the value acquirers have ascribed to the UK solar assets they have purchased in recent transactions and this valuation is closer to the price the market attributes to our shares. NAV per share is 110.49 pps up from 99.39 pps a year ago and the share price as at 30 June 2017 rose to 115.00 pps from 99.75 pps.

This has resulted in a NAV total return for the year of +18% and share price total return of +23%.

Irradiation was 0.3% below the historical average, demonstrating that solar irradiation continues to be a highly predicable energy source that closely tracks long term irradiation data nonetheless our portfolio has again produced generational performance ahead of warranted levels, delivering a 2.6% outperformance compared to an outperformance of 1.8% last year. This is a credit to the technical asset management activities of BSL, who have driven the outperformance.

Key Events

We invested £44.4m in new projects in the year, a significant reduction on the investment rate in our first three years. Competitive acquisition market conditions and reduced Government incentives for investment diminished our appetite, despite continuing intensive activity by our Investment Adviser in reviewing possible opportunities.

As I have indicated in previous statements, it is not our objective to dilute the excellent returns our present portfolio of assets is providing for our shareholders and we will not raise new capital to invest in inferior assets with lower returns.

With effect from 1 April 2017, there are no longer any UK Government backed incentives to invest in new solar assets and for now this has effectively closed the market for new investments in primary assets. Any further investments by your Company, at least for the time being, will need to come from exploring the secondary market for existing assets but, at present, investments that meet our return criteria are few and far between. The capital cost of solar equipment has fallen sharply in recent years, and we expect this to continue, and in due course new solar PV projects in the UK may become more attractive and deliver acceptable returns without government incentives. But we are not there yet.

The Company, through its direct subsidiary BSIFIL, agreed a favourable long term financing agreement with Aviva Investors in September 2016. Details are set out in the Investment Adviser's report.

Underlying Earnings and Dividend Income

The Company is a high yielding income fund and the principal measure of our health will always be the cash flows we generate year by year. We are pleased that once again our available cash flow for 2016/17, after scheduled debt repayments and interest, has exceeded our dividend objectives.

This is despite power market prices being some 30% below projections made when your Company began operations in 2013, albeit slightly above the levels of the previous year. This has enabled us to maintain dividends at the rate of 7.25 pps, slightly above our target of 7.18 pps, with 0.30 pps carried forward to 2017/18.

61% of the Company's revenues are regulated and linked directly to RPI. In the medium to long term, in order to meet our dividend target of raising the dividend with RPI each year, the remaining 39% of revenues that comes from the sale of electricity in the wholesale market will need also to rise.

Underlying Earnings and Dividend Income (continued)

In prior years, the requirement to balance dividends between existing and new shareholders when we had new share issues led to dividend payments just before each new issue. Should there be no such share issues in future years, it would be our intention to shape the quarterly dividends on a more even basis, but there will, nevertheless, always be an element of seasonality for a UK only solar investor.

It remains our key objective to seek to pay dividends which increase in line with inflation from our base point in July 2014 of 7.00 pps and our target is set at the beginning of each financial year by adding RPI inflation to the previous year target. RPI for the 2017/18 financial year is expected to exceed 3%, so we are already aware that our target for the current year is above 7.40 pps.

The Investment Adviser and BSL are focused on continuing to optimise the asset performance, negotiating the best PPA terms and continuing to seek opportunities to deploy the cash reserves and the revolving credit facility in value accretive transactions. The Board will be monitoring this closely. These enhancements to the earnings stream, together with the modest retentions carried over into next year will provide support for our dividend objective in 2017/18.

We remain the highest dividend payer in the sector, and expect to continue to be so; with that higher dividend, however, comes the challenge of delivering higher dividend increases.

Valuation

Activity in the acquisition market place between willing buyers and willing sellers has seen higher transaction valuations than in the previous years, and this reflects lower discount rates on the cost of capital, whether equity, or weighted between equity and debt. This reduction has been further emphasised by historically low long term Sterling interest rates, and we were pleased to take advantage of that opportunity with our facility with Aviva Investors. To reflect these market changes we have decided to adopt discount rates at lower levels than for the previous year with equity now discounted at 7.43% and a weighted average cost of capital of 6.15%.

The combination of new investors and funders, often seeking secure yield not available elsewhere, and the diminished availability of investment opportunities, has combined to push up asset prices and provide strong benefits to early investors such as ourselves, who built their portfolios before prices moved upwards and we have also benefitted from low debt costs. The discipline of not investing in higher priced, lower return assets prevents dilution and sustains these benefits for our shareholders.

Our other most significant variable has been the projections of power prices where we use the combined forecasts of two leading independent forecasters and which, after a rise in the first part of the year, have fallen back in the second half and overall are little changed from the forecast we used last year. Similarly, our assumption on long term inflation is unchanged since 31 December 2016 and we have not taken benefit from the government proposals on tax shielding from debt (BEPS), which is not expected to be enacted until the autumn.

Long Term Financing

In September 2016, we announced our long term financing agreement with Aviva Investors.

The all-in cost of the £121.5 million fixed price loan at 2.875% interest and the £65.5 million index linked element at 70bps plus RPI is highly attractive in respect of cost and offers protective levels of debt service cover. The 18 year, fully amortising payment profile is also appropriate for this asset class.

This means that, beyond the element driven by RPI, the Company does not have any significant interest rate risks or bullet repayments on this financing for the full 18 year term.

On the Company's base case projections the long term debt service cover ratio (DSCR) is nearly 3 times covered by earnings and this conservative position has been achieved because the Company has relatively low levels of overall leverage (c.33% to GAV), combined with low interest rates.

Performance of the Portfolio

The energy generation of the Company's portfolio is significantly above target. This is a credit to the technical asset management activities of BSL, who have increased the generational outperformance by comparison with levels warranted by the sellers and developers when they were acquired by the Company from 1.8% in the previous financial year to 2.6% in 2016/17.

It is also a reflection of the quality of the portfolio. Detail on the generation is provided by the Investment Adviser and, as in previous reports, the analysis takes the actual generation and shows how this is monetised and drops down into the full year underlying earnings and dividend per share.

Outlook

The Company and its Investment Adviser will continue to examine acquisition opportunities, but will maintain the discipline necessary to deliver acceptable returns to our shareholders, as we have done during our first four years.

As we have a full payout policy from our free cash flow, we do not create surplus funds for which we need to find new investments at times when the required returns are not available.

Our focus in the coming year will be to optimise our revenue from the existing portfolio, both by active management of our power contracts, in a challenging market, and strong operational management through BSL, who will also actively pursue further value enhancing strategies across our portfolio. While not underestimating the challenge posed by the desire to increase our dividend in line with RPI, we look forward to another successful year.

John Rennocks
Chairman
15 September 2017

The Company's Investment Portfolio

Bluefield SOLAR INCOME FUND

THE COMPANY'S INVESTMENT PORTFOLIO

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

SOUTH WEST

GLOUCESTERSHIRE

1. GRANGE
   Newent 5.0MWp

WILTSHIRE

2. PENTYLANDS
   Highworth 19.2 MWp
3. ROVES
   Sevenhampton 12.7 MWp

SOMERSET

4. ASHLAWN
   Axbridge 6.6 MWp
5. REDLANDS
   Bridgwater 6.2 MWp

CORNWALL

6. NORTH BEER
   Launceston 6.9 MWp
7. TRETHOSA
   St Austell 4.8 MWp

DEVON

8. LANGLANDS
   Ashill 2.1 MWp
9. CAPELANDS
   Barnstaple 8.4 MWp
10. OLD STONE
    Totnes 5.0 MWp
11. PLACE BARTON
    Totnes 5.0 MWp

WALES

SWANSEA

12. BETINGAU
    Swansea 10.0 MWp

NEWPORT

13. COURT FARM
    Llanmartin 5.0 MWp

MIDLANDS

WARWICKSHIRE

14. TOLLGATE
    Lemington Spa 4.3 MWp

STAFFORDSHIRE

15. WILLOWS
    Uttoxeter 5.0 MWp

MIDLANDS (CONTINUED)

DERBYSHIRE

16. BURNASTON
    Burnaston 4.1 MWp

LEICESTERSHIRE

17. GYPSUM
    Sileby 4.5 MWp

NORTHAMPTONSHIRE

18. KISLINGBURY
    Kislingbury 5.0 MWp
19. CORBY
    Corby 0.5 MWp

LINCOLNSHIRE

20. FOLLY LANE
    Boston 4.8 MWp

EAST

NORFOLK

22. WEST RAYNHAM
    West Raynham 50.0 MWp
23. HARDINGHAM
    Wicklewood 14.9 MWp
24. HARDINGHAM X
    Wicklewood 5.2 MWp
25. ROOKERY
    Attleborough 5.0 MWp
26. SALHOUSE
    Norwich 5.0 Mwp
27. FROGS LOKE
    North Walsham 5.0 MWp
28. BUNNS HILL
    North Walsham 5.0 MWp
29. HALL FARM
    East Beckham 11.4 MWp
30. OULTON
    Oulton 5.0 MWp

CAMBRIDGESHIRE

31. HOBACK
    Royston 17.5 MWp

ESSEX

32. BARVILLS
    East Tilbury 3.2 MWp

NORTHEAST

NORTH YORKSHIRE

21. KELLINGLEY
    Beal 5.0 MWp

SOUTH EAST

OXFORDSHIRE

33. HILL FARM
    Abingdon 15.2 MWp
34. GOOSEWILLOW
    Steventon 16.9 MWp
35. ELMS
    Wantage 28.9 MWp
36. BUTTERISS DOWNS
    20 Sites 0.8 MWp

BERKSHIRE / HAMPSHIRE

37. PROMOTHAMES
    9 Sites 0.4 MWp

OXFORDSHIRE / SURREY / SUSSEX

38. GOSHAWK
    11 Sites 1.1 Mwp

HAMPSHIRE

39. SAXLEY
    Andover 5.9 MWp
40. ROMSEY
    Romsey 5.0MWp
41. SOUTHWICK
    Fareham 47.9 MWp

ISLE OF WIGHT

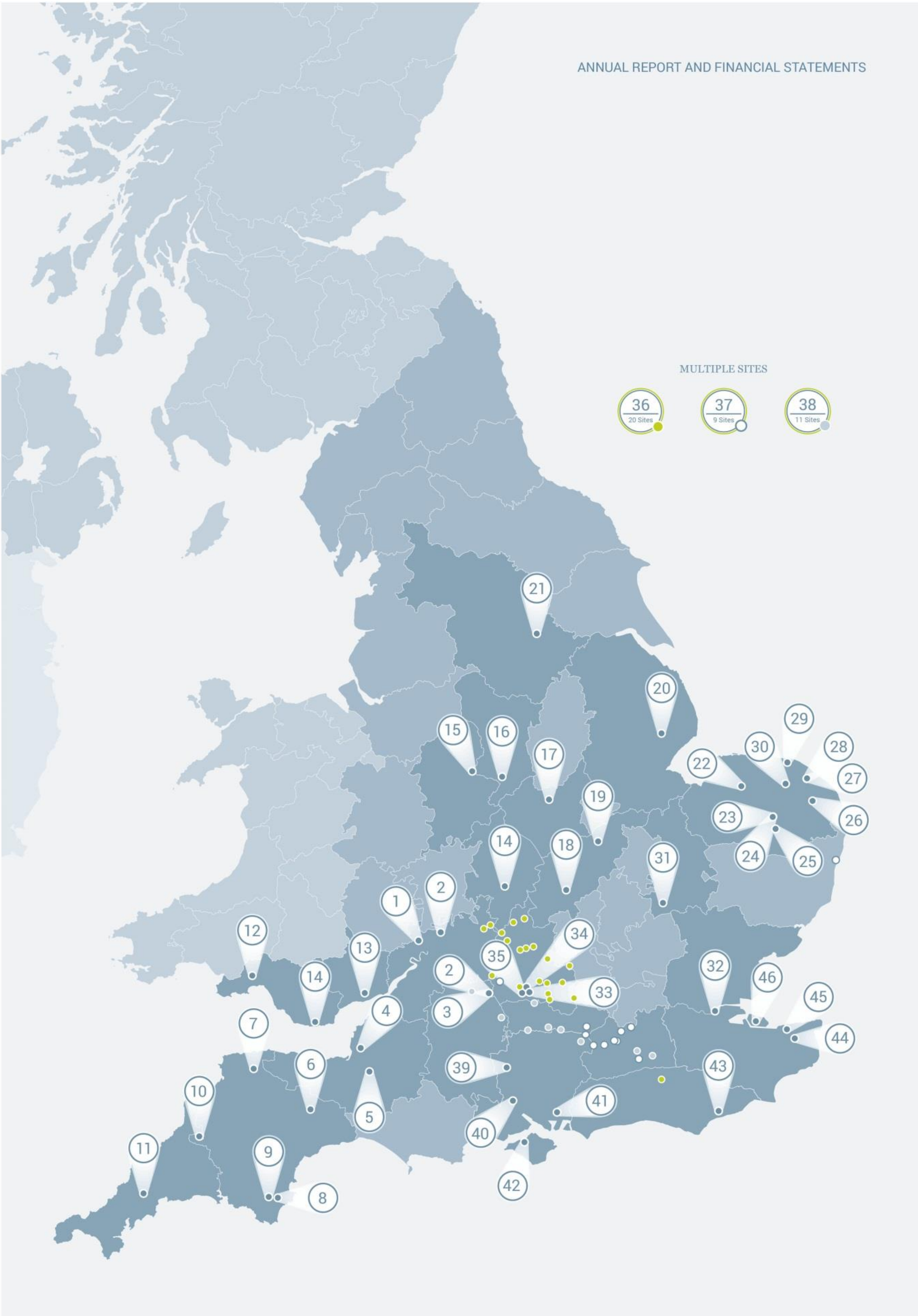
42. DURRANTS
    Newport 5.0 MWp

SUSSEX

43. PASHLEY
    Bexhill on Sea 11.5 MWp

KENT

44. LITTLEBOURNE
    Canterbury 17.0 MWp
45. MOLEHILL
    Herne Bay 18.0 MWp
46. SHEPPEY
    Isle of Sheppey 10.6 MWp

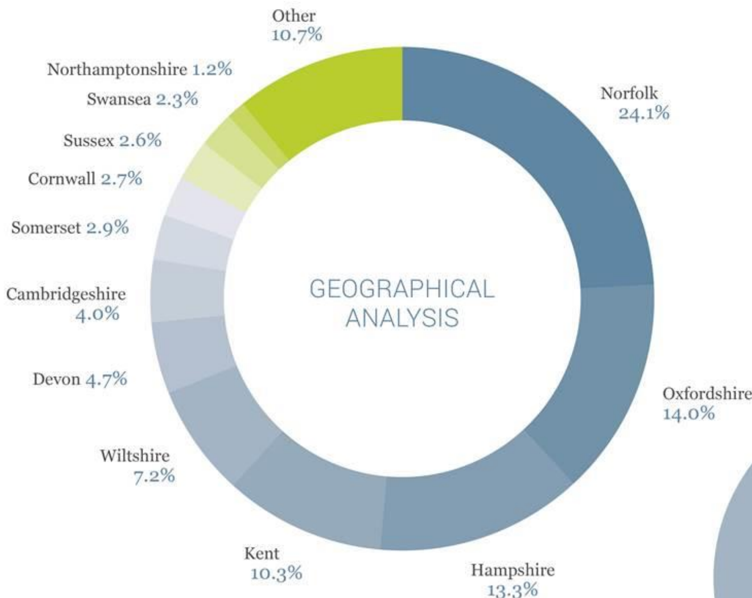

MULTIPLE SITES
36
20 Sites
37
9 Sites
38
11 Sites

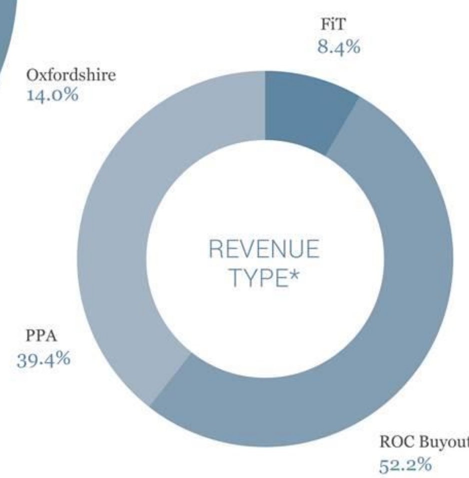
Analysis of the Company’s Investment Portfolio

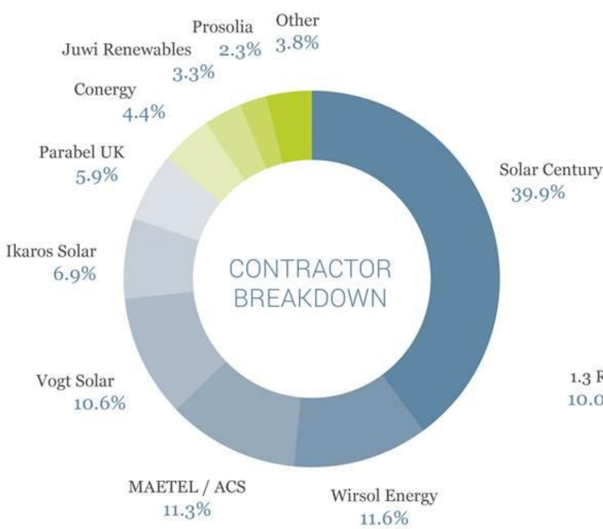
Bluefield SOLAR INCOME FUND

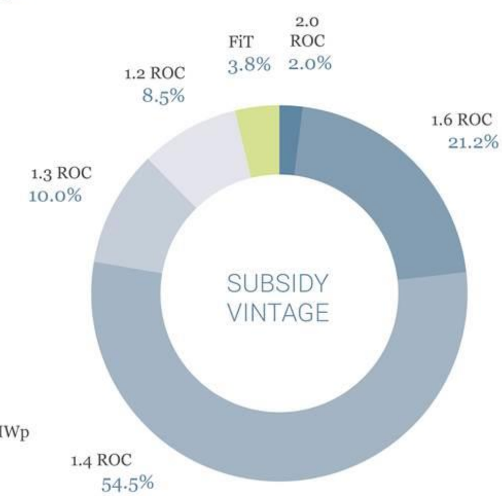
ANALYSIS OF THE COMPANY’S INVESTMENT PORTFOLIO

The Company’s investment portfolio, analysed by geography, subsidy tariff, contractor and revenue as at 30 June 2017 is as follows:









*Revenue is based on the Company’s operating portfolio of 401.2MWp and does not include estimated ROC Recycle Revenue

Strategic Report

Introduction

The Strategic Report sets out:

STRATEGIC ISSUES

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

OPERATIONAL ISSUES

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

STRATEGIC ISSUES

1. Company's Objectives and Strategy

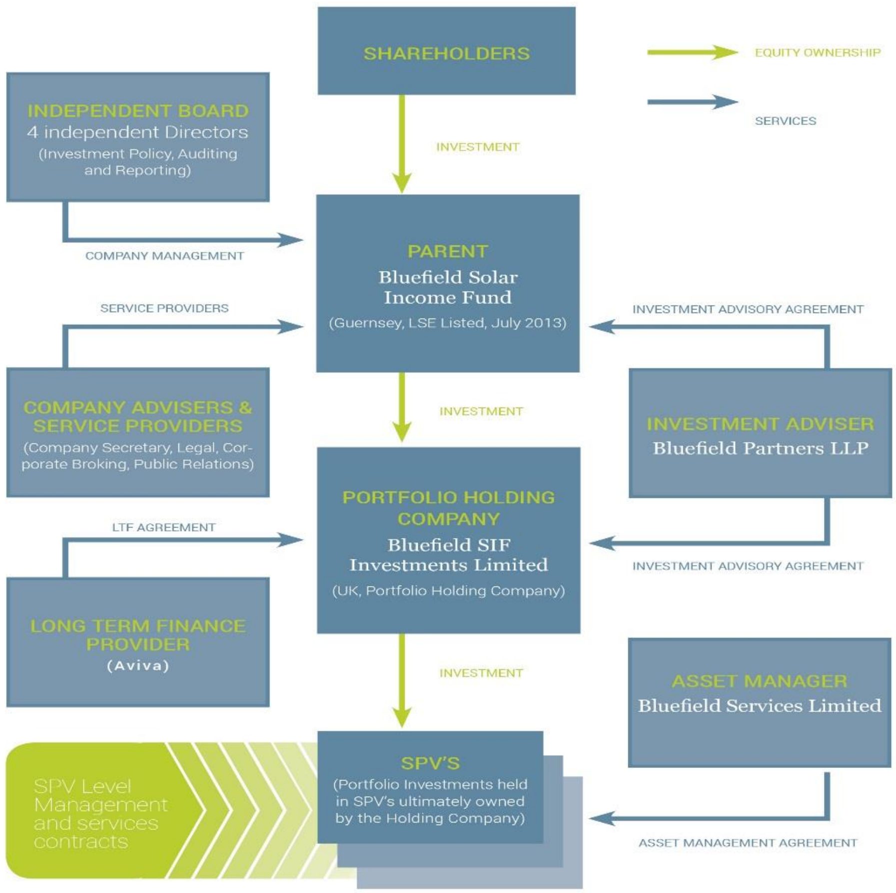
The Company seeks to provide shareholders with an attractive return, principally in the form of quarterly income distributions, by investing in a portfolio of large scale UK based solar energy infrastructure assets. The Company targeted a dividend of 7.00 pps in relation to the financial year ended 30 June 2015 with the intention of this rising annually thereafter with the RPI. Subject to maintaining a prudent level of reserves, the Company aims to achieve this through optimisation of asset performance, future acquisitions and use of gearing. The Company's dividend target for the financial year ended 30 June 2017 was 7.18 pps. For the year to 30 June 2017, the Company has declared dividends of 7.25 pps, a third year of dividend outperformance relative to its target. The Operational and Financial Review section on page 19 provides further information relating to performance during the year.

