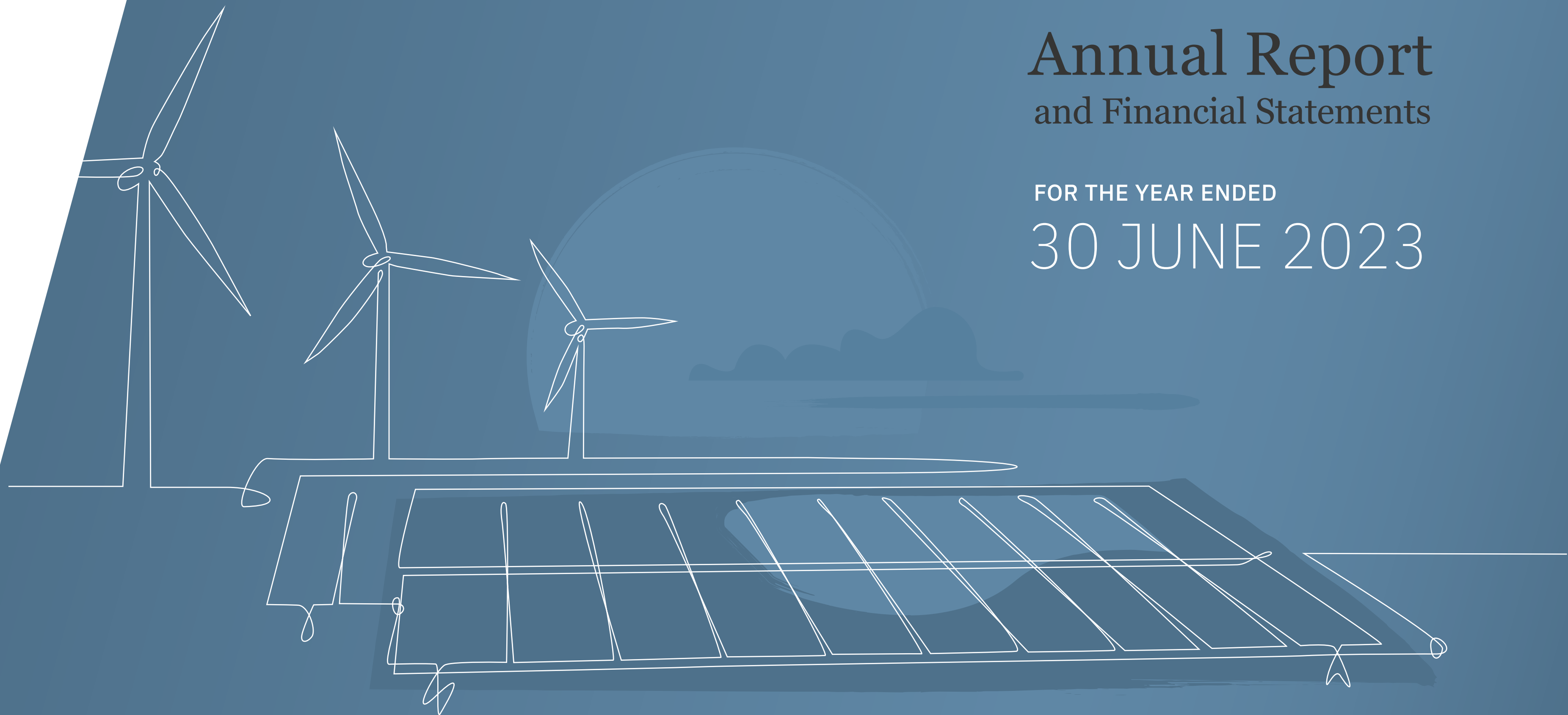
bluefield
Solar Income Fund

Annual Report
and Financial Statements

FOR THE YEAR ENDED
30 JUNE 2023



COMPANY REGISTRATION NO: 56708

GREEN ECONOMY LONDON STOCK EXCHANGE

TISE SUSTAINABLE

GUERNSEY GREEN FUND

Table of Contents

General Information

Board of Directors (all non-executive)

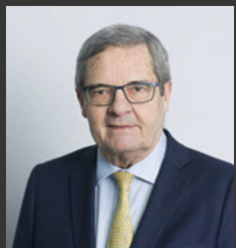
JOHN SCOTT
(Chair and Chair of Nomination Committee)

ELIZABETH BURNE
(Chair of Management Engagement and Service Providers Committee)

MICHAEL GIBBONS CBE
(Senior Independent Director - appointed 7 October 2022)

MERIEL LENFESTEY
(Chair of Environmental, Social and Governance Committee)