2. Company's Operating Model

Structure

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

2. Company's Operating Model (continued)



Management

Board and Committees

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

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

Investment Adviser

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

2. Company's Operating Model (continued)

Management (continued)

Through a Technical Services Agreement with BSIFIL the Investment Adviser is also responsible for all issues relating to the supervision and monitoring of existing investments (included within the fee cap under the Investment Advisory Agreement). The Company has appointed BSL, a company with the same ownership as the Investment Adviser, to provide asset management services for the Company's portfolio.

During the year the Investment Adviser has been paid a base fee of 0.73% of NAV at 30 June 2017 and a variable fee, in respect of 2016/17, equating to 0.04% of NAV, which was settled by issue of Ordinary Shares.

Post year end, following the declaration of an above target total dividend by the Company for 2017, the Investment Adviser is also entitled to a variable fee which is triggered when dividends in relation to a full financial year exceed targets. In the financial year the variable fee, which will be paid in shares, equated to 0.02% of NAV.

A summary of the fees paid to the Investment Adviser is given in Note 16 of the financial statements. The fees paid to BSL, the solar asset management business with shared ownership with the Investment Adviser, are detailed in Note 16.

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

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

Employees and Officers of the Company

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

Investment Process

Through its record of investment in the UK solar energy market, the Investment Adviser has developed a rigorous approach to investment selection, appraisal and commitment.

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

Application of standardised terms developed from direct experience
The Investment Adviser has developed standardised terms which have been specifically tested by reference to real transaction and project operational experience. Whilst contract terms are specifically negotiated and tailored for each individual project, solar project contracts applied by the Investment Adviser typically have specific protections from the construction contracts regarding recovery of revenue losses for underperformance and obligations for correction of defects. Both such provisions have been specifically exercised by the Investment Adviser giving it direct experience in activating contractual protections.

2. Company's Operating Model (continued)

Investment Process (continued)

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

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

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

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

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

(5) Board approval
Following approval by the Investment Adviser Investment Committee, investment recommendations are issued by the Investment Adviser for review by the boards of the Company and BSIFIL. Both the Company and the BSIFIL board undertake detailed review meetings with the Investment Adviser to assess the project prior to determining any approval. Both board approvals are required in order for a transaction to be approved. If the boards of the Company and BSIFIL approve the relevant transaction, the Investment Adviser is authorised to execute the transaction in accordance with the Investment Adviser's recommendation and any condition stipulated in the boards' approval. The Board is continuously aware of the overall pipeline of potential new investments that can lead to choices between projects depending on available funding facilities.

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

2. Company's Operating Model (continued)

Managing conflicts of interest

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

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

3. Investment Policy

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

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

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

No single investment in a solar energy infrastructure asset (excluding any third party funding or debt financing in such asset) will represent, on acquisition, more than 25% of the Net Asset Value.

The portfolio provides diversified exposure through the investment in not less than five individual solar energy infrastructure assets. Diversification is achieved across various factors such as grid connection points, individual landowners and leases, providers of key components (such as PV panels and inverters) and assets being located across various geographical locations within the United Kingdom.

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

3. Investment Policy (continued)

The Company's investment policy has the flexibility to commit to assets during the construction phase or the operational phase. During the period under review, the Investment Adviser has invested in construction phase assets and has acquired a large secondary portfolio in order to:

1. Maximise quality and scale of deal flow: The flexibility of the strategy maximises the pool of assets available to the Company. The majority of developers and contractors in the UK solar market were unable to fund on their own balance sheets, therefore construction funders such as Bluefield were able to select their construction partners and assets from the widest possible pool. The maturing of the UK solar market has resulted in the Company being offered substantial operational asset portfolios for the first time, during the period;

2. Optimise the efficiency of the acquisitions: Funding through the construction phase removes a layer of financing cost provided by third party construction funders, typically passed on to the end acquirer; likewise, when acquiring secondary assets, the Company has selected assets based on quality, cost and attractiveness of the financing attached to the acquisitions;

3. Minimise risk via appropriate contractual agreements: Risk can be further minimised by appropriate contractual agreements. For construction assets, these include making milestone payments backed, typically, by bonds, security plant and equipment and significant cash hold backs; and

4. Acquire assets using conservative assumptions: As can be seen by the valuation contained in this report, the Company has acquired assets based upon a cautious set of assumptions.

Listing Rule Investment Restrictions

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

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;

- the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy; and

- not more than 10% of the Gross Asset Value at the time of investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the prior approval of the Financial Conduct Authority and Shareholders.

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

The Directors and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts. The production of sustainable energy from the Company's portfolio is expected to save the emission of millions of tonnes of CO_2 throughout the life of the assets. In addition, the Company seeks to increase biodiversity at its sites by appropriate planting and landscaping of the land it manages, as detailed in the Environmental, Social and Governance report on pages 51 to 52.

OPERATIONAL ISSUES

5. Operational & Financial Review for the period

Key Performance Indicators

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

	As at 30 June 2017	As at 30 June 2016
Market Capitalisation	**£425,282,973**	**£308,857,686**
Share price	**115.00p**	**99.75p**
Total dividends per share declared in relation to the year	**7.25p**	**7.25p**
NAV	**£408,608,255**	**£307,752,538**
NAV per share	**110.49p**	**99.39p**
Total Return to shareholders (based on share price and dividends paid in the year)	**22.56%**	**(2.5)%**

Acquisitions

During the year, the Company completed 10 acquisitions for a total consideration of £44.4 million (2016: £193.3 million). Each investment has been carefully selected to ensure the portfolio is well balanced geographically, with appropriate levels of diversification of construction and operation contractors and key equipment.

Portfolio Performance

Portfolio performance and power price movements are discussed within the Investment Adviser's report under Sections 2 and 4.

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

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

Summary Statement of Comprehensive Income

	Year ended 30 June 2017 £ million	Year ended 30 June 2016 (Restated) £ million
Total Income (Note 4 of the financial statements)	**0.6**	**0.5**
Change in fair value of assets (Note 8 of the financial statements)	**64.6**	**9.6**
Administrative expenses (Note 5 of the financial statements)	**(1.2)**	**(1.4)**
Total comprehensive income before tax	**64.0**	**8.7**
Tax	-	-
Total comprehensive income	**64.0**	**8.7**
Earnings per share	**18.26p**	**2.92p**

Income for the period represents interest income and monitoring fees by BSIFIL to BSIF.

The total comprehensive income before tax of £64.0 million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on valuation movements of BSIFIL's portfolio is given in the Report of the Investment Adviser.

Ongoing Charges	**Year to 30 June 2017**			**Year to 30 June 2016**		
	The Company	**BSIFIL**	**Total £**	**The Company**	**BSIFIL**	**Total £**
Fees to Investment Adviser	355,371	2,642,082	2,997,453	625,518	2,206,714	2,832,232
Legal and professional fees	98,606	23,440	122,046	152,871	1,100	153,971
Administration fees	262,226	-	262,226	248,274	-	248,274
Directors' remuneration	159,963	10,000	169,963	159,733	10,000	169,733
Audit fees	95,466	17,750	113,216	85,925	24,000	109,925
Other ongoing expenses	218,984	378,504	597,488	214,246	130,722	344,968
Total expenses	**1,190,616**	**3,071,776**	**4,262,392**	**1,486,567**	**2,372,536**	**3,859,103**
Non-recurring expenses	(122,392)	(224,093)	(346,485)	(485,289)	-	(485,289)
Total ongoing expenses	1,068,224	2,847,683	3,915,907	1,001,278	2,372,536	3,373,814
Average NAV			361,749,648			302,619,714
Ongoing Charges (using AIC methodology)			1.08%			1.11%
Performance fee			0.02%			0.06%
Ongoing charges plus performance fee			1.10%			1.17%

The ongoing charges ratio is calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation.

6. **Directors' Valuation* of Company's portfolio**

The Investment Adviser or an independent external valuer is responsible for preparing the fair market valuation recommendations for the Company's investments for review and approval by the Directors.

Valuations are carried out on a six monthly basis as at 31 December and 30 June each year and the Company has committed to procure a review of valuations by an independent expert not less than once every three years. 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 Directors' Valuation adopted for the portfolio as at 30 June 2017 was £573.4 million (Note 8), representing a cumulative 5.69% uplift on investment cost, derived from a combination of income generated within the investments and revaluation uplift under discounted cash-flow methodology. The Board reviews and considers the recommendations of the Investment Adviser to form an opinion of the fair value of the Company's investments.

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

7. **Principal Risks and Uncertainties**

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

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.

Bluefield Solar Income Fund Limited's risk register covers four main areas of risk:

- Portfolio Management;
- Operational;
- Regulatory; and
- External.

Each of these areas, together with the principal risks with that category, is summarised in the table below and include commentary on the mitigating factors.

* Directors' Valuation is an alternative performance measure to show the gross value of the SPV investments held by BSIFIL, including their holding companies. A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.

7. Principal Risks and Uncertainties (continued)

PORTFOLIO MANAGEMENT

Risk	Potential Impact	Mitigation
1. Portfolio Acquisition Risk	Missed investment opportunities.	The Board reviews the Company's investment pipeline with the Investment Adviser on a regular basis. The Company, through BSIFIL, has access to additional debt financing under terms of its three year revolving credit facility with RBS, as well as the option to complete a tap issuance to support further acquisitions if required. The closure of the primary market for solar assets has led to inflation in secondary market prices reducing potential yield of new purchases.
2. Portfolio Operational Risk	Underperformance of solar plant versus expectations at acquisition.	BSL as asset manager prepares a quarterly operational summary for the Board that evaluates the performance of each plant against budget and highlights any issues to be addressed. The Board also now receives a monthly operations report from BSL.

7. Principal Risks and Uncertainties (continued)

OPERATIONAL

Risk	Potential impact	Mitigation
3. Valuation error	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.	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 Board for approval and adoption. Ongoing quarterly reconciliations are performed between the SPVs and BSIF. The Board has committed to obtaining 3rd party valuations at least every three years. The first valuation was completed in June 2015. An additional and detailed independent review of the portfolio cash flow model was carried out as part of the long term debt financing procurement process. To mitigate the impact of power price volatility on the Company's portfolio valuation blended power price curves from two leading forecasters are used in the portfolio cash flow model.

7. Principal Risks and Uncertainties (continued)

OPERATIONAL (continued)

Risk	Potential impact	Mitigation
4. Valuation error	Model Risk - An error in the cash-flow models could lead to an incorrect valuation.	The SPV cash flow models are reviewed using a "four eyes" approach and were independently reviewed as part of the external portfolio valuation in June 2015. The models were subject to detailed reviews and stress tests by the Company's credit providers in Q2 2016. The models do not extend the life of cash flows beyond 25-years without evidence of lease and planning extensions.
5. Depreciation of NAV	The portfolio NAV will depreciate towards the end of the fund's life.	The Investment Adviser has been requested to model how the portfolio NAV will move with time, producing long term scenario planning for the Boards' review. The Board has authorised the Investment Adviser to negotiate lease extensions on all active plants as it deems necessary.

EXTERNAL

Risk	Potential impact	Mitigation
6. Unfavourable Weather and Climate Conditions	Weather related risks: annual income generation of the Company is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year.	The Company has diversified the locations of its plants across the UK.

7. Principal Risks and Uncertainties (continued)

EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
6. Unfavourable Weather and Climate Conditions (continued)		The Company uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is dispersed across the south of the UK. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight, limiting short term volatility when compared to other weather dependent electricity generation. The Company and other clean energy providers are doing their part to reduce the Earth's Carbon Footprint, however there are already damaging long term effects which may impact the Company. The management of such an outcome is largely out of the Company's control.

7. Principal Risks and Uncertainties (continued)

EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
7. Unfavourable Electricity Market Conditions	Annual income generation of the Company is sensitive to future power market pricing. A major structural shift in power demand or supply will impact the Company's ability to meet its dividend target. The reduction of all energy prices may also have a negative effect on the price of all sources of energy.	The Investment Adviser regularly updates the portfolio cash flow model to reflect future power market forecasts and where appropriate applies discounts to the forecasts. New projects are always assessed using the most recent power market forecast data available. A rolling programme of PPA contract expiries has been implemented to minimise risk. Protection against a sustained period of low energy prices can only be achieved by maximising exposure to regulatory revenues through acquisition of more legacy FiT and ROC plants. Some recent acquisitions have included fixed power contracts for a longer period, reducing exposure to short term volatility. Long term power prices are however beyond the control of the Company. A third party review of the power strategy adopted by the Investment Adviser has also given a strong independent verification of the strategy. The Investment Adviser is currently reviewing possibilities for the private sale of electricity to stabilise long term revenues.

7. Principal Risks and Uncertainties (continued)

EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
8. Changes in tax regime	There may be unfavourable tax related changes including restrictions on renewables, or no relief on debt structuring.	In October 2015 the final proposals for the 15 Base Erosion and Profit Shifting Actions were delivered to the G20 Finance Ministers. This included a timetable for implementation and for which Europe is expected to be a forerunner. An independent taxation review of the Company was carried out as part of the long term debt financing procurement process. The Board continues to monitor the situation and take advice from the Company's tax advisers as necessary.
9. Changes to Government Plans	Decisions affecting the wholesale supply of electricity through either i) a flooded market or ii) other available forms of energy sources.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers.
10. Political risk	The decision by the UK to exit the EU has elevated levels of political uncertainty and may have an adverse impact on the Company.	Since announcement of the EU referendum result there has been a weakening of Sterling's exchange rate against a number of major currencies, a downgrade of the UK's credit rating and a cut in interest rates. The Company has been favourably impacted by these changes to date. The Company has negligible foreign currency exposure and the reduction in yield on gilts has materially reduced the cost of the long term debt issue. There are however other unknown risks which may or may not occur in the medium and longer term and which the Board will monitor closely should they arise.

7. Principal Risks and Uncertainties (continued)

Longer-term viability statement

Assessing the prospects of the Company
The corporate planning process is underpinned by scenarios that encompass a wide spectrum of potential outcomes. These scenarios are designed to explore the resilience of the Company to the potential impact of significant risks set out below.

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 57, is taken into account.

The Board reviewed the impact of stress testing the quantifiable risks to the Company's cash flows in the previous pages as detailed in risk factors 1-10 and concluded that the Company, assuming current leverage levels, would be able to continue to produce distributable income in the event of the following scenarios:

Strategic Report Risk Factor	
2.	Plant performance degradation of 0.8% per annum versus 0.4% per annum
2.	Plant availability reduced to 95%
6.	P90 irradiation
7.	Power price set to zero

The Directors consider that this stress testing based assessment of the Company's prospects is reasonable in the circumstances of the inherent uncertainty involved. In accordance with the Articles of Incorporation, every five years the Board is required to propose an ordinary resolution that the Company should cease to continue as presently constituted. The first such discontinuation vote is scheduled to be held at the 2018 AGM. However, for the purposes of the longer term viability statement it is assumed that no discontinuation resolution is passed.

The period over which we confirm longer term viability
Within the context of the corporate planning framework discussed above, the Board has assessed the prospects of the Company over a three year period ending 30 June 2020. Whilst the Board has no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved, the period over which the Board considers it possible to form a reasonable expectation as to the Company's longer term viability, based on the stress testing scenario planning discussed above, is the three year period to June 2020. This period is used for our mid-term business plans and has been selected because it presents the Board and therefore readers of the annual report with a reasonable degree of confidence whilst still providing an appropriate longer term outlook.

Confirmation of longer term viability
The Board confirms that its assessment of the principal risks facing the Company was robust.

Based upon the robust assessment of the principal risks facing the Company and its stress testing based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to June 2020.

7. Principal Risks and Uncertainties (continued)

Longer term viability statement (continued)

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

The Company's risks are mitigated and managed by the Board through continual review, policy setting and half-yearly review of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out its last formal review of the risk matrix at the Audit Committee meeting held on 15 May 2017. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Paul Le Page
Director
15 September 2017

Laurence McNairn
Director
15 September 2017

Report of the Investment Adviser

1. About Bluefield Partners LLP

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

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. As Investment Adviser, Bluefield takes responsibility, fully inclusive within its advisory fees, for selection, origination and execution of investment opportunities for the Company, having delivered 45 SPV investments to BSIF since flotation. Due to the strong expertise of the Investment Adviser, no additional transaction arrangement or origination service providers are employed by the Company and no investment transaction arrangement fees have been paid either to the Investment Adviser or any third parties.

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

2. Portfolio: Acquisitions, Performance and Value-Enhancement

Portfolio

As at 30 June 2017, the Company held an operational portfolio of 82 PV plants (consisting of 41 large scale sites, 40 micro sites and 1 roof top site) with a total capacity of 441.5 MWp with the portfolio displaying strong diversity through: geographical variety (as shown by the map on page 11), a range of proven PV technologies and infrastructure (arising from the solar PV farms having been constructed by a number of experienced solar contractors), and a blend of asset sizes with capacities ranging from microsites to substantial, utility-scale solar farms (including two plants at c.50MWp).

Acquisitions

During the 12-month period to 30 June 2017, the Company completed £44.4 million of acquisitions, with a combined capacity of 40.3MWp. This reflects a significant drop in activity from previous years following the closure of the ROC support to new primary assets and reflects the Company and Investment Adviser's discipline in investing only in projects which are accretive to the Company's returns.

The acquisitions, all of which were made utilising the proceeds from the £60.6 million equity-raise in October 2016 (in addition to its partial utilisation to re-finance acquisitions previously funded using the revolving credit facility), included seven 1.2 ROC construction assets (all operational since March 2017), and three operational assets: a 5.0MWp 1.2 ROC facility at Kellingley in North Yorkshire (acquired on 30 June 2017); a 2.1MWp 2 ROC facility in East Devon; and a 0.5 MWp rooftop facility in Northamptonshire, constructed in 2011 and accredited under the 2011/12 FiT scheme.

Both Langlands and the rooftop facility were partly owned by members of the Investment Adviser and are related party transactions in respect of BSIFIL, as disclosed in Note 16.

In keeping with the Investment Adviser's objective to deliver value and return accretive acquisition opportunities to the Company, securing 7 primary assets during the last months of the RO scheme was a success for the Company as it enabled it to lock in the benefits of the 20 year RPI indexed support mechanism, a scheme which is now closed to further business. In parallel, the three secondary acquisitions, while small in volume, demonstrate that through incremental, selective acquisitions, the Investment Adviser is able to continue to secure new opportunities that add value to the Company.

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Acquisitions (continued)

Looking forward, the Investment Adviser is currently negotiating on behalf of the Company across a range of large and small-scale transactions as it looks to continue its policy of securing high quality, return accretive acquisitions during the course of the 2017/18 financial year, though its strong pricing discipline means that its primary focus is now increasingly on the optimisation of performance of the excellent asset base already secured.

Performance

In the year to 30 June 2017, the operational portfolio as at 30 June 2016 of 401.2MWp has continued to display strong operational performance, achieving a Net Performance Ratio (the ratio at which a PV plant converts available irradiation to electrical output) of 83.4%, against a forecasted Net Performance Ratio of 81.3% , creating an 'asset management uplift' of +2.6%.

Table 1. Summary of BSIF Portfolio (401.2MWp) Performance for FY 2016/17:

	Actual	Forecast	Δ/WCM
IRR kWh/M²	1,182	1,185	-0.3%
Performance Ratio (%)	83.4%	81.3%	+2.6%
Generation Yield (MWh/MWp)	986	963	+2.3%
Total unit Price – Power + ROCs +LDs (GBP/MWh)	119.4	118.4	+0.9%
Total Revenue (GBP/MWp)	£117.7k	£114.0k	+3.2%

Notes to table 1.

1. Excluding grid outages and significant periods of constraint or curtailment that were outside of the Company's control.

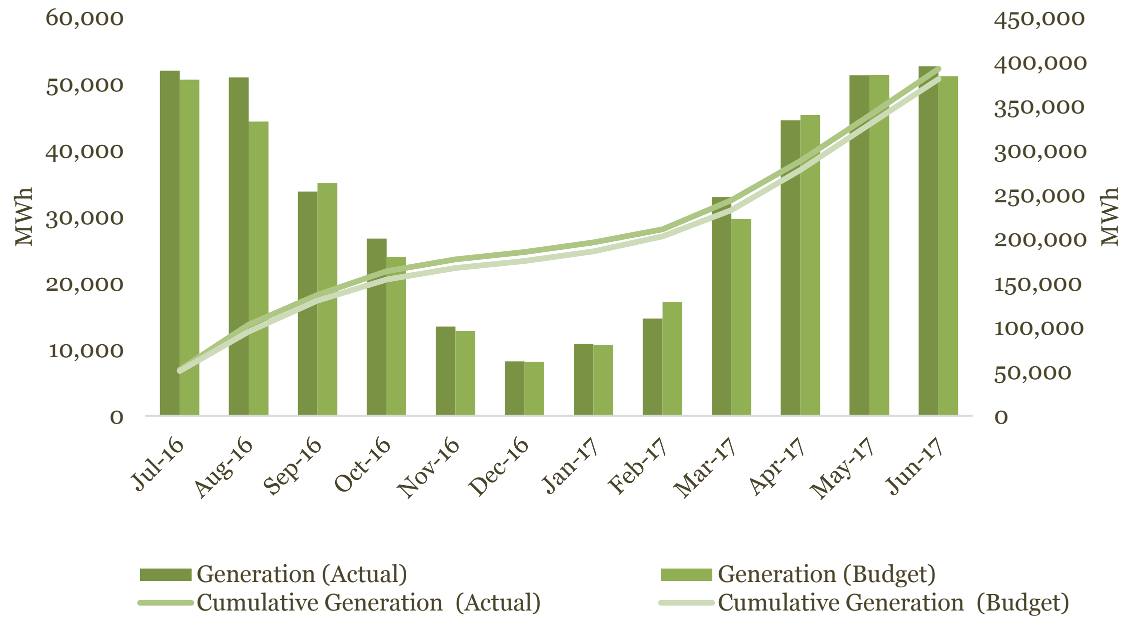
2. The table excludes assets with a collective capacity of 40.3 MWp, which either were acquired or became operational during the Reporting Period and therefore do not yet offer 12 months of performance data. The solar farms excluded are shown in the second half of the full asset table on pages 33 and 34.

As the table above summarises, marginally below average levels of irradiation, combined with operational outperformance, drove generation (measured as the energy yield per MWp of installed capacity) to +2.3% ahead of technical expectations and, with LDs earned in the period of £1.3m as well as a conservative estimate for CP 15 ROC recycle, the portfolio has generated an average of £117.7k/MWp, equivalent to +3.2% ahead of expectations.

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Performance (continued)

Figure 1. Summary of BSIF Portfolio (401.2 MWp) generation for FY 2016/17



As a result of effective liaison with the DNOs and negotiation by BSL, the Company's asset manager was able to reduce and mitigate the effect of potential grid outages in the financial year and as a result there were few material outages experienced across the portfolio. Particular success has been achieved in relation to Durrants Solar Farm, where curtailment to allow critical grid upgrade works to be undertaken on the Isle of Wight and Fawley was initially expected to result in 994.6MWh of lost generation but a co-ordinated approach by BSL, with other solar farm owners in the area, resulted in only 543MWh of lost generation – a saving of £183k in revenue. In addition, 29 days of planned outage (22 May to 19 June 2017) for West Raynham were reduced to a total of 3.5 days and 16 days of planned outages (23 January to 7 February 2017) affecting Hill Farm were reduced to just 2 days, with generation and revenue savings of 6,645MWh and £658k and 204MWh and £22k respectively.

During the financial year the Company exercised the strength of its contractual protections, enabling the recovery of £1.3m of LDs and insurance claims for periods of underperformance, revenue losses and the rectification of minor equipment defects. The fact that these LDs represent only 2.8% of the year's revenues is reflective of the strong performance of the majority of assets within the portfolio. There have been no incidents of material underperformance or outage during the financial year.

A significant portion of the portfolio companies remains protected by performance warranties provided by the EPC contractors (in addition to equipment manufacturers' warranties), backed by retentions or warranty bank bonds, applicable from each asset's provisional acceptance date. These warranties provide a contractual entitlement to the recovery of damages as a result of operational underperformance against a contracted level of performance, or as a result of defects. As assets pass their final acceptance dates, new performance guarantees are provided by contracted O&M service providers in addition to comprehensive insurance coverage.

The geographical and equipment diversity of BSIF's portfolio allows the effects of both 'Outage Risk' (whereby a higher proportion of large capacity assets would hold increased exposure to material losses due to curtailments and periods of outage) and 'Defect Risk' (where over-reliance on limited equipment manufacturers could lead to large proportions of the portfolio suffering similar defects) to be mitigated.

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Performance (continued)

The operational performance of the portfolio and the effective recovery of LDs once again highlight the success of the Company's dedicated portfolio function and effective working relationship with the Company's asset manager, BSL, who provide daily monitoring of the plants and regular contractor engagement. BSL have allocated approximately 5,600 hours analysing plant performance, 90 days assessing performance calculations at critical contractual milestones (performance acceptance testing and 1st / 2nd year performance tests) and spent in excess of 133 days at the solar farms inspecting the condition of the equipment and general maintenance of the sites during the reporting period.

Value-Enhancement Initiatives

Following the closure of the RO Scheme in March 2017, and the UK solar PV sector moving to a secondary market, the Investment Adviser has launched a number of new initiatives which seek to enhance and create additional value for the portfolio, through the optimisation of both operations and revenues.

These initiatives, which are expected to begin to take effect during the 2017/18 financial year, include a wide-ranging asset-life extension programme, securing optionality for the addition of battery-storage facilities across the portfolio and actively discussing opportunities within the UK's burgeoning corporate and direct-wire PPA market, in order to provide predictable and reliable income streams for the Company over the long term.

The Company's operating portfolio as at 30 June 2017 and the electricity generated in the 2016/17 financial year is shown below:

Table 2. BSIF Portfolio Generation for FY 2016/17 by Asset:

Solar Farm Asset	Total Investment Commitment (GBP)	MWp	Generation FY16/17 (Actual, MW/h)
Southwick	61.0	47.9	47,308.1
West Raynham	55.9	50.0	48,701.9
Elms	32.8	28.9	28,703.6
Molehill	23.1	18.0	19,070.4
Hardingham	22.7	20.1	19,479.3
Littlebourne	22.0	17.0	17,910.4
Pentylands	21.4	19.2	17,591.5
Goose Willow	19.0	16.9	16,935.9
Hoback	19.0	17.5	17,211.0
Hill Farm	17.3	15.2	14,625.5
Pashley	15.4	11.5	12,659.8
Burnaston	14.4	4.1	3,629.1
Roves	14.0	12.7	12,195.6
Hall Farm	13.4	11.4	11,879.0
Sheppey/South Lees	12.0	10.6	11,417.7
Betingau	11.2	10.0	8,003.1
North Beer	9.3	6.9	6,601.7

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Value-Enhancement Initiatives (continued)

Solar Farm Asset	Total Investment Commitment (GBP)	MWp	Generation FY16/17 (Actual, MW/h)
Capelands	8.6	8.4	8,119.5
Ashlawn	7.6	6.6	6,620.8
Saxley	7.0	5.9	5,901.5
Durrants	6.4	5.0	4,668.0
Redlands	6.4	6.2	6,424.5
Romsey	5.8	5.0	5,178.8
Trethosa	5.8	4.8	4,354.5
Salhouse	5.6	5.0	4,896.8
Frogs Loke	5.6	5.0	4,894.2
The Grange	5.4	5.0	4,815.2
Bunns Hill	5.3	5.0	4,910.8
Folly Lane	5.3	4.8	4,658.4
Oulton	5.3	5.0	4,849.0
Rookery	5.2	5.0	4,802.7
Tollgate Farm	4.6	4.3	4,042.1
Butteriss (20 micro sites)	2.3	0.8	687.9
Goshawk	2.0	1.1	1,034.2
Promothames (9 micro sites)	1.3	0.4	344.2
SUB-TOTAL	**479.4**	**401.2**	**395,126.7**
Assets becoming Operational / Acquired during the Reporting Period			
Old Stone	5.7	5.0	1,499.3
Place Barton	5.5	5.0	1,669.0
Court Farm	5.5	5.0	1,817.8
Kellingley	5.0	5.0	1,800.8
Kislingbury	5.0	5.0	1,697.5
Willows	4.6	5.0	1,738.8
Gypsum	4.4	4.5	1,757.6
Barvills	3.3	3.2	1,240.6
Langlands	3.1	2.1	1,019.7
Corby	2.3	0.5	215.5
SUB-TOTAL	**44.4**	**40.3**	**14,456.6**
GRAND TOTAL	**523.8**	**441.5**	**409,583.3**

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Value-Enhancement Initiatives (continued)

PPA Strategy

Over the year the Company maintained its strategy to fix the price of power sale contracts for individual assets, not covered by long term contracts, for periods between 12 and 36 months. The majority of contracts are being struck for a minimum of 18 months which is the average required duration under the Aviva Facility.

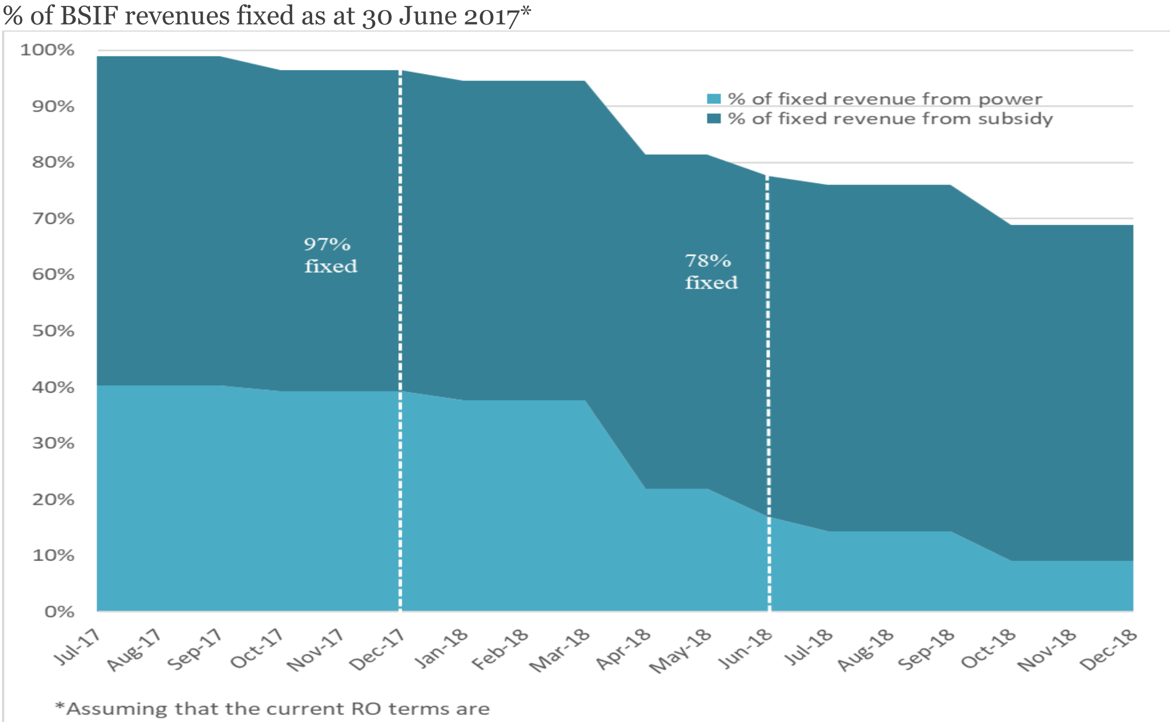
For the c.75% of plant capacity that is not tied to long term contracts, the Company has also continued to implement the approach of fixing power prices evenly throughout the year, in order to mitigate the Company's exposure to seasonal fluctuations and short term events which have the potential to increase volatility in the price of electricity in the UK. The fixing period seeks to maximise potential revenues for the Company, whilst spreading exposure to short term seasonal power movements across the portfolio.

Prices can be fixed up to 3 months in advance of the commencement of the fixing period and PPA counterparties are selected on a competitive basis but with a clear focus on achieving diversification of counterparty risk.

The combination of the PPA renewal strategy applied during the period, and c.95 MWp of plants (c.25% of the portfolio) benefitting from 15 year PPAs with attractive fixed power prices until Q4 2018, means the Company is materially insulated from power price fluctuations both up and down over the next 12 months.

Meanwhile the fact that 75% of the portfolio is contracted only on short term (12-36 month PPAs) has meant that the Company has been able to benefit from some of the rising power price trend in recent months.

% of BSIF revenues fixed as at 30 June 2017*



The graph above shows that the Company has a price confidence level of c.97% to December 2017 and c.78% to June 2018 over its power revenue streams.

2. Portfolio: Acquisitions, Performance and Value-Enhancement (continued)

Value-Enhancement Initiatives (continued)

PPA Strategy (continued)

The Investment Adviser's strategy to secure leverage at the portfolio rather than asset level has enabled the Company to retain flexibility in implementing its short term PPA strategy following the closing of the Company's long term borrowing facility in September 2016. This means the Company now has the flexibility to explore value enhancing options such as negotiating corporate PPA offtake, flexibility which would not be available if it had been required by lenders to enter 15 year offtake contracts. The Company also remains able to maximise potential economies of scale by taking advantage of opportunities only available to owners who can commit significant volumes of generating capacity.

Retaining this flexibility means that the Company has the opportunity to regularly tender out a large portion of its power to ensure it always achieves the most competitive pricing and avoids the greater discounts applied by offtakers when they are entering long term contracts. For example, a tender of 4 x 5MWp is preferred over 4 separate tenders of 5MWp in order to maximise value.

Revenues and Power Price

The portfolio's revenue streams in the financial year show that the sale of electricity accounts for 39% of the Company's income. Regulated revenues from the sale of FiTs, and ROCs account for 61%.

Wholesale power markets have shown improvement from the lows experienced in Q1 2016, driven by concerns over supply in the UK electricity market, tight reserve capacity and the depreciation of Sterling post the Brexit referendum.

The power price movement has been reflected in PPA fixes completed by the Company during the period. The 12-36 month fixed contracts replaced in the period have seen a decrease to the average seasonal weighted power price achieved (from £45.80 per MWh to £44.01 per MWh) to 30 June 2017 compared to the year ended 30 June 2016. The resulting blended contracted price was in line with the day ahead market base load power prices over the equivalent period.

In June 2016, the Board appointed Cornwall Energy, a leading independent market intelligence adviser, to review existing PPA contracts and power sale strategies to provide feedback and insight. The findings of the review were positive in respect of both ROC capture rates and prices achieved for the sale of power.

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

3. Analysis of underlying earnings

The total generation and revenue earned in FY16/17 by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	14,933	0.8	4.0
2.0 ROC	7,621	0.4	0.8
1.6 ROC	89,376	3.9	6.4
1.4 ROC	241,383	10.8	15.0
1.3 ROC	43,048	1.9	2.5
1.2 ROC	13,222	0.6	0.8
Total	**409,583**	**18.4**	**29.5**

The Company includes ROC recycle assumptions within its long term forecasts and applies a market based approach on recognition, including prudent estimates within its accounts where there is clear evidence participants are attaching value to ROC recycle for the current accounting period. In October 2017, Ofgem will announce the final value for ROC recycle for the period April 2016 - March 2017, with settlement expected to occur in November 2017.

As there is no means of assessing whether there is any ROC recycle value for the period April - June 2017 the Company has not recognised any income for ROC generated in this period.

3. Analysis of underlying earnings (continued)

The following table demonstrates that in the past financial year the portfolio generated underlying earnings, after debt service costs relating to principal and interest repayments, of 7.32 pps, 0.14 pps ahead of the Company's dividend target of 7.18 pps, and enables the Company, for the third year running, to pay out dividends ahead of target, at 7.25 pps for 2016/17, while also increasing its retained earnings from £0.8m to £1.1m – equivalent to 0.30 pps.