PAUL LE PAGE
(Chair of Audit and Risk Committee)



JOHN RENNOCKS
(retired 22 February 2023)

Registered Office
PO Box 286,
Floor 2, Trafalgar Court,
Les Banques,
St Peter Port,
Guernsey, GY1 4LY

JAMES ARMSTRONG
Managing Partner

GIOVANNI TERRANOVA
Managing Partner

NEIL WOOD
Partner

Investment Adviser
Bluefield Partners LLP
6 New Street Square
London, EC4A 3BF

Administrator, Company Secretary & Designated Manager
Ocorian Administration (Guernsey) Limited
Floor 2, Trafalgar Court, Les Banques,
St Peter Port, Guernsey, GY1 4LY

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

Registrar
Computershare Investor Services (Guernsey) Limited*
13 Castle Street, St Helier
Jersey, JE1 1ES

Link Market Services (Guernsey) Limited **
Mont Crevelt House, Bulwer Avenue,
St Sampson, Guernsey, GY2 4LH

Sponsor, Broker & Financial Adviser
Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

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

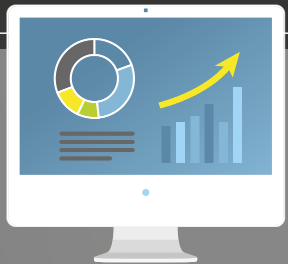
Legal Advisers to the Company (as to Guernsey law)
Carey Olsen
PO Box 98, Carey House, Les Banques,
St Peter Port , Guernsey, GY1 4BZ

Principal Bankers
NatWest International plc
35 High Street, St Peter Port
Guernsey, GY1 4BE

*appointed 10 March 2023
**resigned 10 March 2023

Highlights

As at 30 June 2023 / *30 June 2022*



Net Asset Value (NAV)
£854.2m *£858.4m*

Dividend Target per Share
8.40pps *8.16pps*

NAV per Share
139.70p *140.39p*

Actual Dividend Declared
8.60pps *8.20pps*

Underlying Earnings[1]
(pre amortisation of debt)
£108.4m *£66.8m*

Underlying Earnings per share[1]
(pre amortisation of debt)
17.72p *12.04p*

Underlying Earnings per share[1]
(post amortisation of debt)
14.74p *9.54p*

Total Shareholder Return in year[2]
-2.03% *14.55%*

Total Return in year[3]
5.45% *28.16%*

Total return to Shareholders since IPO
89.79% *92.45%*

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. It is defined in the Alternative Performance Measure appendix.
2. Total Shareholder Return is based on share price movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.
3. Total Return is based on the NAV movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.

Environmental, Social and Governance (ESG)

GUERNSEY GREEN FUND

GREEN ECONOMY LONDON STOCK EXCHANGE

ESG KPIs

Over 836,231 MWh of renewable energy generated.

(2022: 624,000 MWh)

Over 173,000 tonnes of CO2e savings achieved.

(2022: 120,000)

Equivalent of 288,000 homes powered with renewable energy.

(*2022: 215,000)*

ESG Highlights

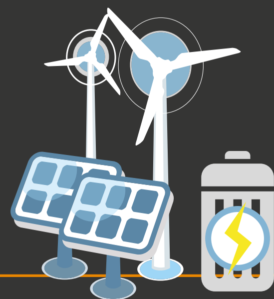
- Enhanced ESG governance though policy adoption, quantitative reporting against a comprehensive set of ESG commitments and KPIs, and enhanced supply chain practices.
- 25 educational workshops delivered to local schools *(2022: 0)* and £253,000 paid to community benefit funds *(2022: £154,000)*.
- 30 Biodiversity Net Gain (BNG) assesments conducted across the operational portfolio *(2022: 0)*.

Construction and Development Pipeline

- 93 MW under construction
- 595 MW approved
- 364 MW in planning
- 377 MW potential capacity

1.43 GW

(956 MW Solar, 473 MW battery)



Results Summary

	For the year ended 30 June 2023	For the year ended 30 June 2022
Total operating income	£49,069,809	£176,141,970
Total comprehensive income before tax	£46,793,621	£174,572,832
Total underlying earnings (pre amortisation of debt)[1]	£108,367,331	£66,750,110
Earnings per share (per page 54)	7.65p	34.91p
Underlying EPS available for distribution[2]	18.13p	11.92p
Total declared dividends per share for year	8.60p	8.20p
Earnings per share carried forward (See page 20)	9.53p	3.39p
NAV per share	139.70p	140.39p
Share price at 30 June	120.00p	131.00p
Total return[3]	5.45%	28.16%
Total Shareholder Return[4]	(2.03)%	14.55%
Total Shareholder Return since inception[5]	89.79%	92.45%
Dividends per share paid since inception	69.79p	61.45p

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. It is defined in the Alternative Performance Measure appendix.
2. Underlying EPS is calculated using underlying earnings available for distribution divided by the average number of shares.
3. Total return is based on NAV per share movement and dividends paid in the year.
4. Total Shareholder Return is based on share price movement and dividends paid in the year.
5. Total Shareholder Return since inception is based on share price movement and dividends paid since the IPO.