Underlying Portfolio Earnings

	Full year to 30 Jun 17 (£m)	Full year to 30 Jun 16 (£m)	Full year to 30 Jun 15 (£m)
Portfolio Revenue	47.9	35.6	22.7
Liquidated damages	1.3	0.9	0.8
Portfolio Income	**49.2**	**36.5**	**23.5**
Portfolio Costs	-11.4	-7.1	-0.9
Project Finance Interest Costs	-0.7	-0.7	-0.7
Total Portfolio Income Earned	**37.1**	**28.7**	**21.9**
Group# Operating Costs*	-4.2	-3.9	-3.1
BSIFIL Interest Costs	-4.4	-3.2	-0.8
Underlying Earnings	**28.5**	**21.6**	**18.0**
Total Debt Repayments	-3.4	-0.7	-0.7
Total Underlying Earnings	**25.1**	**20.9**	**17.3**
Bought forward reserves	0.8	1.3	0.0
Total Underlying Earnings available for distribution -1	**25.9**	**22.2**	**17.3**

Actual Distribution -2**	**24.8**	**21.4**	**16.0**
Underlying Earnings carried forward (1-2)	**1.1**	**0.8**	**1.3**

#Includes the Company and BSIFIL
*Excludes one off transaction costs and the release of up-front fees related to the Company's debt facilities
**Actual distribution is based on funds required for total dividend for each financial period. This has been above the target dividend in each full financial year since IPO

3. Analysis of underlying earnings (continued)

The table below presents the underlying earnings on a 'per share'.

	Full year to 30 Jun 17 (£m)	Full year to 30 Jun 16 (£m)	Full year to 30 Jun 15 (£m)
Target Distribution (RPI dividend)	24.6	20.9	15.3
Total funds available for distribution (inc reserves)	**25.9**	**22.2**	**17.3**
Average Number of shares in year*	342,735,213	295,282,786	224,583,921
Total funds available for distribution (pps) - 1	**7.55**	**7.55**	**7.71**
Total Dividend Declared & Paid (pps) - 2	7.25	7.25	7.25
Reserves carried forward (pps) ** - 1-2	0.30	0.30	0.46

*Average number of shares is calculated based on shares in issue at the time each dividend was declared.
** Reserves carried forward are based on the shares in issue at the corresponding year end.

4. NAV and Valuation of the Portfolio

The Investment Adviser is responsible for advising the Board 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, most recently by EY for the year ended 30 June 2015.

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 (formerly known as the European Venture Capital Association), application of which is considered consistent with the requirements of compliance with IAS 39 and IFRS 13.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2017 was £573.4m, compared to £483.7 million as at 30 June 2016 and £296.8 million as at 30 June 2015.

A breakdown of the key components of the Directors' Valuations over the last three consecutive financial years, is shown below:

Valuation Component (£m)	**Jun 17**	**Jun 16**	**Jun 15**
Portfolio DCF value	545.4	465.8	282.3
Projects valued at cost (amount invested)	5.0	0.0	0.0
Project Net Current Assets	23.0	17.9	14.5
Directors' Valuation	**573.4**	**483.7**	**296.8**

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

4. NAV and Valuation of the Portfolio (continued)

Changes to Directors' Valuation methodology

During the financial year there have been a number of key developments which have impacted the Investment Adviser's recommendation to the Directors' Valuation:

(i) During the financial year a number of large scale operational portfolios have been sold, notably 365MWp sold by TerraForm Power to EFG Hermes, 78MWp and 80MWp by Primrose to Greencoat and Equitix, respectively, and 105MWp by Wirsol to Rockfire Capital. A number of these acquirers are new entrants to the UK market and represent the availability of an increasingly low cost of capital, largely from pension fund investors;

(ii) In the period, the Company, through BSIFIL, has closed long term (18.25 years tenor from September 2016) fully amortising (over 18 years) debt for the portfolio with Aviva Investors at a fixed rate of 2.875% on the £121.5m fixed rate component and 0.7% plus RPI on the £65.5m RPI indexed element;

(iii) Following the 'Brexit' referendum, Sterling depreciation, among other factors, has resulted in an increase in inflationary pressures in the UK and expectation of higher inflationary pressures in the future;

(iv) A number of projects have been through FAC testing (generally conducted following 2-3 years of operational life). As these plants have now passed out of the EPC warranty period and are not subject to outstanding contractual testing obligations under the EPC contract, it is appropriate that they are now valued based on proven operational PR rather than warranted PR; and

(v) Notwithstanding some upward movements in energy price forecasts during the year, following UK electricity market capacity constraints, combined with higher costs of imported energy resulting from Sterling devaluation, power price forecasts as at year end remained low and so showed negligible change from the previous financial year. To avoid sensitivity to a single forecast in a volatile market, the Investment Adviser collects data from two leading forecasters.

Each of these factors has been considered when determining the Directors' Valuation.

Discounting Methodology and Discount Rate

The Directors' Valuation is based upon the discounting of the net, unlevered, project cash flows of each investment held by the Company, through BSIFIL, irrespective of whether the investment has project leverage or not. The discount rate applied on the project cash flows is therefore the WACC. This approach of discounting the unlevered cash flows with a WACC has been applied, and is consistent with the approach taken in every previous Directors' Valuation, and is intended to avoid asset valuations being distorted by different debt sizing or amortisation profiles. Having discounted the unlevered project cash flows, to establish a 'willing buyer – willing seller' enterprise valuation or 'EV', the project level debt (if any) is deducted to establish the 'equity value'. It is notable that of the 45 SPVs held by the Company, only one (Project Durrants) has asset level debt (being £13.2 million at the financial period end).

In December 2016, the Board noted that whilst there was clear evidence regarding the trend toward falling cost of capital for UK solar assets, most significantly the 365MWp TerraForm Power UK solar portfolio sale for a value of £1.29m/MWp for a largely 1.4ROC portfolio, it wanted to establish longer term trends before adopting further changes to the Company's discount rate.

4. NAV and Valuation of the Portfolio (continued)

Discounting Methodology and Discount Rate (continued)

Since December 2016, as noted above in point (i) within the ‘Changes to Directors’ Valuation methodology’ section, there has been a continued trend of large scale portfolios transacting at prices equivalent to or higher than, on a £/MWp basis, that of the 365 MWp TerraForm portfolio.

In the Board’s opinion, this activity clearly demonstrates the establishment of a consistent theme in pricing and it believes it appropriate under the ‘willing buyer-willing seller’ methodology, that the valuation of the Company’s portfolio be prudently benchmarked on £/MWp basis against these comparable portfolio transactions.

By valuing the portfolio at an EV of £558.6m (being the DCF valuation of £545.4m combined with the outstanding debt in project Durrants of £13.2m) and an effective price of £1.28m/MWp, the Board has conservatively achieved this aim.

On this basis, the WACC discount rate of 6.60% (applied in December 2016, June 2016 and December 2015) has been lowered by 0.45% to 6.15%.

For completeness, this discount rate incorporates tax shield from leverage held within BSIFIL based upon the actual amortisation profile and interest rates applicable to the contracted debt facilities.

The equity discount rate implied by the Directors’ Valuation is 7.43% (up from 7.31% in June 2016), a reflection of synthetic leverage being replaced with actual leverage. This is derived from leverage of 33%, based on the Company’s GAV as at 30 June 2017 of £600.0m*, and implies that the future cash flows of the Company, based upon the conservative assumption of a zero terminal value after 25 years, are expected to deliver a 7.4% gross annualised return on today’s NAV.

This attractive return level is indicative of the strong return characteristics of the solar sector and highlights the strong expected equity cash flow performance of the Company through its high performing portfolio and attractively priced long term debt (as set out in the section on Debt Financing below).

The DCF has been applied on an asset portfolio with an average assumed operational life of 25 years from commissioning. The Board has elected not to adopt longer assumed life even for assets with extended lease or planning permission at this early stage in the life of the portfolio.

Following an increase in inflationary expectations in the UK, the Board elected to adopt an increase to forecast RPI from 2.5% to 2.75% in the Company’s 31 December 2016 Interim Financial Statements and has maintained this assumption as at 30 June 2017. This keeps the Company’s valuation methodology in line with the peer group and it has been applied consistently across both revenues, costs and, as appropriate, debt facilities.

* Gross Asset Value is the aggregation to the portfolio’s DCF value, project Durrant’s outstanding debt and the working capital balances from the portfolio and BSIFIL.

4. NAV and Valuation of the Portfolio (continued)

Power Price

In the period to 30 June 2016, the Directors' Valuation was based on the forecast power curve from one leading independent power price forecaster. This approach was considered to be the purist way to apply future power prices within its valuations to prevent valuation movement distortion (positive or negative) that could arise if a blended or adjusted approach to forecast curves was applied. During the period since IPO significant movements have occurred in power prices and a divergences have emerged between the views taken by different forecasters leading to increased levels of volatility in their forecast power prices over time. The timing of the publication of forecasts has also diverged in the past year, which increases both the timing risk and sampling risk associated with using a single forecasting source.

Forecaster	June 2017	December 2016
	Portfolio DCF Value (£m)	Portfolio DCF Value (£m)
Leading independent power forecaster 1*	540.7	486.9
Equal blend of leading independent power forecasts	545.3	496.9
Leading independent power forecaster 2	550.5	506.8

* Forecaster used in all previous BSIF valuations

As highlighted by the table, the selection of power forecaster can have a significant impact on valuation. The Company's 2014/15 and 2015/16 valuation approach, by utilising the power forecaster which is currently applying a more conservative power curve over the period of the discounted cash flow, built in significant conservatism versus peers utilising an alternative forecaster or blended forecasts.

In order to avoid sensitivity to the timing or opinion provided by a single forecaster, and as a direct result of these market developments, the Board elected in the Company's 31 December 2016 Interim Financial Statements to adjust its assumptions of future power prices by adopting an equal blend of the forecasts of the two leading independent forecasters. Applying this approach is intended to smooth sensitivity of valuation to forecast timing (the Company's original forecaster released its latest forecast in April 2017 with updates coming only after the period end, while the second forecaster produced its latest forecast in June 2017). Similarly, by taking a blended approach it is intended that the Company will reduce divergence in valuation approach due to different opinions of the forecasters.

The blended forecast used within the latest Directors' Valuation is based on forecasts released in April 2017 (forecaster 1) and in June 2017 (forecaster 2) and implies an annualised growth in real power prices over the 25 year forecast of 1.4%

The DCF 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 blended independent forecast price. As in 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 reflect the market without discount or premium.

4. NAV and Valuation of the Portfolio (continued)

Impact of Long Term Debt

During the financial period, BSIFIL took on £187m of long term debt from Aviva Investors. This debt has been contractually fixed for a tenor of 18.25 years (from September 2016), fully amortising over 18 years. As such, the Directors' Valuation now incorporates the benefit of tax shielding from the Company's long term debt profile (at a fixed rate of 2.875% on £121.5m and 0.7% over RPI £65.5m). Consistent with previous periods, the valuation assumes tax shield only from external 3rd parties. No tax shielding is assumed from intercompany loans within the group.

The average interest tax shield from this long term debt equates to 7.2% over the life, being 15.0% in 2018 and falling thereafter with amortisation of the debt.

As such, the extent of shielding is significantly below the maximum permissible level indicated under the BEPS (base erosion profit shifting) consultation and leaves potential room for additional tax shielding from interest on internal or external debt held by the Company.

Plant Performance

During the year, four plants were completed and passed FAC testing. This process triggered the end of performance related EPC warranties and, in the context of the valuation approach, marks the first point at which long term performance can be adopted within the future cash flows of the project.

In line with the strong operational performance of the portfolio, as outlined within the portfolio section of the Investment Adviser's report, the Board is pleased to confirm that the average operational PR, applied for plants that have passed FAC, is 84.9%. This represents an uplift of 1.5% over warranted levels previously assumed within the Directors' Valuation as well as the possibility of future valuation uplifts as more plants move through the FAC process and switch to operational PRs.

Consistent with the valuation approach taken in previous periods, the Directors' Valuation does not amend long term plant performance forecasts based upon short term performance while the plants remain within the warranty period and subject to outstanding contractual testing obligations.

Other Cash flow Assumptions

No material changes have been made regarding regulatory revenue or cost assumptions. During the period business rates have been amended and updated business rates have been applied for the forecast period. This update to business rates has resulted in a £2.8m increase to the Directors' Valuation and is included with Balance of Portfolio return in the valuation movement graph on page 44.

NAV movement

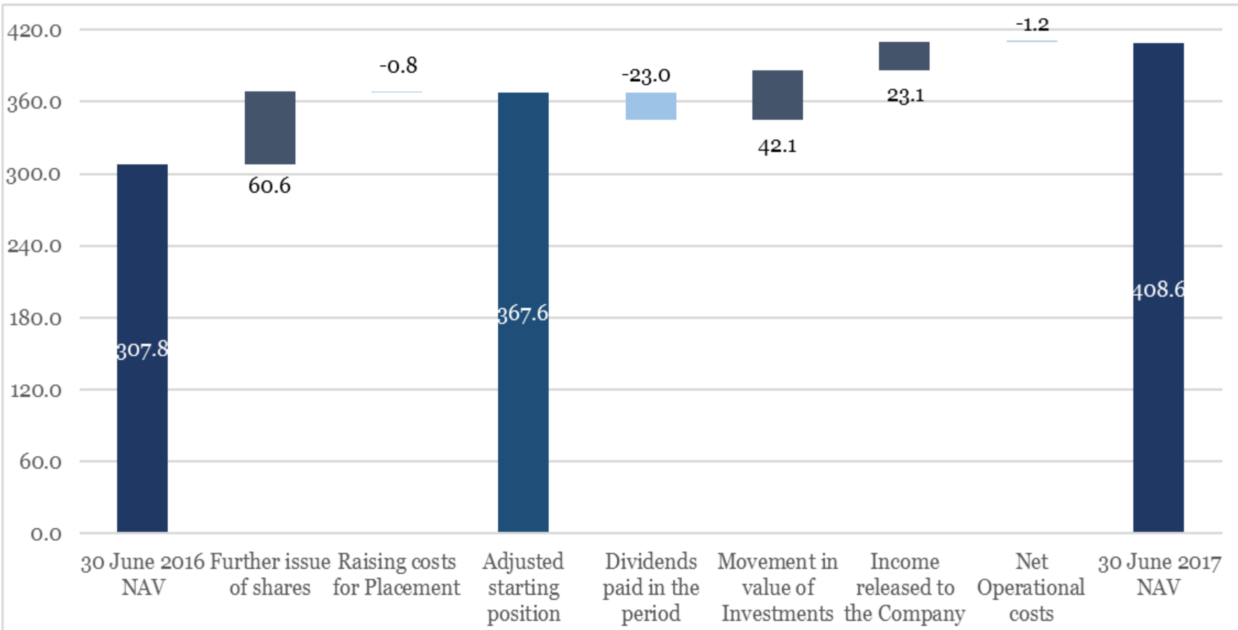
The Company issued shares to the value of £60.6 million (gross) in the period and paid total dividends of £23.0 million, being 3.0 pps in total for the third and fourth interim dividends in respect of the year ended 30 June 2016 (when combined with the earlier interim dividends, these provided a total dividend in the 2015/16 financial year of 7.25 pps), 3.25 pps in November 2016 and 1.0 pps in May 2017 as first and second interim dividends, respectively, in relation to the current financial period.

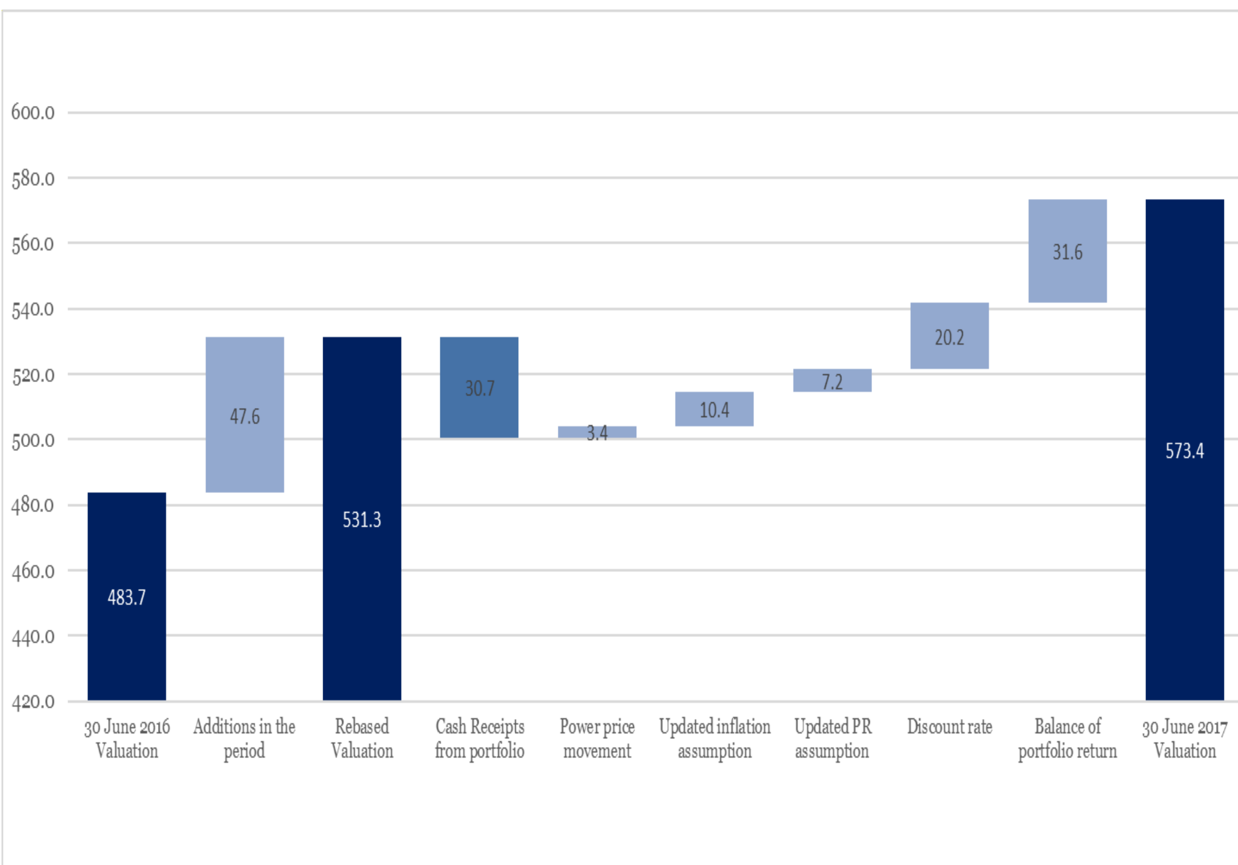
Adjusting the 30 June 2016 NAV of £307.8 million for the net contribution of shares raised in the period (£59.8 million) less the dividends paid in the period (£23.0 million), the uplift in the NAV of the Company during the year was £64.0 million, or 20.8%.

4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

A breakdown in the movement of the NAV (£ million) of the Company over the period and how this interacts with the movement in the valuation of the portfolio is illustrated in the charts below.





4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement

		(£million)	As % of re-based valuation
30 June 2016 Valuation		**483.7**	
Additions in the period#	47.6		
Re-based Valuation		**531.3**	
Cash receipts from portfolio	-30.7		-5.8%
Power Price Movement	3.4		0.6%
Increase in inflation (2.5% to 2.75%)	10.4		2.0%
Operational PR uplift	7.2		1.4%
WACC reduction (6.60% to 6.15%)	20.2		3.8%
Balance of portfolio return	31.6		6.0%
30 June 2017 Valuation		**573.4**	**8.0%**

#Additions in the period reflect new acquisitions of £44.4m, deferred share consideration for West Raynham of £2.4m and net current assets of £0.8m from intermediate holding companies directly owned by BSIFIL.

Each movement between the re-based valuation and the 30 June 2016 valuation is considered in turn below:

Cash receipts from the Portfolio

This movement reflects the cash payments made from the underlying project companies up to BSIFIL and the Company to enable the companies to settle operating costs and distribution commitments as they fall due within the period.