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 being invested primarily in solar energy assets located in the UK. The Company also invests a minority of its capital into other renewables assets including wind and energy storage.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it is regulated by the GFSC as a registered closed-ended collective investment scheme and as a Green Fund after successful application under the Guernsey Green Fund Rules to the GFSC on 16 April 2019. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the LSE following its IPO on 12 July 2013. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling.

The Company makes its investments via its wholly owned subsidiary Bluefield Renewables 1 Limited (BR1) and 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 period was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 Bluefield Services Limited (BSL), a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held within BSIF's portfolio. In August 2017 Bluefield Operations Limited (BOL), a company with the same ownership as the Investment Adviser, commenced providing operation and maintenance services to the Company and provides services to c.80% of the investment portfolio held by the Company as at year end.

In December 2020 Bluefield Renewable Developments Limited (BRD), a company with the same ownership as the Investment Adviser, commenced providing BSIF with new build development opportunities in addition to arrangements in place with the Company's other development partners.

Chair’s Statement

Introduction

The Company was founded in the summer of 2013 and the Period under review therefore covers our tenth year of operations; our first decade has seen remarkable changes in electricity markets and how they are supplied, notably the emergence of renewables as a significant contributor to Britain’s electricity mix, aided by the dramatic reduction in capital costs, particularly for solar panels. Ten years ago, solar and wind power contributed only 8.5% to indigenous electricity generation; by 2022, that number had grown to 28.8%.

By most measures, the 2022/23 year was a period of considerable success for your Company. Irradiation levels were above expectations, wind revenues outperformed our forecasts (despite low wind speeds), we sold our electricity at record prices, our regulated revenues increased with inflation and our 129 solar PV plants performed well. Progress was made on a number of fronts, but the main disappointment for your Board is the softening of the Company’s share price (down 8.4% for the year under review), despite growing profits, a raised dividend, excellent operating ratios and a robust Net Asset Value (NAV).

The Period was not without its challenges, the problems deriving in significant part from the rapidly changing UK political landscape, with the chaotic Johnson regime giving way to the short-lived Truss administration, whose “mini Budget” was sufficiently badly received by financial markets for the Premier’s defenestration to follow in short order. None of these events can be seen as conducive to enhancing Britain’s reputation for financial prudence and stability.

The fallout which has affected Bluefield relates not to our operations – demand for green electricity continues to grow, and together with others in our sector we play our part in meeting this. The main issue we face is that our access to equity markets is hampered by the discount to NAV at which our shares currently trade, making it difficult to raise the fresh equity which would in other circumstances be the cornerstone of the investment programme which is required if we are to increase our participation in the UK’s quest to decarbonise the economy. In short, we are capital constrained at a time when renewable electricity is in urgent need of capital investment, and there are attractive opportunities in our pipeline.

AERIAL VIEW AT WEST RAYNHAM

HIGHLIGHTS OF THE YEAR

The main features of the year under review are:

- BSIF generated 836GWh of electricity (2021/22: 688GWh), an increase of 22%;

- Our installed capacity grew to 754.3MW of solar and 58.3MW of wind power (2021/22: 707.9MW and 58.3MW, respectively);

- The Company completed the purchase of a 46.4MW operational solar portfolio for £56.0 million, all accredited under the ROC regime with approximately 60% of contracted and regulated revenues, expiring in 2035;

- Ensuring a focus on increasing future renewable generation and supporting the UK's transition to Net Zero, 93MW of new build solar entered construction and c.62MW of solar Contracts for Difference were secured through the fourth Allocation Round;

- Momentum on the Company's development pipeline continued apace, with planning consents being secured on some 350MW of solar projects and 19MW of battery projects, while the wider pipeline grew to approximately 950MW of solar and 470MW of battery storage;

- The Net Asset Value per share fell marginally to 139.7pps (30 June 2022: 140.39pps), reflecting higher interest and discount rates, which offset the sharply increased electricity prices that we have been able to capture through our successful power sales strategy;

- BSIF's shares moved to a wider discount to NAV, the closing price on 30 June 2023 being 14% below the Directors' Valuation (30 June 2022: 7% discount);

- Total declared dividends for the Period increased to 8.60pps (2022/23: 8.20pps), ahead of our original target of 8.40pps;

- The Company successfully re-financed its £110 million three-year term loan with NatWest during the year, increasing the facility to £130 million and extending maturity to December 2039. Hedging on £110 million has been put in place for the tenor of the loan, at an effective all-in cost of c.2.7%;

- The Company also increased its £100 million revolving credit facility (RCF) by £110 million, with an uncommitted accordion feature allowing for a further increase of up to £30 million;

- The term of the facility has been extended to May 2025 with the lender group being diversified further with the introduction of Lloyds Bank plc, alongside existing lenders RBS International and Santander UK;

- Post period end one project received planning permission for 70MW of solar and 40MW of battery storage, and BSIF achieved allocations of CfDs on all 4 projects submitted to AR5.

At the time of writing, the Group's total outstanding debt stands at c.£597.4 million and its leverage level stands at c.41% of GAV (June 2022: 35% of GAV).

Underlying Earnings and Dividends

The Underlying Earnings for the Period, before amortisation of long-term debt, were £108.4 million, or 17.72pps, and underlying earnings available for distribution, post debt repayments of £18.3m (3.00pps), were £90.1m (14.74pps). Thus, the Company has earned comfortably in excess of its dividend target of 8.40pps for the year to 30 June 2023, thanks to higher power prices and the strong operational performance of its portfolio.

This has enabled the Board to declare an increased fourth interim dividend of 2.30pps, bringing the total dividend for the Period to 8.60pps (30 June 2022: 8.20pps); the yield on our shares – based on a share price of 118.20pps on 26 September – is 7.3%. The Company remains the LSE listed solar investment company sector's highest dividend payer on a pence per share basis. Notwithstanding its strong dividend cover, the Company's established policy is to increase distributions on a progressive basis, and it has set a target dividend for the 2023/24 financial year of not less than 8.80pps. Retained earnings are being deployed by the Company to finance further projects emerging from its strong development pipeline.

Valuation and Discount Rate

Secondary market demand for renewable electricity projects, at all stages of their lifecycle, remains strong; power prices and inflation have surged, largely cancelling out the impact of higher interest rates and operating costs. The Investment Adviser is currently seeing solar portfolios priced in a range of £1.20m/MW - £1.45m/MW, which is very similar to previous years (typically £1.20m/MW - £1.40m/MW). Higher interest rates have caused the Board to increase the discount rate for the 30 June 2023 Directors' Valuation to 8.0% (June 2022: 6.75%). By valuing the Company's operational portfolio at an enterprise value of £1,195m (c.£1.35m/MW for the solar assets vs. £1.38m/MW in June 2022), the Directors' Valuation as at 30 June 2023 is in line with recent market transactions and is consistent with the Company's valuation approach of 'willing buyer/willing seller'.

Inflation

In the past 12 months UK inflation has continued at a high level, notwithstanding a string of interest rate increases that have taken the current Base Rate up to 5.25%, from 0.1% less than two years ago. The UK 5 year gilt rate, which was below 1% for some 3 years prior to January 2022, now stands at approximately 4.5%. Current UK inflation, on an RPI basis, is close to 9%, with CPI at 6.8%. Interest rates may have further to rise, but for the moment at least inflation has fallen from its peak, suggesting that the medicine prescribed by the Bank of England is working, albeit later in the day than many of us might have wished.

BSIF is a net beneficiary of inflation, since our regulated income (principally from ROCs) is index-linked, boosting our regulated revenues faster than the increase in our operating costs. Our prudent approach to debt, where we have (predominantly) fixed rate and amortising long term loans, means that the capital structure has been largely shielded from the rises in interest rates. The flipside of this, however, is that as gilt yields adjust upwards in the face of inflation, bond prices go down; in tandem with others in our sector, the price of your Company's shares has likewise fallen, as investors seek a concomitant increase in yield from BSIF to preserve the risk premium between our shares and Government bonds. We therefore find ourselves in the invidious position of posting excellent operating results and having built a robust capital structure well suited to this environment, yet watching our share price fall to a significant discount to NAV.

Power Prices

Increasing electricity demand and fuel supply concerns following the onset of Russia's war against Ukraine saw UK electricity prices in the autumn of 2022 at record levels, with day-ahead power prices touching c.£180/MWh in December 2022. They stabilised in the first half of 2023, but power prices remain significantly higher than those seen prior to the March 2022 invasion.