Power Price Movement

The Company's two independent forecasters released updated forecasts in April and June 2017 and these have been applied to the Directors' Valuation. The impact of adopting an equal blend of two independent forecasters as well as the latest long term power price estimates, against power price expectations applied in the 30 June 2016 valuation, is an uplift of £3.4 million.

The discounted cash flow 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 equal blend of two independent forecasters' prices.

4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement (continued)

Increase in RPI inflation

Over the period long term RPI inflation expectations have risen and as a result the Directors have felt it appropriate to amend the base case assumption to 2.75%, up from 2.5%.

The impact of the shift from the 30 June 2016 inflation assumption of 2.5% to 2.75% for 30 June 2017 is an uplift to the portfolio valuation of £10.4 million.

Operational PR uplift

The increase in value of £7.2m from PR changes during the period is a combination of two factors.

The first relates to an uplift of £5.3m, driven by a positive change in the PR assumption for West Raynham as it moved from being valued on a constrained to an unconstrained basis. In keeping with disclosures in prior accounting periods, confirmation that the plant will not be grid-constrained over its life triggers a deferred share payment of c.£2.4m, to Trina, the EPC contractor who sold BSIFIL the project, and so a corresponding liability has now been recognised by BSIFIL.

The second factor contributing an uplift in value during the period relates to four projects now being valued using operational PRs rather than warranted PRs. This change has only been enacted for plants that have successfully passed FAC testing as this represents the point in a project's lifecycle where it has, at a minimum, two years of stable operating history supporting the release of the EPC contractor from its performance guarantees.

Discount rate reduction

The reduction in the discount rate, from 6.60% to 6.15%, has resulted in an uplift to the valuation of £20.2m. As outlined in the section above, the reduction in the rate is a function of the Board ensuring that the valuation of the portfolio remains commensurate, albeit conservatively, with the pricing of comparable transactions within the UK solar market over the financial year and, specifically, within the six months to 30 June 2017.

Balance of Portfolio Return

The balance of portfolio return is comprised of the contribution from the unwinding of the discount rate, minor changes to the long term level of asset management costs as well as the inclusion of the latest estimates for business rates.

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 Directors' Valuation of 30 June 2016.

On the basis of these key assumptions the Board believes there remains further potential for NAV enhancement based upon long term proof of plant performance and through the 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 Board and may give rise to a revision of valuation approach in future reports.

4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement (continued)

Reconciliation of Directors' Valuation to Balance sheet

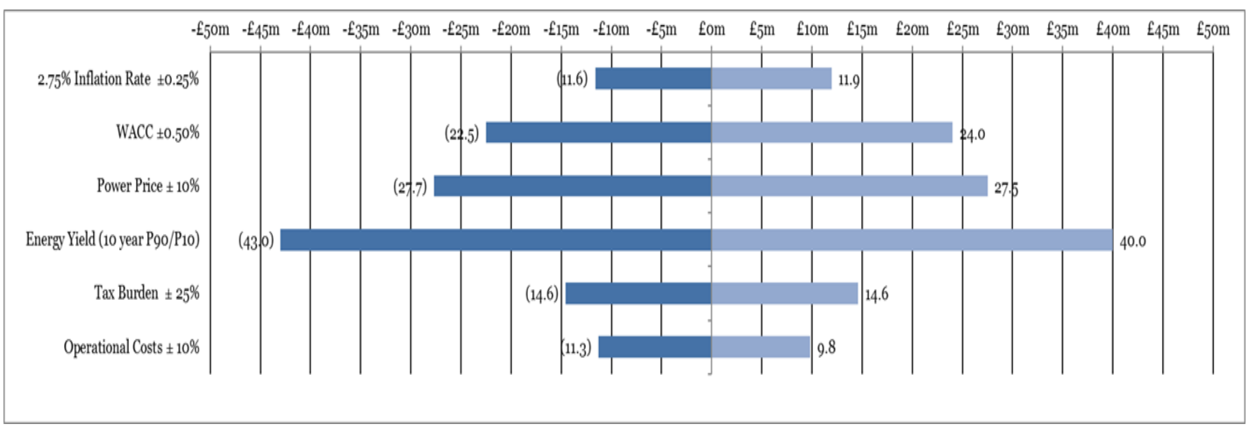
	Balance at Period / Year End		
Category	30 June 2017 (£m)	30 June 2016 (£m)	30 June 2015 (£m)
Directors' Valuation	573.4	483.7	296.8
BSIFIL Working Capital	15.9	2.4	12.0
BSIFIL 3rd Party Debt	(186.0)	(180.4)	(18.9)
Financial Assets at Fair Value per Balance sheet	**403.3**	**305.7**	**289.9***

**Figure presented for June 2015 is for illustration only as the Company had not adopted the IFRS 10 amendments at this point*

Following the adoption of IFRS 10 and the Company's move to presenting its results on a non-consolidated basis, rather than consolidating its immediate subsidiary BSIFIL, the above table serves to aid the reader in reconciling the Directors' Valuation, for the current and re-stated period, to the relevant line on the current and restated Statement of Financial Position.

Directors' Valuation sensitivities

Valuation sensitivities are set out in tabular form in Note 8 of the financial statements. The following diagram reviews the sensitivity of the closing valuation to the key assumptions underlying the discounted cash flow valuation.

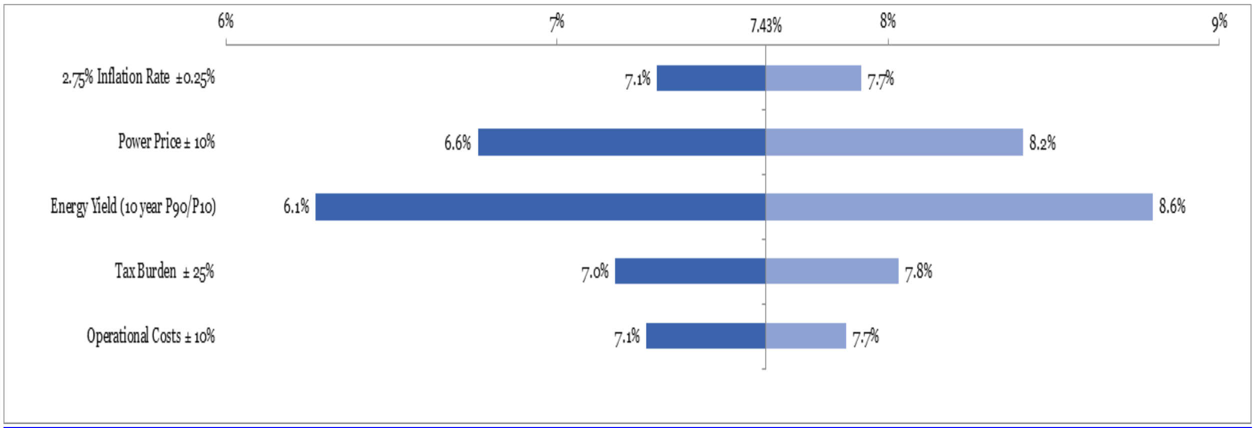


Furthermore, the chart below, which is based on the NAV as at 30 June 2017 of £408.6m, sets out the expected 25 year return (with a zero terminal value) of the Company's equity cash flows and indicates the robust nature of returns from solar cash flows, which results from the high proportion of regulated, RPI indexed, revenues.

4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement (continued)



Equity return upside may be achieved based on higher than base case power prices or additional tax shield, while the real returns remain robust in all inflation scenarios due to the carefully designed debt package with indexed and fixed rate components and RPI indexed revenues.

Apart from the energy yield, for which the portfolio has delivered consistent operational outperformance year on year, the greatest return sensitivity is to power prices which, following a three year downturn, have seen forecasts revised upwards over the last twelve months as the market adjusts to: the implications of the Brexit vote; shortage of reserve capacity; and high expected cost of replacement generation sources post coal.

Notwithstanding sensitivity to power prices, even in the downside scenario the Company's returns continue to offer a significant premium to gilt rates.

5. Financing

In September 2016, the Company's direct subsidiary completed the financial close of a £187 million LTF and a £30 million short term RCF. The facilities fully refinance the short term £200 million amended and restated facility agreement with RBS and Investec.

Aviva Investors Long Term Facility

The LTF is provided by Aviva Investors in two tranches. The first is a £121.5 million fixed-rate long term facility and the second is a £65.5 million index-linked long term facility.

Loan	Amount	Tenor	No Refinancing Risk	Cost	Average Loan Life at drawdown	Interest rate exposure during 18-year tenor
Fixed	£121.5 million	18 years and 3 months	Fully amortising over 18 years sculpted to cash flows	All in cost of 287.5bps	10.6	Zero
Index-Linked	£65.5 million	18 years and 3 months	Fully amortising over 18 years sculpted to cash flows	RPI plus 70bps	11.3	Linked to RPI

Both tranches are fully amortising over 18 years, providing natural alignment with the average remaining life of the Company's regulated revenues, eliminating refinancing risk as well as insulating the Company's equity cash flows from significant principal repayments in the final years of the facility when the contribution of revenue from power is increased.

During the period principal repayments of £2.75m, combined with indexation increases of £1.74m, resulted in a total outstanding balance to Aviva as at 30 June 2017 of £186.0m.

The LTF is held by the Company's wholly-owned subsidiary, BSIFIL, and is the result of a deliberate structuring approach to maximise both transparency and portfolio management flexibility, whilst also delivering the lowest cost of capital in our sector (as at 30 June 2017, the blended debt cost of the facilities was 3.1%).

Thanks to the prudent leverage (33% of GAV as at 30 June 2017) on the Company's base case projections the average DSCR remains close to 3 times, with the lowest point of coverage over the entire tenor projected to be in excess of 2.5x.

RBS Revolving Credit Facility

The new RCF is provided by RBS to BSIFIL and has a three-year term on a constant margin of 2.0% over LIBOR.

Both the new RCF and the LTF are secured upon a selection of the Company's investment portfolio and offer the ability to substitute reference assets.

5. Financing (continued)

Project level debt

In addition to the LTF and the three year RCF, the Company also has a small project finance loan of £13.2m secured against project Durrants (a 5 MWp FiT plant located on the Isle of Wight). This facility was provided by Bayern Landesbank and is fully amortising with a final maturity of 2029. The facility was not refinanced due to onerous break costs associated with the early loan prepayment.

6. Market Developments

The UK's total installed solar capacity reached 12.5 GWp as of 30 June 2017.

Capacity accredited under the Renewables Obligation stood at 6.5 GWp, representing more than 50% of total solar capacity, but only 2% of the number of installations due to the fact c.25% of all operational capacity are projects sized 50 kW-5 MWp and c.33% are larger than 5 MWp, but smaller than 25 MWp.

Capacity accredited under the FiT was 4.5 GWp, equivalent to 37.5% of total solar capacity and 86% of all installations.

About 1 GWp of additional solar capacity was added to the UK grid over the course of the financial year, representing a rise of 9%, although growth in the market has slowed down substantially compared to previous periods, primarily driven by the closure of the RO subsidy regime in April 2017 (see below). Despite the policy changes, the UK was still the joint-largest recipient of solar investment in Europe in 2016, on par with Germany at c.£1.2bn. The top 10 UK PV asset owners accounted for 4.2 GWp or about one third of all installed solar capacity at the end of March 2017.

The Company continues to maintain its strong position within the UK solar market as the 4th largest solar asset owner at June 2017, managing about 4% of the country's total installed PV capacity.

With the UK market for solar assets moving from a primary to a secondary market as a result of policy changes (see below), the Company estimates that there is about 4 GWp of operational projects held by non-long-term investors. This has been confirmed by data from a leading market analysis which has shown M&A activity in 2017 has resulted in projects with a capacity of an estimated 1.4 GWp changing hands (a c.2.5x fold increase year-on-year).

The Company's policy is that, it will acquire only assets that are accretive to shareholders' returns.

7. Regulatory Environment

Closure of Renewables Obligation

As per the regulatory decision of the UK Department for Business, Energy & Industrial Strategy (BEIS), the Renewables Obligation (RO) scheme closed for new projects on 1 April 2017. The deadline caused a rush to commission new projects in the first quarter of 2017 with a leading market researcher estimating a total of 640 MW had become operational in those three months alone.

However, overall, growth in the UK solar market has declined (see above) because of the policy change and previous cuts to the FiT system.

Update on Contracts for Differences

The UK Government is currently in the process of collecting bids for its second round of CfD allocation. However, this round is open only to offshore wind and "other less established renewable generation technologies" and specifically excludes solar PV (and onshore wind) as non-eligible technologies. There is no further indication from the Government on subsequent CfD rounds and the future eligibility of PV under any potential new rounds.

7. Regulatory Environment (continued)

Update on Contracts for Differences (continued)

The lack of supportive regulations means that new projects will have to be delivered on a subsidy-free basis. While the economics of solar have improved significantly over the last few years as a result of falling equipment prices (while at the same time being hampered by weak power prices), the Company believes grid parity for the technology has not yet been reached, but will continue to monitor opportunities on the primary market.

Update on UK European Union membership ("Brexit")

The electorate of the UK voted to leave the EU in a referendum on 23 June 2016. Formal negotiations started close to a year later on 19 June 2017, shortly before the end of the Company's reporting period.

As an immediate impact of the vote, Sterling fell in value significantly against all major currencies. This has helped support UK wholesale power prices, as natural gas import costs are denominated in Euros.

The Investment Adviser continues to believe that in the medium to longer term Brexit will not result in any major impact on the UK solar market and the Company. Rather than the EU shaping energy policy, the opposite has been historically true. For instance, the EU directive on unbundling the electricity sector originated from the UK.

Although the result frees the UK government from its EU-set renewable obligations, the UK is still bound by national and international renewable obligations, including the 2008 Climate Change Act.

As such, we believe that a low carbon and renewable energy agenda will remain a key part of UK policy.

8. Environmental, Social and Governance

As a solar energy infrastructure investor, the Investment Adviser is conscious of the Company's environmental and social impact. The production of renewable energy equates to a significant amount of CO_2 emissions saved, representing a sustainable and ethical investment. However, the Investment Adviser also considers its impact on the biodiversity and the local community surrounding its assets.

Environmental Impact

Approximately 25 acres of land are required for every 5 MWp of installation, enough to power 1,515 homes based on average annual consumption figures for a house of 3,300 kWh of electricity (source DECC, Ofgem). For every 5 MWp installed, this is an annual saving of 2,150 tonnes of CO_2.

Based on these figures, the portfolio capacity of 441.5 MWp as at 30 June 2017 will power the equivalent of 133,774 homes and save 189,845 tonnes of CO_2 in a year.

Biodiversity

During the current financial year to 30 June 2018, the Investment Adviser plans to identify a strategy to develop biodiversity across all locations of the portfolio. For many assets this is already in action due to contractual obligations to support the natural habitat of the asset sites. This can include planting wild flowers naturally found in the area to ensuring there is a presence of bird boxes across the site.

8. Environmental, Social and Governance (continued)

Biodiversity (continued)

The Investment Adviser intends to implement this approach across all its sites, which requires an evaluation of each site. In evaluating the sites, the Investment Adviser expects to establish a standard of biodiversity across the portfolio, whilst still considering the individual natural ecosystems at each asset site.

The Investment Adviser has also been approached by a UK listed global real estate services provider, in collaboration with one of the UK's leading universities, to take part in a research project which aims to determine and quantify the link between solar park pollinators/biodiversity and the benefits to agriculture and food production on the surrounding land through novel DNA sequencing of collected bee pollen.

A Proof of Concept study was carried out in June 2016 at three sites within the portfolio. The first two sites have benefited from a wild flower meadow seed mix whilst the third represented a solar park with a standard grass mix. The core sites are likely to be the same sites, plus one other non-wild flower meadow site. It is envisaged that the results of this work will be published in a reputable journal. It is hoped that this work will help wild flower meadows to become the de-facto standard for new solar schemes and retroactively applied to existing schemes.

Sheep Grazing

Many sites within the portfolio support sheep grazing, illustrating that solar farms can support profitable farming and are also a cost-effective way of managing grassland in solar farms while increasing its conservation value.

Community Benefits

The Investment Adviser supports community benefit schemes across its portfolio, assisting in the support and development of the local communities surrounding the asset sites.

Over the year to June 2017, the portfolio assets made donations of £76,600 to community benefit schemes for local councils and parishes to use for charitable, educational, environmental, amenity or other appropriate purposes within the areas of the community.

Bluefield Partners LLP
15 September 2017

Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2017.

General Information

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 following its IPO which completed on 12 July 2013.

Principal Activities

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

The Company's objective was to target a dividend of 7 pps in respect of its second financial year ended 30 June 2015, with the intention of the dividend rising annually in line with UK RPI thereafter. The dividend target for its fourth financial year ended 30 June 2017 is 7.18 pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 7 to 9, Strategic Report on pages 13 to 29 and in the Report of the Investment Adviser on pages 30 to 52.

Listing Requirements

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

Results and Dividends

The results for the year are set out in the financial statements on pages 80 to 83.

On 11 August 2016, the Board declared a third interim dividend of £4,644,476, in respect of year ended 30 June 2016, equating to 1.50 pps (third interim dividend in respect of the year ended 30 June 2015: 1.50 pps), which was paid on 9 September 2016 to shareholders on the register on 19 August 2016.

On 4 October 2016, the Board declared a fourth interim dividend of £4,644,476, in respect of year ended 30 June 2016, equating to 1.50 pps (fourth interim dividend in respect of the year ended 30 June 2015: 1.50 pps), which was paid on 4 November 2016 to shareholders on the register on 14 October 2016.

On 6 October 2016, the Board declared a first interim dividend of £10,063,034, in respect of year ended 30 June 2017, equating to 3.25 pps (first interim dividend in respect of the year ended 30 June 2016: 3.25 pps), which was paid on 4 November 2016 to shareholders on the register on 14 October 2016.

On 11 May 2017, the Board declared a second interim dividend of £3,698,113, in respect of year ended 30 June 2017, equating to 1.00 pps (second interim dividend in respect of the year ended 30 June 2016: 1.00 pps), which was paid on 9 June 2016 to shareholders on the register as at 19 May 2017.

Share Capital

On 24 October 2016, the Company issued 60,000,000 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 101.00 pps, raising gross proceeds of £60,600,000.

On 29 November 2016, the Company issued 179,516 new Ordinary Shares to the Investment Adviser in respect of their variable fee for the financial year ended 30 June 2016 at a price of 93.14 pps.

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

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

Shareholdings of the Directors

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2017 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2017	% holding at 30 June 2017	Ordinary Shares of £1 each held 30 June 2016	% holding at 30 June 2016
John Rennocks*	446,713	0.12	356,713	0.12
John Scott	367,506	0.10	276,176	0.09
Paul Le Page*	137,839	0.04	137,839	0.04
Laurence McNairn	441,764	0.12	441,764	0.14

*including shares held by PCAs

Directors' Authority to Buy Back Shares

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

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

On incorporation the Company passed a written resolution granting the Board general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission. A resolution to renew such authority was passed by shareholders at the AGM held on 17 November 2016. Therefore, authority was granted to the Board to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following the AGM held on 17 November 2016 at a price not exceeding the higher of (i) 5% above the average mid-market values of Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. The Board intends to seek renewal of this authority from the shareholders at the next AGM scheduled to be held on 29 November 2017.

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

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

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

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 12 July 2017.

Substantial Shareholdings

As at 8 September 2017, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights over 3% as shareholders of the Company.

Shareholder	Shareholding	% Holding
The Bank of New York (Nominees) Limited	67,904,018	18.36
BNY (OCS) Nominees Limited	30,963,850	8.37
Nortrust Nominees Limited TDS Acct	18,433,716	4.98
Aurum Nominees Limited C012471 Acct	16,057,454	4.34
HSBC Global Custody Nominee (UK) Limited 921773 Acct	12,026,291	3.25
Nutraco Nominees Limited UKREITS Acct	11,935,865	3.23
J M Finn Nominees Limited	11,560,207	3.13

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. There have been no changes that have been notified to the Company with respect to the substantial shareholdings since 30 June 2017.

Independent Auditor

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

The Audit Committee will periodically review the appointment of KPMG and the Board recommends their appointment. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 73 and 74.

Articles of Incorporation

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

Going Concern

At 30 June 2017, the Company had invested in 82 solar plants, committing £523.0 million to SPV investments. During the year the Company through its direct subsidiary, BSIFIL, replaced its revolving loan facility with a long term financing arrangement and new RCF. These resources, together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and revolving credit facility.

Going Concern (continued)

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

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 21 to 29 of the strategic report and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and

- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Fair, Balanced and Understandable

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

Financial Risks Management Policies and Procedures

Financial Risks Management Policies and Procedures are disclosed in Note 15.

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Strategic Report on pages 21 to 29.

Subsequent Events

Post year end, on 8 August 2017, the Board declared a third interim dividend of £5,547,169, in respect of year ended 30 June 2017, equating to 1.50 pps (third interim dividend in respect of the year ended 30 June 2016: 1.50 pps), which was paid on 8 September 2017 to shareholders on the register on 18 August 2017.

Post year end, on 13 September 2017, the Board approved a fourth interim dividend, in respect of year ended 30 June 2017, of 1.50 pps (fourth interim dividend in respect of the year ended 30 June 2016: 1.50 pps), which will be payable on 27 October 2017 with an associated ex-dividend date of 28 September 2017.

Subsequent Events (continued)

Declaration of the fourth interim dividend brings total dividends in respect of 2017 to 7.25 pps which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser. This is reflected in administrative expenses and other reserves.

Annual General Meeting

The AGM of the Company will be held on 29 November 2017 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to shareholders together with this Annual Report.

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

By order of the Board

John Rennocks
Chairman
15 September 2017

Board of Directors

John Rennocks (Chairman)

John Rennocks was appointed as non-executive Chairman on 12 June 2013 and is Chairman of Utilico Emerging Markets, an investor in infrastructure and related assets in emerging markets and AFC Energy plc, a developer and manufacturer of alkaline fuel cells. He has broad experience in emerging energy sources, support services and manufacturing. Mr Rennocks previously served as a non-executive director of Greenko Group plc, a developer and operator of hydro and wind power plants in India, a non-executive deputy chairman of Inmarsat plc, a non-executive director of Foreign & Colonial Investment Trust plc, as well as several other public and private companies, and as Executive Director-Finance for Smith & Nephew plc, Powergen plc and British Steel plc/Corus Group plc. Mr Rennocks is a Fellow of the Institute of Chartered Accountants of England and Wales.

John Scott (Senior Independent Director)

John Scott was appointed as a non-executive director of the Company on 12 June 2013 and is a former investment banker who spent 20 years with Lazard and is currently a director of several investment trusts. Mr Scott has been Chairman of Impax Environmental Markets plc since May 2014 and Chairman of Alpha Insurance Analysts since April 2013. In May 2017, he was appointed Chairman of Jupiter Emerging and Frontiers Income Trust. In June 2017, he retired as Chairman of Scottish Mortgage Investment Trust PLC after 8 years and, until the company's sale in March 2013, he was Deputy Chairman of Endace Ltd. of New Zealand. In November 2012, he retired after 12 years as a non-executive director of Miller Insurance. He has an MA in Economics from Cambridge University and an MBA from INSEAD. He is also a Fellow of the Chartered Insurance Institute.

Paul Le Page (Chairman of the Audit Committee)

Paul Le Page was appointed as a non-executive director of the Company on 12 June 2013 and is a director of FRM Investment Management Guernsey Limited, Man Fund Management Guernsey Limited and Man Group Japan Limited which are subsidiaries of Man Group Plc. He is responsible for managing hedge fund portfolios, and is a director of a number of group funds. Mr Le Page is currently Audit Committee Chairman for UK Mortgages Limited and was formerly a Director of, and Audit Committee Chairman for, Cazenove Absolute Equity Limited and Thames River Multi Hedge PCC Limited. He has extensive knowledge of, and experience in, the fund management and the hedge fund industry. Prior to joining FRM, he was an Associate Director at Collins Stewart Asset Management from January 1999 to July 2005, where he was responsible for managing the firm's hedge fund portfolios and reviewing fund managers. He joined Collins Stewart in January 1999 where he completed his MBA in July 1999. He originally qualified as a Chartered Electrical Engineer after a 12-year career in industrial research and development, latterly as the Research and Development Director for Dynex Technologies (Guernsey) Limited, having graduated from University College London in Electrical and Electronic Engineering in 1987.

Laurence McNairn

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

Directors' Statement of Responsibilities

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

The Law requires the Directors to prepare financial statements for each financial year. Under the Law, the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and the DTRs of the UK FCA. The Financial Statements are required by the Law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

By order of the Board

Paul Le Page
Director
15 September 2017

Laurence McNairn
Director
15 September 2017

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on page 59 in the Board of Directors section of the annual report, confirms that to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chairman's Statement, Strategic Report, Report of the Directors and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties faced on pages 21 to 29; and
- the Directors are responsible for preparing the annual report in accordance with applicable law and regulations.

Having taken advice from the Audit Committee, the Directors consider the annual report and financial statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Paul Le Page
Director
15 September 2017

Laurence McNairn
Director
15 September 2017

Corporate Governance Report

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

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

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

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

Throughout the year ended 30 June 2017, the Company has complied with the recommendations of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed, however, as an investment company, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors including the Chairman are non-executive and independent of the Investment Adviser, the Company has not established a nomination committee, remuneration committee or a management engagement committee, which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 5 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 73.

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

The Board

The Directors' biographies are provided on page 59 which set out the range of investment, financial and business skills and experience represented.

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

All Directors shall retire and submit themselves for re-election at the next AGM of the Company, due to take place on 29 November 2017. The Company's Articles specify that each Director shall retire and seek re-election at each subsequent AGM of the Company at least every three years. However, in accordance with corporate governance best practice, all Directors are to be re-elected annually.

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

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

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

The Company has adopted a share dealing code which applies to the Board and any persons discharging managerial responsibilities. This is to ensure compliance by the Board, and relevant personnel of the Investment Adviser, with the requirements of the recently updated EU Market Abuse Regulations.

Directors' Remuneration

The Chairman is entitled to an annual remuneration of £55,000, with effect from 12 June 2015 (2016: £55,000). The other Directors are entitled to an annual remuneration of £33,000, with effect from 12 June 2015 for Paul Le Page and John Scott and with effect from 1 July 2015 for Laurence McNairn (2016: £33,000). Paul Le Page receives an additional annual fee of £5,500, with effect from 12 June 2015 (2016: £5,500) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

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

Director	**2017** **£**	**2016** **£**
John Rennocks	55,164	55,083
John Scott	33,104	33,052
Paul Le Page	38,605	38,553
Laurence McNairn	33,090	33,045

The total Directors' fees expense for the year amounted to £159,963 (2016: £159,733). As disclosed in Note 16, John Rennocks and John Scott are Directors of BSIFIL, and have received remuneration in respect of BSIFIL.

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

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

Duties and Responsibilities

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

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

Duties and Responsibilities (continued)

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

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

The Company maintains appropriate directors' and officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 61. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The attendance record of the Directors for the year to 30 June 2017 is set out below:

Director	**Scheduled Board Meetings (max 4)**	**Ad-hoc Board Meetings (max 10)**	**Audit Committee Meetings (max 6)**
John Rennocks	3	-	2
John Scott	3	-	2
Paul Le Page	4	9	6
Laurence McNairn	4	8	6

Ten ad-hoc Board Meetings were held during the period to formally review and authorise each investment made by the Company, to discuss the placing of Ordinary Shares and to consider interim dividends, amongst other items.

It should be noted that Mr Rennocks and Mr Scott are ordinarily resident in the United Kingdom and as a result are not permitted to participate in Board Meetings from the United Kingdom in accordance with the Article 29.2 of the Company's Articles of Incorporation. Mr Rennocks and Mr Scott have participated in all, or the majority of, formally scheduled meetings in Guernsey, but not in the ad-hoc meetings where in other circumstances they might have expected to join by telephone. It should be noted that Mr Rennocks and Mr Scott actively communicate their views on any matters to be discussed at ad-hoc Board Meetings to their fellow Directors, Mr Le Page and Mr McNairn, ahead of such meetings. It should also be noted that adverse weather conditions disrupting flights to Guernsey have prevented Mr Rennocks and Mr Scott from attending two Audit Committee meetings and one scheduled Board meeting during the year.

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

Duties and Responsibilities (continued)

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

Committees of the Board

Audit Committee

The Board established an Audit Committee in 2013. It is chaired by Paul Le Page and at the date of this report comprised all of the Directors set out on page 3. The report of the role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit Committee on pages 70 to 74. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Internal Control and Financial Reporting

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

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

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary, as explained on page 73.

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

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

Investment Advisory Agreement

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

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

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

Dealings with Shareholders

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

Principal Risks and Uncertainties

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

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

The Company's principal risks and uncertainties are discussed in detail on pages 21 to 29 of the Strategic Report. The Company's financial instrument risks are discussed in Note 15 to the financial statements.

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

Changes in Regulation

The Board monitors and responds to changes in regulation as they affect the Company and its policies. A number of changes to regulation occurred during the period.

AIFMD

AIFMD was introduced on 22 July 2014 in order to harmonise the regulation of AIFMs and imposes obligations on managers who manage or distribute AIFs in the EU or who market shares in such funds to EU investors. After seeking professional regulatory and legal advice, the Company was established in Guernsey as a self-managed Non-EU AIF. Additionally, the Company has taken advice on and implemented sufficient and appropriate policies and procedures that enable the Board to fulfil its role in relation to portfolio management and the management of risk. The Company is therefore categorised as an internally managed Non-EU AIFM for the purposes of AIFMD and as such neither it nor the Investment Adviser is required to seek authorisation under AIFMD.

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

Currently, the NPPR provides a mechanism to market Non-EU AIFs that are not allowed to be marketed under AIFMD domestic marketing regimes. The Board is utilising NPPR in order to market the Company, specifically in the UK pursuant to Regulations 57, 58 and 59 of the UK Alternative Investment Fund Managers Regulations 2013. The Board is working with the Company's advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under NPPR. Eligible AIFMs will be able to continue to use NPPR until at least 2018, and during 2017 NPPR will be the sole regime available to market in the EEA.

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

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

FATCA and CRS

The Company is registered under FATCA and continues to comply with FATCA and the Common Reporting Standard's requirements to the extent relevant to the Company.

NMPI

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

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

By order of the Board

Paul Le Page
Director
15 September 2017

Laurence McNairn
Director
15 September 2017

Report of the Audit Committee

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

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

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

Responsibilities

The main duties of the Audit Committee are:

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

Responsibilities (continued)

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

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

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

Financial Reporting

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

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

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

Meetings

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

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

Meetings (continued)

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

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

Primary Area of Judgement

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

As outlined in Note 8 of the financial statements, the fair value of the BSIFIL's investments (Directors' Valuation) as at 30 June 2017 was £573,361,486 (2016: £483,730,343). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash flow methodology. The Directors have also considered transactions in similar assets and used these to infer the discount rate. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 3 in the financial statements.

The valuation of the BSIFIL's portfolio of solar assets (Directors' Valuation) as at 30 June 2017 has been determined by the Board of Directors based on information provided by the Investment Adviser.

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

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

The Company applied the December 2014 amendments to IFRS 10 for the first time to its Financial Statements from 1 July 2016.

The Company makes its investments in the SPVs through its single, direct subsidiary, BSIFIL, in which it is the sole shareholder.

At inception of the Company, the Board assessed the function of BSIFIL and maintained that it provided investment related services because such services are an extension of the operations of the Company. For all reporting periods up to and including 30 June 2016, the Company therefore consolidated the results of BSIFIL and represented BSIFIL's investments in its SPVs as financial assets held at fair value through profit or loss on the consolidated Statement of Financial Position.

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

On 18 December 2014, the IASB issued further amendments to IFRS 10 (the Consolidation Exception Amendments) which clarified the scope of the exceptions to mandatory non-consolidation. In light of these amendments the Board has considered the investment entity status of BSIFIL and has concluded that it is, like the Company, an investment entity. As such the Company is now no longer permitted to consolidate BSIFIL in the preparation of its financial statements. All subsidiaries are now recognised at fair value through profit and loss from the period commencing 1 July 2016.

This change does not affect the total net assets but does introduce presentational changes to the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and to many notes to the accounts (See Note 2(c) to the Financial Statements).

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit Committee is driven primarily by the Company's assessment of its principal risks and uncertainties as set out on pages 21 to 29 of the Strategic Report, and it receives reports from the Investment Adviser and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

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

External Audit

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

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

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

The external Auditor may not undertake any work for the Company in respect of the following matters: preparation of the financial statements; provision of investment advice; taking management decisions; advocacy work in adversarial situations; provision of tax and tax compliance services; promotion of, dealing in, or underwriting the Company's shares; provision of payroll services; design or implementation of internal control or risk management or financial information technology systems, provision of valuation services, provision of services related to internal audit; and provision of certain human resources functions.

External Audit (continued)

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was also engaged to provide a review of the Company's interim information. Total fees paid amounted to £114,096 for the year ended 30 June 2017 (30 June 2016: £145,438) of which £95,466 related to audit and audit related services to the Company (30 June 2016: £85,925) and £18,630 in respect of non-audit services (30 June 2016: £59,513).

Notwithstanding such services, which have arisen in connection with review of the interim financial statements applicable for the year ended 30 June 2016 and the Company's share placing in December 2015, the Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

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

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

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

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

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2018.

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

On behalf of the Audit Committee

Paul Le Page
Chairman of the Audit Committee
15 September 2017

Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited

Our opinion is unmodified

We have audited the financial statements (the "Financial Statements") of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2017, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2016):

Valuation of financial assets held at fair value through profit or loss

£403,339,287; (2016 £305,722,500)

Refer to page 72 of the Report of the Audit Committee, note 2(j) accounting policy and note 8 disclosures

The risk	Our response
Forecast based valuation: The Company's investment in its immediate subsidiary is carried at fair value through profit or loss and represents a significant proportion of the Company's net assets (2017: 98.7%; 2016: 99.3%). The fair value of the immediate subsidiary, which reflects its net asset value, incorporates the fair value of the special purpose vehicle solar project investments ("SPVs"). £573,361,486 of the fair value of the immediate subsidiary (see note 8) comprises of the SPVs for which there is no liquid market. The Company measures its SPVs at fair value based on unleveraged cash flows of the underlying solar projects discounted using a portfolio weighted average cost of capital ("WACC"). The valuations are performed using forecast cash flows generated by each solar project over the term of the site lease/planning consent and by selecting key assumptions including the base energy yield assumptions, electricity price forecasts, operating costs, irradiation, leverage and macroeconomic assumptions such as inflation and tax rates (collectively "Key Assumptions"). In determining the portfolio WACC, the relevant long term government bond yields, cost of debt, specific infrastructure asset risk and evidence of recent market transactions are considered. The valuations are adjusted for other specific assets and liabilities of the SPVs. *Risk:* The valuation risk represents both a risk of fraud and error associated with estimating the timing and amounts of long term forecasted cash flows alongside the selection and application of appropriate assumptions. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation of financial assets held at fair value through profit or loss.	*Our audit procedures included, but were not limited to:* *Controls evaluation:* We tested the design and implementation of the controls operating in relation to the integrity, up-dates to, and approval of, the valuation models used to value the SPVs. We met with the Investment Adviser and Directors of the Company to observe the Board's challenge and approval process of the key assumptions made within the valuation models which were prepared by the Investment Adviser. *Model inputs:* We assessed the key project specific inputs into the cash flow projections, focusing on the significant changes for existing projects since the previous reporting period or from the date of acquisition for newly acquired projects, to corroborate key contracted revenues and costs with reference to underlying contracts, agreements, management information and, if available, historical data. For a risk based selection we reviewed the accuracy of management's cash flow forecasts against actual results. *Model integrity:* For a selection of data routines, we tested the valuation model for integrity, logic and for material formula errors. *Benchmarking the valuation assumptions:* We challenged, with the support of our internal valuation specialist, the WACC and Key Assumptions applied in the valuation by benchmarking these to independent market data, including recent market transactions, and using our specialist's experience in valuing similar investments. We further assessed the reasonableness of the WACC by comparing this to that used by comparator companies. *Assessing transparency:* We have considered the adequacy of the Company's disclosures made in accordance with IFRS 13 (see note 8) including the use of estimates and judgments in arriving at fair value. We assessed whether the disclosures around the sensitivities to changes in key assumptions reflected the risks inherent in the valuation of the SPVs.

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

Materiality for the Financial Statements as a whole was set at £11,656,000, determined with reference to a benchmark of Company Net Assets of £408,608,255 of which it represents approximately 3% (2016: 1% of Group total asset value).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £582,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2b to the Financial Statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect.

We have nothing to report on the other Information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Directors' viability statement page 28 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated; and

the directors' explanation in the Directors' viability statement page 28 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors’ statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.
We have nothing to report to you in these respects.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Respective responsibilities

Directors’ responsibilities

As explained more fully in their statement set out on pages 60 and 61, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rachid Frihmat

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

15 September 2017

Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 £	30 June 2016 (Restated*) £
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	8	403,339,287	305,722,500
Total non-current assets		**403,339,287**	**305,722,500**
Current assets			
Trade and other receivables	9	625,717	541,389
Cash and cash equivalents	10	4,980,341	1,780,681
Total current assets		**5,606,058**	**2,322,070**
TOTAL ASSETS		**408,945,345**	**308,044,570**
LIABILITIES			
Current liabilities			
Other payables and accrued expenses	11	337,090	292,032
Total current liabilities		**337,090**	**292,032**
TOTAL LIABILITIES		**337,090**	**292,032**
NET ASSETS		**408,608,255**	**307,752,538**
EQUITY			
Share capital		367,934,730	307,985,091
Other reserves		77,660	167,201
Retained earnings		40,595,865	(399,754)
TOTAL EQUITY	13	**408,608,255**	**307,752,538**
Ordinary Shares in issue at year end	13	**369,811,281**	**309,631,765**
Net asset value per Ordinary Share (pence)	7	**110.49**	**99.39**

* Comparative information, including applicable Notes, has been restated due to adoption of the December 2014 amendments to IFRS 10. See Note 2 (c) for details.

These financial statements were approved and authorised for issue by the Board of Directors on 15 September 2017 and signed on their behalf by:

Paul Le Page
Director
15 September 2017

Laurence McNairn
Director
15 September 2017

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

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	Year ended 30 June 2017 £	Year ended 30 June 2016 (Restated*) £
Income			
Investment income	4	563,288	514,178
Interest income from cash and cash equivalents		15,243	4,996
		578,531	**519,174**
Net gains on financial assets held at fair value through profit or loss	8	64,657,803	9,633,537
Operating income		**65,236,334**	**10,152,711**
Expenses			
Administrative expenses	5	1,190,616	1,486,567
Operating expenses		**1,190,616**	**1,486,567**
Operating profit		**64,045,718**	**8,666,144**
Profit and total comprehensive income for the year		**64,045,718**	**8,666,144**
Earnings per share:			
Basic and diluted (pence)	12	**18.26**	**2.92**

* Comparative information, including applicable Notes, has been restated due to adoption of the December 2014 amendments to IFRS 10. See Note 2 (c) for details.