The Company's PPA strategy of fixing power prices for between one and three years has allowed it to agree power contracts through the months of rising prices, insulating the portfolio from short term volatility, and enabling it to create pricing certainty for up to 36 months ahead. The average weighted prices for these contracts were £190.1/MWh for June 2022, £303/MWh for January 2023 and £230/MWh for June 2023.

WINTER AT CAPELANDS

Environmental, Social and Governance (ESG)

I am delighted to present the Company's significantly expanded ESG report and I applaud the commitment shown by the Investment Adviser in ensuring that the Company implements best practice policies in this important and rapidly evolving area.

In addition to the Period being the Company's first year for implementing and monitoring its ESG performance against its KPIs, it was also the first time BSIF reported against the Level 2 requirements of the EU's Sustainable Finance Disclosure Regulation ("SFDR"). The Company also produced its first Principal Adverse Impact ("PAI") report.

The Energy Crisis and the Levy

The fuel supply crisis precipitated by the Ukraine war resulted in energy prices reaching unsustainably high levels and prompted the UK Government to intervene by introducing caps on domestic electricity prices to alleviate the widespread hardship being experienced. In late 2022 the Government introduced the Electricity Generator Levy (the "Levy"), to operate from January 2023 until March 2028; the Levy is a 45% charge on revenues from the sales of electricity in excess of £75 per MWh for generators who have in-scope annual generation in excess of 50GWh. The Government has also stated that it recognises the need to reform electricity market arrangements to deliver the pace and scale of change required to meet its target of decarbonisation of the electricity system by 2035 and continues to assess options following a first round of consultations in 2022. We are active participants in this debate.

The Board

John Rennocks, having stepped down as Chair at the November 2022 AGM, retired from the Board in February. Much has already been said about John's contribution to the creation and development of BSIF so I will simply repeat the deep gratitude we feel to John for what was achieved during his tenure.

Paul Le Page, another Director who has served from the start and who has throughout chaired our Audit and Risk Committee with remarkable skill and diligence, will retire from the Board on 30 September 2023. On behalf of the Board, I thank Paul most sincerely for what he has done for BSIF in his decade of service. Libby Burne, whose principal career has been with PwC and who joined the BSIF Board in 2021, will succeed Paul as Audit and Risk Committee Chair.

Last October, we welcomed Michael Gibbons to the Board, and he has assumed the role of Senior Independent Director. Michael has many years of experience of electricity and other energy markets, which is already proving to be invaluable to our business.

The AGM and Continuation Vote

The Company's Annual General Meeting will take place at 10am on 28 November 2023 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. Shareholders who are unable to be present in person are encouraged to submit questions in advance of the meeting.

Resolution 13 is a continuation vote, seeking the support of Shareholders for the Company to remain in business for a further five years. Your Board believes that it has met or exceeded all of the objectives of its original and subsequent prospectuses, producing sector-leading returns for investors, while assisting with the decarbonisation of the economy. The Board is confident that BSIF is well placed to continue investing in renewable electricity and thereby delivering value for Shareholders; it is therefore unanimous in recommending that Shareholders support this Resolution.

Conclusion

Our business is a relatively straightforward one – we convert daylight and wind energy into electric power for sale to the wholesale markets and, in the case of those plants which were constructed at a time when incentives were required to compensate for the high cost of equipment, we receive subsidies, typically for 20 years from the date of plant commissioning. In the Period, we generated 836GWh of electricity which, if used to power electric cars, would replace over 200 million litres of petrol. Another measure of our output and our contribution to de-carbonising the economy is that it represents sufficient electricity to meet the annual needs of 288,000 homes, or a city the size of Leeds. All of our generation took place in the UK, with 84% coming from solar PV and 16% from onshore wind. In 2022/23, we received £107 million from the sale of electricity, £77 million from government subsidies (principally ROCs) and £5 million from other sources which are set out in more detail in the Investment Adviser's report. We believe that scale is important, and it is our intention to continue to grow the Company through acquisition and the construction of new assets, while pursuing our established policy of paying progressively higher dividends.

Our Investment Adviser, Bluefield Partners, is to be congratulated for what has been achieved in our first decade. We raised an initial £128 million in July 2013 and today your Company has an enterprise value of £1.2 billion, having in the past 10 years distributed over £270 million in dividends. There are several important contributors to this result, including Bluefield Partners' strong record in constructing or purchasing the plants we now own, and the record of both Bluefield Services and Bluefield Operations in running these facilities at industry-leading levels of performance. Particularly in the context of the past year, I would also identify the forward power sales strategy implemented by the Investment Adviser as one of the significant successes of the Company, providing a high degree of visibility of our income for up to 30 months ahead.