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

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

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Number of Ordinary Shares	Share capital £	Other reserves £	Retained earnings £	Total equity £
Shareholders' equity at 1 July 2016		**309,631,765**	**307,985,091**	**167,201**	**(399,754)**	**307,752,538**
Shares issued during the period:						
Ordinary Shares issued via placing	**13**	60,000,000	60,600,000	-	-	60,600,000
Share issue costs	**13**	-	(817,562)	-	-	(817,562)
Ordinary Shares issued in settlement of variable fee	**13**	179,516	167,201	(167,201)	-	-
Ordinary shares to be issued in settlement of variable fee	**13**	-	-	77,660	-	77,660
Dividends paid	**13,14**	-	-	-	(23,050,099)	(23,050,099)
Total comprehensive income for the period		-	-	-	64,045,718	64,045,718
Shareholders' equity at 30 June 2017		**369,811,281**	**367,934,730**	**77,660**	**40,595,865**	**408,608,255**

For the year ended 30 June 2016

	Note	Number of Ordinary Shares	Share capital £	Other reserves £	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:						
Ordinary Shares issued via placing	**13**	30,098,639	30,700,612	-	-	30,700,612
Ordinary Shares issued via offer	**13**	901,361	919,388	-	-	919,388
Share issue costs	**13**	-	(803,092)	-	-	(803,092)
Ordinary Shares issued in settlement of variable fee	**13**	214,541	208,813	-	-	208,813
Ordinary shares to be issued in settlement of variable fee	**13**	-	-	167,201	-	167,201
Dividends paid	**13,14**	-	-	-	(20,497,395)	(20,497,395)
Total comprehensive income for the period		-	-	-	8,666,144	8,666,144
Shareholders' equity at 30 June 2016		**309,631,765**	**307,985,091**	**167,201**	**(399,754)**	**307,752,538**

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

Statement of Cash Flows

For the year ended 30 June 2017

	Note	Year ended 30 June 2017 £	Year ended 30 June 2016 (Restated*) £
Cash flows from operating activities			
Total comprehensive income for the year		64,045,718	8,666,144
Adjustments:			
(Increase)/decrease in trade and other receivables		(84,328)	61,720
Increase in other payables and accrued expenses		45,058	82,457
Performance fee settled by issuance of shares	13	-	208,813
Movement in other reserves relating to Investment Adviser shares	13	77,660	167,201
Net gains on financial assets held at fair value through profit or loss	8	(64,657,803)	(9,633,537)
Net cash outflow generated from operating activities		**(573,695)**	**(447,202)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss	8	(55,500,000)	(32,182,712)
Receipts from investments held at fair value through profit or loss	8	22,541,016	23,481,629
Net cash used in investing activities		**(32,958,984)**	**(8,701,083)**
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares	13	60,600,000	31,620,000
Issue costs paid	13	(817,562)	(803,092)
Dividends paid	14	(23,050,099)	(20,497,395)
Net cash generated from financing activities		**36,732,339**	**10,319,513**
Net increase in cash and cash equivalents		3,199,660	1,171,228
Cash and cash equivalents at the start of the year		1,780,681	609,453
Cash and cash equivalents at the end of the year	10	**4,980,341**	**1,780,681**

* Comparative information, including applicable Notes, has been restated due to adoption of the December 2014 amendments to IFRS 10. See Note 2 (c) for details.

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

Notes to the Financial Statements for the year ended 30 June 2017

1. General information

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

The financial statements for the year ended 30 June 2017 comprise the financial statements of the Company only (see Note 2 (c)).

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

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

2. Accounting policies

a) Basis of preparation

The financial statements included in this annual report have been prepared in accordance with IFRS as adopted by the EU and the DTRs of the UK FCA.

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

The principal accounting policies adopted are set out below.

2. Accounting policies (continued)

a) Basis of preparation (continued)

Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Revised and amended standards		
IAS 7*	Disclosure Initiative	1 January 2016
IFRS 2*	Classification and Measurement of Share-based Payment	1 January 2018

* Not yet endorsed by the EU

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company.

The Directors expect that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments are not expected to have a material impact on the Company's financial statements.

b) Going concern

At 30 June 2017, the Company had invested in 82 solar plants, committing £523.0 million to SPV investments. During the year, the Company through its direct subsidiary, BSIFIL, replaced its revolving loan facility by a long term financing arrangement and new RCF. These resources, together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and revolving credit facility.

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performance of the current solar plants in operation and, at the time of approving the financial statements, have a reasonable expectation that the Company has 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 Company. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

c) Accounting for subsidiaries

The Company applied the December 2014 amendments to IFRS 10 for the first time to its Financial Statements from 1 July 2016.

The Company makes its investments in the SPVs through its single, direct subsidiary, BSIFIL, in which it is the sole shareholder.

At inception of the Company, the Board assessed the function of BSIFIL and maintained that it provided investment related services because such services are an extension of the operations of the Company. For all reporting periods up to and including 30 June 2016, the Company therefore consolidated the results of BSIFIL and represented BSIFIL's investments in its SPVs as financial assets held at fair value through profit or loss on the consolidated statement of financial position.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (the Consolidation Exception Amendments) which clarified the scope of the exceptions to mandatory non-consolidation. In light of these amendments the Board has considered the investment entity status of BSIFIL and has concluded that it is, like the Company, an investment entity. As such the Company is now no longer permitted to consolidate BSIFIL in the preparation of its financial statements. All subsidiaries are now recognised at fair value through profit or loss from the period commencing 1 July 2016.

This change does not affect the total net assets but does introduce presentational changes to the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and to many notes to the accounts.

Under the transitional provisions of IFRS 10 this change in accounting policy is required to be accounted for retrospectively and the relevant comparative figures have been restated. Information on the quantitative impact on this change in accounting policy is shown below.

The impact on reserves brought forward from 30 June 2016 and as at 30 June 2017 is nil.

The following tables illustrate the quantitative impact to the amendment on the restated comparative balances shown in the primary statements in these financial statements.

c) Accounting for subsidiaries (continued)

Statement of Financial Position

	As reported (Consolidated) at 30 June 2016 £	Adjustments £	Restated (Company only) at 30 June 2016 £
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	483,730,343	(178,007,843)	305,722,500
Trade and other receivables	1,137,255	(1,137,255)	-
Total non-current assets	**484,867,598**	**(179,145,098)**	**305,722,500**
Current assets			
Trade and other receivables	2,558,646	(2,017,257)	541,389
Cash and cash equivalents	2,774,930	(994,249)	1,780,681
Total current assets	**5,333,576**	**(3,011,506)**	**2,322,070**
TOTAL ASSETS	**490,201,174**	**(182,156,604)**	**308,044,570**
LIABILITIES			
Non-current liabilities			
Interest bearing borrowings	130,380,000	(130,380,000)	-
Total non-current liabilities	**130,380,000**	**(130,380,000)**	**-**
Current liabilities			
Interest bearing borrowings	50,000,000	(50,000,000)	-
Other payables and accrued expenses	2,068,636	(1,776,604)	292,032
Total current liabilities	**52,068,636**	**(51,776,604)**	**292,032**
TOTAL LIABILITIES	**182,448,636**	**(182,156,604)**	**292,032**
NET ASSETS	**307,752,538**	**-**	**307,752,538**
EQUITY			
Share capital	307,985,091	-	307,985,091
Other reserves	167,201	-	167,201
Retained earnings	(399,754)	-	(399,754)
TOTAL EQUITY	**307,752,538**	**-**	**307,752,538**
Number of Ordinary Shares in issue at year end	**309,631,765**	**-**	**309,631,765**
Net Asset Value per Ordinary Share (pence)	**99.39**	**-**	**99.39**

2. Accounting policies (continued)

c) Accounting for subsidiaries (continued)

Statement of Comprehensive Income

	As reported (Consolidated) Year ended 30 June 2016 £	**Adjustments £**	**Restated (Company only) Year ended 30 June 2016 £**
Income			
Income from investments	3,658,088	(3,143,910)	514,178
Interest income from cash and cash equivalents	10,899	(5,903)	4,996
	3,668,987	**(3,149,813)**	**519,174**
Net gains on financial assets held at fair value through profit or loss	13,924,317	(4,290,780)	9,633,537
Operating income	**17,593,304**	**(7,440,593)**	**10,152,711**
Expenses			
Administrative expenses	3,859,103	(2,372,536)	1,486,567
Transaction costs	1,882,950	(1,882,950)	-
Operating expenses	**5,742,053**	**(4,255,486)**	**1,486,567**
Operating profit	**11,851,251**	**(3,185,107)**	**8,666,144**
Finance costs	3,185,107	(3,185,107)	-
Total comprehensive income before tax	**8,666,144**	**-**	**8,666,144**
Taxation	-	-	-
Total comprehensive income for the year	**8,666,144**	**-**	**8,666,144**
Earnings per share:			
Basic and diluted (pence)	**2.92**	**-**	**2.92**

The removal of BSIFIL's costs, including overheads, management fees and acquisition costs, from the Statement of Comprehensive Income is offset by the reduction in operating income. There is no change to profit or earnings per share as a result of the amended standard.

2. Accounting policies (continued)

c) Accounting for subsidiaries (continued)

Statement of Cash Flows

	As reported (Consolidated) Year ended 30 June 2016 £	**Adjustments £**	**Restated (Company only) Year ended 30 June 2016 £**
Cash flows from operating activities			
Total comprehensive income for the year	8,666,144	-	8,666,144
Adjustments:			
Decrease/(increase) in trade and other receivables	(570,944)	632,664	61,720
Increase in other payables and accrued expenses	1,148,338	(1,065,881)	82,457
Performance fee settled by issuance of shares	208,813	-	208,813
Movement in other reserves relating to Investment Adviser shares	167,201	-	167,201
Net gains on financial assets held as fair value through profit or loss	(13,924,317)	4,290,780	(9,633,537)
Finance expense on revolving loan facility	2,287,032	(2,287,032)	-
Net cash used in operating activities	**(2,017,733)**	**1,570,531**	**(447,202)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss	(201,650,408)	169,467,696	(32,182,712)
Receipts from financial assets held at fair value through profit or loss	23,657,118	(175,489)	23,481,629
Net cash used in investing activities	**(177,993,290)**	**169,292,207**	**(8,701,083)**
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares	31,620,000	-	31,620,000
Issue costs paid	(803,092)	-	(803,092)
Dividends paid	(20,497,395)	-	(20,497,395)
Drawdown on revolving loan facility	193,580,000	(193,580,000)	-
Repayment of revolving loan facility - Capital	(32,100,000)	32,100,000	-
Repayment of revolving loan facility - Interest	(2,287,032)	2,287,032	-
Net cash generated from financing activities	**169,512,481**	**(159,192,968)**	**10,319,513**
Net (decrease)/ increase in cash and cash equivalents	(10,498,542)	11,669,770	1,171,228
Cash and cash equivalents at the start of the year	13,273,472	(12,664,019)	609,453
Cash and cash equivalents at the end of the year	**2,774,930**	**(994,249)**	**1,780,681**

2. Accounting policies (continued)

d) Functional and presentation currency

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

e) Income

Monitoring fee income is recognised on an accruals basis.

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

f) Expenses

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

g) Finance costs

Finance costs are recognised in the Statement of Comprehensive Income in the period to which they relate on an accruals basis using the effective interest rate method. Arrangement fees for finance facilities are amortised over the expected life of the facility.

h) Dividends

Dividends declared and approved are charged against equity. A corresponding liability is recognised for any unpaid dividends prior to year end. Dividends approved but not declared will be disclosed in the notes to the financial statements.

i) Segmental reporting

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

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

2. Accounting policies (continued)

i) Segmental reporting (continued)

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company'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.

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

j) Financial instruments

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

2. Accounting policies (continued)

j) Financial instruments (continued)

Financial assets

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

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

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

- *Classification*

The Company has been classified as an investment entity and as such its investment in its subsidiary, BSIFIL, is held at fair value through profit or loss and measured in accordance with the requirements of IAS 39 (see Note 2 (c)).

- *Recognition*

Investments made by the Company in BSIFIL are recognised on the day on which monies are transferred. No transaction costs are incurred.

- *Measurement*

Subsequent to initial recognition, investment in BSIFIL is measured at each subsequent reporting date at fair value. The Company holds all of the shares in the subsidiary, BSIFIL, which is a holding vehicle used to hold the Company's SPV investments. The Directors believe it is appropriate to value this entity based on the fair value of its portfolio of SPV investment assets held plus its other assets and liabilities. The SPV investment assets held by the subsidiary are valued semi-annually as described in Note 8 on a discounted cash flow basis.

Gains or losses, through profit or loss, are made up of BSIFIL's profit or loss, mainly cash receipts from its SPVs, and the fair value movement of BSIFIL's SPV portfolio. Cash receipts made to the Company by BSIFIL are accounted for as a repayment of loans and not reflected in the Company's profit and loss, apart from monitoring fees (see Note 4).

2. Accounting policies (continued)

j) Financial instruments (continued)

Financial assets (continued)

ii) Derecognition of financial assets

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

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

iii) Cash and cash equivalents and trade and other receivables

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

Financial liabilities

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

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

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

i) Financial liabilities measured at amortised cost

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

ii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to profit and loss.

2. Accounting policies (continued)

k) Equity instruments

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

l) Share based payments

Investment Adviser's variable fee

The Company recognises the variable fee for the services received in a share-based payment transaction as the Company becomes liable to the variable fee on an accruals basis. The variable fee will be accrued in the accounting period in which the Company exceeds its target distribution as per the Investment Advisory Agreement (see Note 5). A corresponding increase in equity is recognised when payment for the variable fee is made in an equity settled share based payment transaction based on the fair value of the services provided.

3. Critical accounting judgements, estimates and assumptions in applying the Company'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 valuation of the Company's investment in BSIFIL which is predominantly based on the valuation of the portfolio of investments held by BSIFIL (see Note 8).

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

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.

As disclosed in Note 8 (Financial assets held at fair value through profit or loss) and in the Report of the Investment Adviser, in arriving at their valuation of BSIFIL's portfolio of operational assets, the Directors elected to change their power price forecast approach, as from 31 December 2016, by adopting an equal blend of the forecast of the two leading independent forecasters where previously a single forecast had been used. The effect of this change on the valuation at 30 June 2017 was to increase the Directors' Valuation by £3.7 million. It is not possible to estimate the impact of this change in future periods.

Following an increase in inflationary expectations in the UK the Board elected to increase the inflation rate assumption used in the generation of the Directors' Valuation from 2.5% to 2.75% in December 2016 and this rate has been maintained as at 30 June 2017.

Additionally, and also as disclosed in Note 8, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m / MWp basis against comparable portfolio transactions and on this basis the WACC discount rate of 6.60% (as applied in June and December 2016) has been lowered to 6.15%.

The Board has considered the criteria of the amendments to IFRS 10 (the Consolidation Exception Amendments) issued in December 2014 to assess the investment entity status of BSIFIL and has concluded that it is, like the Company, an investment entity. As a result the Company is no longer permitted to consolidate BSIFIL in the preparation of its financial statements. All subsidiaries are now recognised at fair value through profit and loss as from 1 July 2016. This is discussed in more detail in Note 2(c.).

4. Investment income

	Year ended 30 June 2017	**Year ended 30 June 2016 (Restated)**
	£	**£**
Monitoring fee in relation to loans supplied (Note 16)	563,288	514,178
	563,288	**514,178**

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

5. Administrative expenses

	Year ended 30 June 2017 £	Year ended 30 June 2016 (Restated) £
Investment advisory base fee * (see Note 16)	277,711	249,504
Investment advisory variable fee ** (see Note 16)	77,660	376,014
Legal and professional fees	79,976	152,871
Administration fees	262,226	248,274
Directors' remuneration	159,963	159,733
Audit fees	95,466	85,925
Non-audit fees ***	18,630	12,938
Broker fees	51,556	50,009
Regulatory Fees	37,061	37,809
Registrar fees	40,022	29,719
Insurance	7,999	13,569
Listing fees	12,454	18,068
Other expenses	69,892	52,134
	1,190,616	**1,486,567**

*The Investment advisory base fee is paid by both the Company (10%) and BSIFIL (90%). The amount shown above reflects the amount paid by the Company only. Note 16 shows the full fee paid to the Investment Adviser.

**2016 reflects the variable fee in respect of both 2015 (£208,813) and 2016 (£167,201).

***2016 excludes £46,575 of non-audit fees in relation to the placing in December 2015, which were deducted from the placing proceeds.

Investment Advisory Agreement

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

(i) if in any year (excluding the Company's first financial year), the Company exceeds its distribution target of 7 pps per year which will rise with the annual RPI in 2016 and onwards, the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. The Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

5. Administrative expenses (continued)

Investment Advisory Agreement (continued)

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

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

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

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 16.

Administration Agreement

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

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £6,000 and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

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

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 16.

6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it paid an annual fee of £1,200 (2016: £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 is 19%. This is due to decrease to 17% by 2020.

7. Net asset value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £408,608,255 (2016: £307,752,538) and the number of shares in issue at 30 June 2017 of 369,811,281 (2016: 309,631,765) Ordinary Shares.

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

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

	30 June 2017 Total £	30 June 2016 (Restated) Total £
Opening balance (Level 3)	305,722,500	287,387,880
Additions	55,500,000	32,182,712
Change in fair value of financial assets held at fair value through profit or loss	42,116,787	(13,848,092)
Closing balance (Level 3)	**403,339,287**	**305,722,500**

Investments at fair value through profit or loss comprise the fair value of the SPV investment portfolio held by BSIFIL, the Company's single direct subsidiary, which is valued semi-annually by the Directors, and the fair value of BSIFIL's cash, working capital and debt balances. A reconciliation of the SPV investment portfolio value to financial assets at fair value through profit or loss shown on the Statement of Financial Position is shown below.

	30 June 2017 Total £	30 June 2016 (Restated) Total £
SPV investment portfolio, Directors' Valuation	573,361,486	483,730,343
BSIFIL		
Cash	14,121,967	994,249
Working capital	1,848,655	1,377,908
Debt	(185,992,821)	(180,380,000)
	(170,022,199)	(178,007,843)
Financial assets at fair value through profit or loss	**403,339,287**	**305,722,500**

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

	Year ended 30 June 2017 £	Year ended 30 June 2016 (Restated) £
Unrealised change in fair value of financial assets held at fair value through profit or loss	42,116,787	(13,848,092)
Cash receipts from non-consolidated subsidiary	22,541,016	23,481,629
Net gains on financial assets held at fair value through profit or loss	**64,657,803**	**9,633,537**

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

Fair value measurements

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

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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 Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments carried at fair value are the investments held by the Company, through BSIFIL, which are fair valued at each reporting date. The Company's investments have been classified within Level 3 as BSIFIL's investments are not traded and contain unobservable inputs.

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2017. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, these are always expected to be classified as Level 3.

Directors' 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 Company's financial statements for the year ended 30 June 2016. 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, whilst investments that are operational are valued on a DCF basis over the life of the asset (typically 25 years).

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 Company's SPV investments.

The key inputs to a DCF based approach are: the equity discount rate, the cost of debt (influenced by interest rate, gearing level and length of debt), power price forecasts, long term inflation rates, irradiation forecasts, operational costs and taxation. Given discount rates are a product of not only the factors listed previously but also regulatory support, perceived sector risk and competitive tensions, it is not unusual for discount rates to change over time. Evidence of this is shown by way of the revisions to the original discount rates applied between the first UK solar investments and those witnessed in the past twelve months and given the fact discount rates are subjective, there is sensitivity within these to the interpretation of factors outlined above.