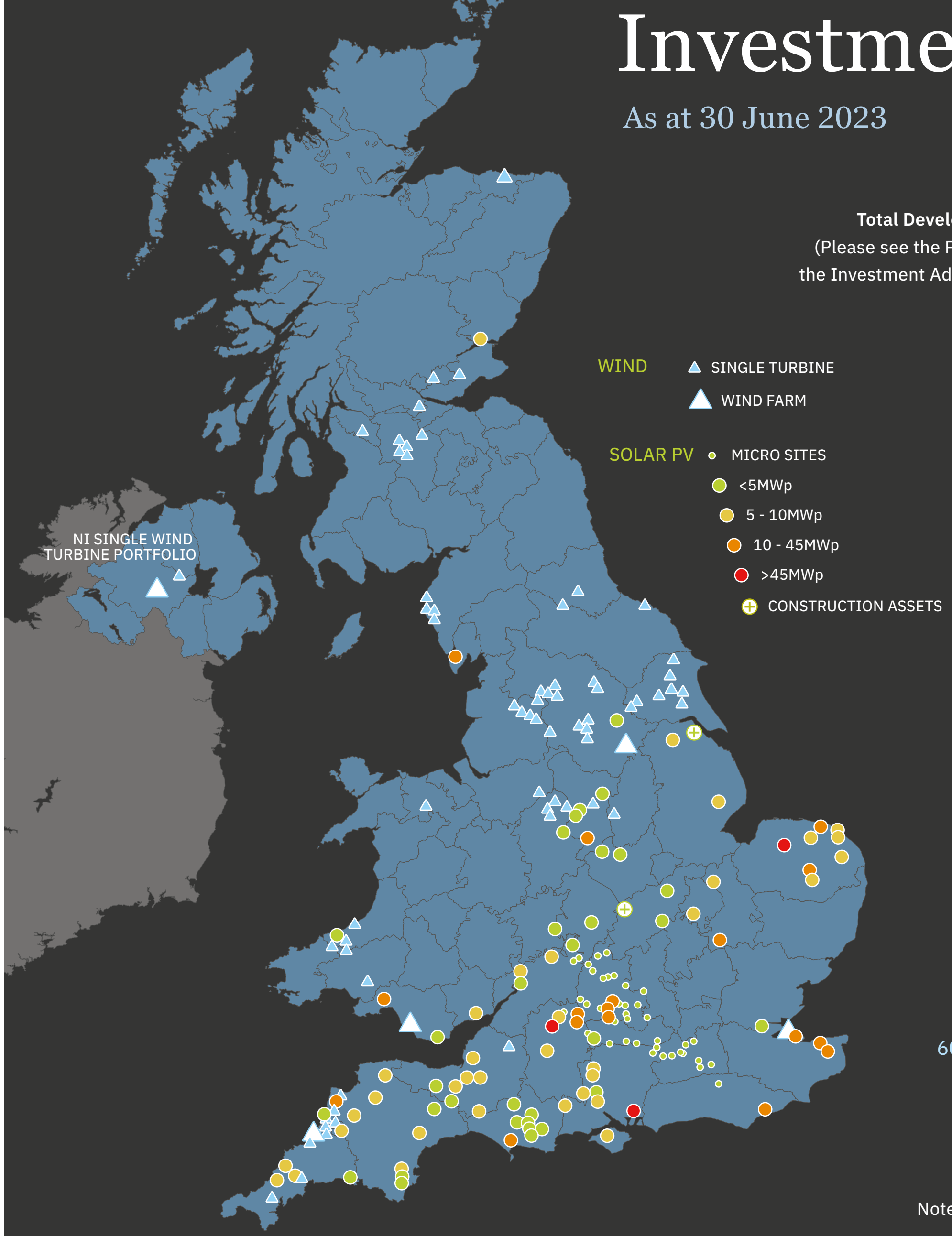
If the world is to reduce its dependence on fossil fuels, we will need more electricity and much of this must come from renewable sources; there is, for example, little point in making us abandon the internal combustion engine in favour of electric cars if the energy for the latter has to come from a fossil fuelled power plant. In the UK the additional power is likely to involve substantially more solar and wind generation, sources which remain the lowest cost generators, while providing indigenous, clean and secure supplies of energy. My strong belief is that BSIF has a major role to play in the future of Britain's rapidly changing electricity mix and your Board looks with confidence at the challenges and opportunities which lie ahead.

John Scott
Chair
27 September 2023

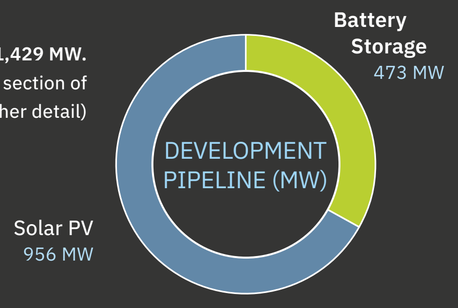
SOLAR PV AT SAXLEY

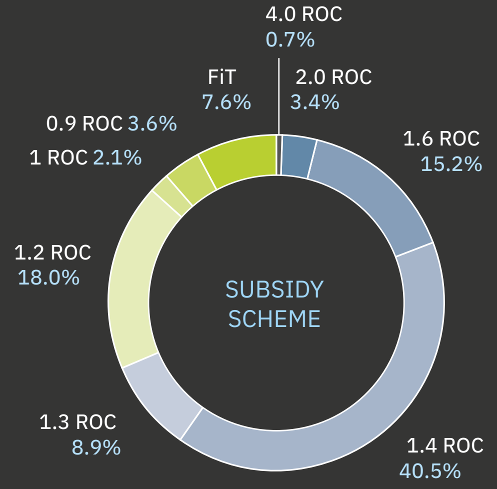
Analysis of the Company's Investment Portfolio

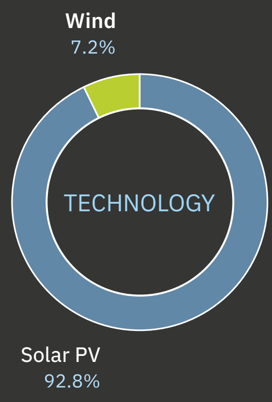
As at 30 June 2023

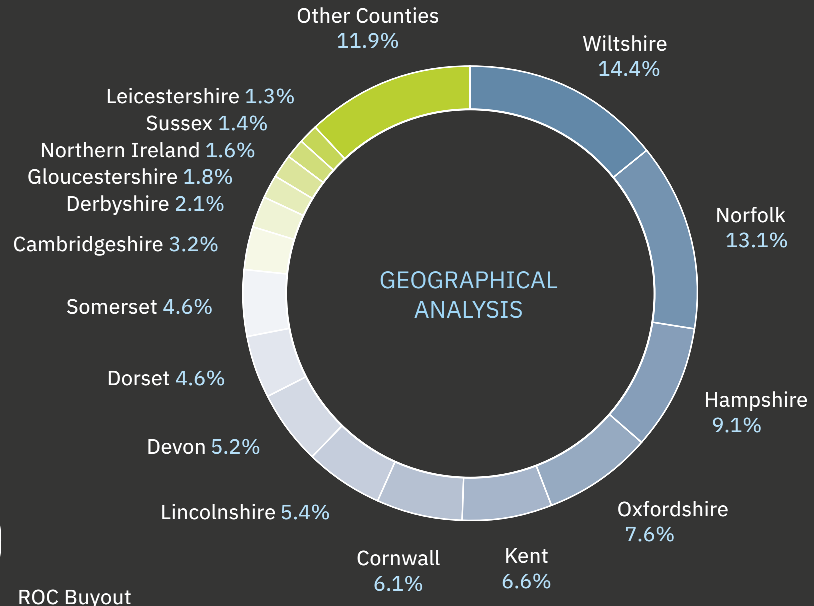


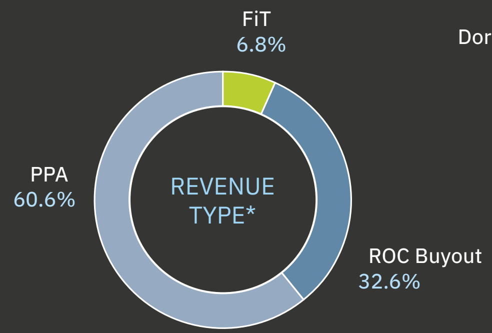
Total Development Pipline of 1,429 MW.
(Please see the Proprietary Pipeline section of the Investment Adviser report for further detail)











Note: 1. All graphs, except for Development Pipeline, are based of the operational portfolio of 812.6 MW
2. Revenue Type is based on the Company's operational portfolio and does not include estimated ROC Recycle revenue

Report of the Investment Adviser

Introduction from the Managing Partner of the Investment Adviser

The Period to 30 June 2023 has been the most successful period in BSIF's decade long history, with the Company delivering record earnings, record dividend cover, its highest dividend whilst maintaining parity with its highest recorded NAV. Conversely, it has also been the first time the share price has been at a significant discount to NAV.