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

Directors' Valuation methodology and process (continued)

Judgement is used by the Board in determining the reduction of the WACC from 6.60% to 6.15% and key developments over the period that have impacted the adoption of this rate are outlined below:

a. A trend of increasing prices for large scale solar portfolios has developed, driven by new entrants to the market with an increasingly low cost of capital, which the Board have used to determine that an effective price of £1.28m/MWp is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2017;

b. In the period, the Company, through BSIFIL, has closed long term (18.25 years tenor from September 2016) fully amortising (over 18 years) debt for the portfolio with Aviva Investors at a fixed rate of 2.875% on the £121.5m fixed rate component and 0.7% plus RPI on the £65.5m RPI indexed element; and

c. An increase in inflationary pressures in the UK and expectation of higher inflationary pressures in the future have resulted in the Directors increasing the inflation rate used within the Directors valuation from 2.5% to 2.75%.

In order to smooth the sensitivity of the valuation to forecast timing or opinion taken by a single forecast, the Board have adopted the application of a blended power curve from two leading forecasters.

The Board has based the fair value of the investments in the SPVs held by BSIFIL on information received from the Investment Adviser. It is only the SPV's of BSIFIL that the Directors fair value (see Note 2(j)(i)). Fair value of operational SPVs is calculated on an unlevered, 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 Board in determining the portfolio fair value at that date.

Sensitivity analysis

The table below analyses the sensitivity of the fair value of the Directors' Valuation to an individual input, while all other variables remain constant.

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

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

Directors' Valuation methodology and process (continued)

Sensitivity analysis (continued)

		30 June 2017		30 June 2016	
Input	**Change in input**	**Change in fair value of Directors' Valuation £**	**Change in NAV per share (pence)**	**Change in fair value of Directors' Valuation £**	**Change in NAV per share (pence)**
Discount rate	+ 0.5%	(22,500,000)	(6.08)	(13,800,000)	(4.48)
	- 0.5%	24,000,000	6.49	13,900,000	4.52
Power prices	+10%	27,500,000	7.44	22,500,000	7.31
	-10%	(27,700,000)	(7.49)	(22,600,000)	(7.34)
Inflation rate	+ 0.25%	11,900,000	3.22	9,400,000	3.05
	- 0.25%	(11,600,000)	(3.14)	(9,200,000)	(2.99)
Energy yield	10 year P90	(43,000,000)	(11.63)	(38,700,000)	(12.58)
	10 year P10	40,000,000	10.82	36,200,000	11.76
Operational costs	+10%	(11,300,000)	(3.06)	(7,800,000)	(2.53)
	-10%	9,800,000	2.65	7,800,000	2.53
Tax Rate	+25%	(14,600,000)	(3.95)	(11,100,000)	(3.61)
	-25%	14,600,000	3.95	11,100,000	3.61

9. Trade and other receivables

	30 June 2017	30 June 2016 (Restated)
	£	£
Current assets		
Income from investments	577,465	514,178
Interest receivable	842	109
Other receivables	10,000	10,000
Prepayments	37,410	17,102
	625,717	**541,389**

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.

10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits held with maturities of up to three months. The carrying amount of these assets as at 30 June 2017 was £4,980,341 (2016: £1,780,681) and approximated their fair value.

11. Other payables and accrued expenses

	30 June 2017	30 June 2016 (Restated)
	£	£
Current liabilities		
Investment advisory fees	72,634	61,169
Administration fees	66,761	63,130
Audit fees	90,000	84,000
Other payables	107,695	83,733
	337,090	**292,032**

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

12. Earnings per share

	Year ended 30 June 2017	Year ended 30 June 2016
Profit attributable to shareholders of the Company	£64,045,718	£8,666,144
Weighted average number of Ordinary shares	350,740,529	296,449,672
Basic and diluted earnings from continuing operations and profit for the year (pence)	**18.26**	**2.92**

For the calculation of Earnings per Share at 30 June 2016 and 2017 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.

13. Share capital

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

Number of Ordinary Shares	Year ended 30 June 2017 Number	Year ended 30 June 2016 Number
Opening balance	309,631,765	278,417,224
Shares issued for cash	60,000,000	31,000,000
Shares issued as settlement of variable fee	179,516	214,541
Closing balance	**369,811,281**	**309,631,765**

13. Share capital (continued)

Shareholders' Equity	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Opening balance	307,752,538	288,390,867
Shares issued for cash	60,600,000	31,620,000
Share issue costs	(817,562)	(803,092)
Shares issued as settlement of variable fee	-	208,813
Shares to be issued as settlement of variable fee	77,660	167,201
Dividends paid	(23,050,099)	(20,497,395)
Retained earnings	64,045,718	8,666,144
Closing balance	**408,608,255**	**307,752,538**

On 24 October 2016, the Company issued 60,000,000 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 101.00 pps, raising gross proceeds of £60,600,000.

On 29 November 2016, the Company issued 179,516 new Ordinary Shares to the Investment Adviser in respect of their variable fee for the financial year ended 30 June 2016 at a price of 93.14 pps.

At year end, an amount of £77,660 is reflected in Other reserves in respect of shares due to the Investment Adviser in settlement of their variable fee for 2017. This totals an estimated 72,498 shares, not yet issued. On issuance of these shares the amount shown in Other reserves of £77,660 will be reclassified to Share capital.

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 Shareholders also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided pari passu among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

14. Dividends

On 11 August 2016, the Board declared a third interim dividend of £4,644,476, in respect of year ended 30 June 2016, equating to 1.50 pps (third interim dividend in respect of the year ended 30 June 2015: 1.50 pps), which was paid on 9 September 2016 to shareholders on the register on 19 August 2016.

On 4 October 2016, the Board declared a fourth interim dividend of £4,644,476, in respect of year ended 30 June 2016, equating to 1.50 pps (fourth interim dividend in respect of the year ended 30 June 2015: 1.50 pps), which was paid on 4 November 2016 to shareholders on the register on 14 October 2016.

14. Dividends (continued)

On 6 October 2016, the Board declared a first interim dividend of £10,063,034, in respect of year ended 30 June 2016, equating to 3.25 pps (first interim dividend in respect of the year ended 30 June 2016: 3.25 pps), which was paid on 4 November 2016 to shareholders on the register on 14 October 2016.

On 11 May 2017, the Board declared a second interim dividend of £3,698,113, in respect of year ended 30 June 2017, equating to 1.00 pps (second interim dividend in respect of the year ended 30 June 2016: 1.00 pps), which was paid on 9 June 2016 to shareholders on the register as at 19 May 2017.

Post year end, on 8 August 2017, the Board declared a third interim dividend of £5,547,169, in respect of year ended 30 June 2017, equating to 1.50 pps (third interim dividend in respect of the year ended 30 June 2016: 1.50 pps), which was paid on 8 September 2017 to shareholders on the register on 18 August 2017.

Post year end, on 13 September 2017, the Board approved a fourth interim dividend, in respect of year ended 30 June 2017, of 1.50 pps (fourth interim dividend in respect of the year ended 30 June 2016: 1.50 pps), which will be payable on 27 October 2017 with an associated ex-dividend date of 28 September 2017.

Declaration of the fourth interim dividend brings total dividends in respect of 2017 to 7.25 pence per Ordinary Share which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser that is reflected in administrative expenses and Other reserves.

15. Risk management policies and procedures

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

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

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

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

Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company, in particular through the Company's subsidiary, BSIFIL, will fluctuate because of changes in market prices.

Market price risk will arise from changes in electricity prices whenever PPAs expire and are renewed. The timing of these is staggered to minimise risk.

15. Risk management policies and procedures (continued)

Market price risk (continued)

BSIFIL's future SPV investments are subject to fluctuations in the price of secondary assets which could have a material adverse effect on the BSIFIL's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

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

Currency risk

The Company does not have any direct currency risk exposure as all its investments and transactions are in Sterling. The Company is however indirectly exposed to currency risk on future equipment purchases, made through BSIFIL's SPVs, where equipment is imported.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments and related income from the cash and cash equivalents will fluctuate due to changes in market interest rates.

The Company is also exposed, through BSIFIL, to interest rate risk via BSIFIL's index-linked element of its long-term debt facility (£65.5 million at 70 bps plus RPI).

The Company's interest bearing financial assets consist of cash and cash equivalents. The interest rates on the short term bank deposits are fixed and do not fluctuate significantly with changes in market interest rates.

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

	Interest rate	Total as at 30 June 2017 £
Floating rate		
RBSI	0.00%	88,352
Fixed rate		
Lloyds	0.10%	4,891,989
		4,980,341

15. Risk management policies and procedures (continued)

Interest rate risk (continued)

	Interest rate	Total as at 30 June 2016 £
Floating rate		
RBSI	0.00%	384,671
Fixed rate		
Lloyds	0.10%	1,396,010
		1,780,681

The valuation of BSIFIL's SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash flow technique when valuing the investments. The Investment Adviser reviews the discount rates bi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. Total exposure to interest rate risk on the financial assets held at fair value through profit or loss at the year end is £573,361,486 (2016: £483,730,343), the Directors' Valuation (see Note 8).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. BSIFIL's SPVs have entered into turnkey EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date BSIFIL's SPVs held performance bonds totalling £27,091,616 (2016: £34,103,466) with banks that have a credit rating which is of investment grade.

The Company's credit risk exposure is due to a portion of the Company's assets being held as cash and cash equivalents and accrued interest. The Company maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2017, the maximum credit risk exposure in relation to cash and cash equivalents in the Company was £4,980,341 (2016: £1,780,681). If the cash and cash equivalents held by BSIFIL are included this increases to £19,102,308 (2016: £2,774,930). All cash and cash equivalents held by the Company and BSIFIL is with banks that have a credit rating which is of investment grade.

15. Risk management policies and procedures (continued)

Credit risk (continued)

	Cash £	Fixed deposit £	Interest accrued £	Total as at 30 June 2017 £
RBSI	88,352	-	-	88,352
Lloyds	-	4,891,989	842	4,892,831
	88,352	**4,891,989**	**842**	**4,981,183**

	Cash £	Fixed deposit £	Interest accrued £	Total as at 30 June 2016 £
RBSI	384,671	-	-	384,671
Lloyds	-	1,396,010	109	1,396,119
	384,671	**1,396,010**	**109**	**1,780,790**

The carrying amount of these assets approximates their fair value.

15. Risk management policies and procedures (continued)

Liquidity risk

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

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

The Company, through BSIFIL, expects to comply with the covenants of its long term loan and revolving credit facility.

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

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2017 £
Assets				
Financial assets held at fair value through profit or loss*	-	-	271,534,264	**271,534,264**
Trade and other receivables**	588,307	-	-	**588,307**
Cash and cash equivalents	4,980,341	-	-	**4,980,341**
Liabilities				
Other payables and accrued expenses	(337,090)	-	-	**(337,090)**
	5,231,558	-	271,534,264	**276,765,822**

*the Company passes debt to BSIFIL under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above
**excluding prepayments

As part of the long term financing terms provided by Aviva Investors to BSIFIL, the lender has a security package which includes a charge over the shares in BSIFIL and its wholly owned subsidiaries.

Notes to the Financial Statements for the year ended 30 June 2017 (continued)

15. Risk management policies and procedures (continued)

Liquidity risk (continued)

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2016 £
Assets				
Financial assets held at fair value through profit or loss*	-	-	238,575,280	**238,575,280**
Trade and other receivables**	524,287	-	-	**524,287**
Cash and cash equivalents	1,780,681	-	-	**1,780,681**
Liabilities				
Other payables and accrued expenses	(292,032)	-	-	**(292,032)**
	2,012,936	-	238,575,280	**240,588,216**

**the Company passes debt to BSIFIL under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above
**excluding prepayments

Portfolio operational risk

Portfolio operational risk is defined as the risk that solar assets perform below expectation after acquisition and revenue received from the sale of electricity is reduced. This risk is mitigated by BSL ensuring that operation and maintenance contractors are compliant with their contractual obligations including reaction times, maintenance plans and service levels.

Concentrations of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The concentrations of the Company's solar assets by geography, construction contractor and revenue type are shown on pages 10 to 12. This analysis forms an integral part of the financial statements.

Capital management policies and procedures

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

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

15. Risk management policies and procedures (continued)

Liquidity risk (continued)

Capital management policies and procedures (continued)

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

The Company has no imposed capital requirements.

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

16. Related party transactions and Directors' remuneration

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

Laurence McNairn, Director of the Company, is also a director and indirect shareholder of the Company's Administrator, Heritage International Fund Managers Limited. Administration fees incurred during the period of £262,226 (2016: £248,274) relate to the fees of the Administrator, of which £66,761 (2016: £66,130) was outstanding at the year end.

The Chairman is entitled to an annual remuneration of £55,000 (2016: £55,000). The other Directors are entitled to an annual remuneration of £33,000 (2016: £33,000). Paul Le Page receives an additional annual fee of £5,500, (2016: £5,500) for acting as Chairman of the Audit Committee.

The total Directors' fees expense for the period amounted to £159,963 (2016: £159,733) of which £42,375 was outstanding at 30 June 2017 (2016: £42,143).

At 30 June 2017, the number of Ordinary Shares held by each Director is as follows:

	2017 Number of Ordinary Shares	**2016 Number of Ordinary Shares**
John Rennocks*	446,713	356,713
John Scott	367,506	276,176
Paul Le Page*	137,839	137,839
Laurence McNairn	441,764	441,764
	1,393,822	**1,212,492**

*Including shares held by PCAs

John Scott and John Rennocks are Directors of BSIFIL. Since 1 July 2015 they have received an annual fee of £5,000 each for their services to this company. Mike Rand and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL.

The Company and BSIFIL's investment advisory fees for the year amounted to £2,997,453 (2016: £2,832,232) of which £259,047 (2016: £201,601) was outstanding at the year end. Included within the investment advisory fee expense for the year ended 30 June 2017 is £77,660 earned in respect of performance fees for the current year. Included within the investment advisory fee expense for 2016 is £208,813 earned in respect of performance fees for the year ended 30 June 2015 as well as an amount of £167,201 accrued in respect of 2016. The Investment Adviser received the variable element of their 2016 fees through the issue of 179,516 Ordinary Shares on 29 November 2016 (see Note 13).

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

Fees paid to BSL during the period by SPVs, a company which has the same ownership as that of the Investment Adviser totalled £2,229,749 (2016: £737,879). BSL provides services relating to the operation of daily management activities of the solar project companies.

The Company's monitoring fee income received from BSIFIL amounted to £563,288 (2016: £514,178) of which £577,466 was outstanding at the year end (2016: £514,178).

On 28 December 2016, BSIFIL completed the acquisition of Bluefield Solar EIS Limited. As a member of the Investment Adviser is also a Director of BSIFIL and owned B shares in Bluefield EIS Solar Limited, they are considered a related party of BSIFIL, and the transaction a related party transaction, under IAS 24 'Related Party Disclosures'. The member of the Investment Adviser received £2 cash consideration for their ordinary shares. As a holder of B shares, they were also entitled to a carried interest in the sale of the Ordinary shares. Their share of this amounted to £40,469. The UKLA were consulted and confirmed that the transaction could be classified as a small transaction as defined in Listing Rule 11 Annex 1 and therefore that no 'Fair and Reasonable' opinion was required.

On 20 February 2017, BSIFIL completed the acquisition of Bluefield Merlin Limited. As members of the Investment Adviser are also Directors of BSIFIL and owned B shares in Bluefield Merlin Limited, they are considered a related party of BSIFIL, and the transaction a related party transaction, under IAS 24 'Related Party Disclosures'. The members of the Investment Adviser received £5,575 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. As the return on the investment for the original investors does not meet the 'hurdle return' required to trigger carried interest the B shares will only receive back nominal value and no preferential share of profits. As the transaction could be classified as a small transaction as defined in Listing Rule 11 Annex 1, no 'Fair and Reasonable' opinion was required.

17. Subsequent events

Post year end, on 8 August 2017, the Board declared a third interim dividend of £5,547,169, in respect of year ended 30 June 2017, equating to 1.5 pps (third interim dividend in respect of the period ended 30 June 2016: 1.5 pps), which was paid on 8 September 2017 to shareholders on the register on 18 August 2017.

Post year end, on 13 September 2017, the Board approved a fourth interim dividend, in respect of year ended 30 June 2017, of 1.5 pps (fourth interim dividend in respect of the period ended 30 June 2016: 1.5 pps), which will be payable on 27 October 2017 with an associated ex-dividend date of 28 September 2017.

Declaration of the fourth interim dividend brings total dividends in respect of 2017 to 7.25 pence per Ordinary Share which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser that is reflected in administrative expenses and Other reserves.

Post year end, on 12 July 2017, a number of the loan facilities, totalling £76.6m, between the Company and BSIFIL were replaced with a Eurobond instrument listed on TISE.

Glossary of Defined Terms

Administrator means Heritage International Fund Managers Limited

AGM means the Annual General Meeting

AIC means the Association of Investment Companies

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

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

AIF means Alternative Investment Fund

AIFM means Alternative Investment Fund Management

AIFMD means the Alternative Investment Fund Management Directive

Articles means the Memorandum of 29 May 2013 as amended and Articles of Incorporation as adopted by special resolution on 7 November 2016.

Auditor means KPMG Channel Islands Limited (see KPMG)

Aviva Investors means Aviva Investors Limited

BEIS means The Department for Business, Energy and Industrial Strategy

BEPS means Base erosion and profit shifting

Bluefield means Bluefield Partners LLP

Brexit means departure of the UK from the EU

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

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)

Cost of debt means the blended cost of debt reflecting fixed and index-linked elements

CRS means Common Reporting Standard

CSR means Corporate Social Responsibility

DCF means Discounted Cash Flow

DSCR means debt service cover ratio

DECC means the Department of Energy and Climate Change (abolished in July 2016 and its functions transferred to BEIS)

Defect Risk means that there is an over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects

Directors' Valuation means gross value of the SPV investments held by BSIFIL, including their holding companies.

DNO means Distribution Network Operator

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

EGM means Extraordinary General Meeting

EPC means Engineering, Procurement & Construction

EU means the European Union

EV means enterprise valuation

EY means Ernst & Young LLP

FAC means Final Acceptance Certificate

FATCA means the Foreign Account Tax Compliance Act

Financial Statements means the audited annual 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

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

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

LSE means London Stock Exchange plc

LTF means long term facility provided by Aviva Investors Limited

Main Market means the main securities market of the LSE

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

O&M means Operation and Maintenance

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

Outage Risk means that a higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage

PCA means Persons Closely Associated

PR means performance ratio – the ratio at which a PV plant converts available irradiation to electrical output

Placement means the placement of new shares in October 2016.

Placing Agreement means the agreement relating to the placement of new shares

PPA means Power Purchase Agreement

pps means pence per share

PV means Photovoltaic

RBS means The Royal Bank of Scotland plc

RBSI means Royal Bank of Scotland International plc

RCF means Revolving Credit Facility

Glossary of Defined Terms (continued)

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 the electricity they supply to customers from eligible renewable sources, or pay a penalty

ROC means Renewable Obligation Certificates

ROC recycle means the payment received by generators from the redistribution of the buy-out fund. Payments are made into the buy-out fund when suppliers do not have sufficient ROCs to cover their obligation.

RPI means the Retail Price Index

SPA means Share Purchase Agreement

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

Sterling means the Great British pound currency

TISE means The International Stock Exchange (formerly CISE, Channel Islands Securities Exchange)

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