There is a certain irony to this as the financial shocks to the system that have precipitated the falls – sharp rises in gilt and interest rates – have only heightened the Company's five core strengths, summarised below (and outlined in detail within the Investment Advisers report):

1. **Capital Structure:** since its 2013 IPO the Company has focused on a simple and deliberate strategy of ensuring, outside of the Company's Revolving Credit Facility, all debt within the structure is secured at portfolio level with fixed interest rates on fully amortising terms. This is a prudent use of debt in any environment, but with a current average cost of debt of c.3.5% on all the Company's long term borrowings being c.£430m as at 30 June 2023, it looks particularly prescient in today's higher interest rate environment.

2. **Power Sales Strategy:** Bluefield Solar focuses on fixing Power Price Agreements contracts at the short end of the power curve (6-30 months), through competitive tender processes, enabling it to maximise value for shareholders from the most liquid part of the power market. This strategy has not only underpinned the sector-leading dividends paid since inception, but crucially has enabled the Company to secure highly attractive power contracts when power prices reached record highs during the period to June 2023. The result has been record full year earnings and a c.2x covered dividend (net of debt amortisation and the EGL). This is creating retained earnings that can be invested into new opportunities, not least the proprietary pipeline.

3. **Active Management:** Active Management is a much misused term in investment. In the context of Bluefield Solar's portfolio it means a dedicated workforce of 115 (and growing) within Bluefield Partners and Services, split across specialist teams covering primary investment, secondary investment, ESG, development, engineering, construction management, monitoring and reporting, debt compliance, technical asset management, operation and maintenance and commercial with 74 different core responsibilities. These specialist units have been established in the past decade to deliver an aligned, dedicated and diversely skilled workforce to an increasingly complex business.

4. **Proprietary Pipeline:** Bluefield Solar's ability to control the pipeline has been a major contributor to its success over the past ten years. Fusing deep rooted relationships across the UK renewables market with the support of its specialist technical teams, Bluefield has been able to establish the DNA of the business around developing the primary pipeline. No better highlight of this is the 1GW solar and storage proprietary pipeline the Investment Adviser has built up exclusively for Bluefield Solar. These transactions, alongside secondary opportunities that are being evaluated, provide Bluefield Solar with the platform for a further period of significant growth.

5. **Capital Discipline:** Adherence to investment principles is paramount and so despite the fast paced growth of the solar market in the past decade, uniquely for Bluefield Solar there have still been periods where the Company elected to cease acquisitions, based on our view that nothing we saw would provide Shareholder value. To emphasise this, between 2016 to 2020 BSIF did not go to the market for an equity raise. This capital discipline has benefitted Shareholders and has contributed to BSIF's outperformance. This discipline will continue, as it has been a key pillar in enabling the Company to achieve exceptional growth – not least during and after the Covid 19 pandemic.

The solace we take from the current situation is that these strengths, applied since the Company was founded, cannot be easily replicated, and will continue to benefit the Shareholders for many years to come.

We have visibility over earnings that will support the ongoing progression of our dividend and retained earnings that can deliver reinvestment into our accretive pipeline, whilst always focusing on the capital discipline Bluefield Solar is known for. And, thus, as the Chair has said in his statement, we look forward to the future with great confidence and with the expectation of a rerating of the shares in the short term.

James Armstrong

Managing Partner, Bluefield Partners LLP

1. About Bluefield Partners LLP ('Bluefield')

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in renewable 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 Bluefield team has been involved in over £6.5 billion renewable funds and/or transactions in both the UK and Europe, including over £1.4 billion in the UK since December 2011.

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 for selection, origination and execution of investment opportunities for the Company, having executed over 150 individual SPV acquisitions on behalf of BSIF and European vehicles.

2. Portfolio: Acquisitions, Performance and Value Enhancement

Portfolio Overview

As at 30 June 2023, the Company held an operational solar portfolio of 129 PV plants (consisting of 87 large scale sites, 39 micro sites and 3 roof top sites), 6 wind farms and 109 small scale UK onshore wind turbines with a total capacity of 812.6MW (30 June 2022: 766.2MW).

During the period to 30 June 2023, the combined solar and wind portfolio generated an aggregated total of 836.2GWh (30 June 2022: 687.5GWh), representing a Generation Yield of 1,029MWh/MW.

Investment Approach and Acquisitions in the Period

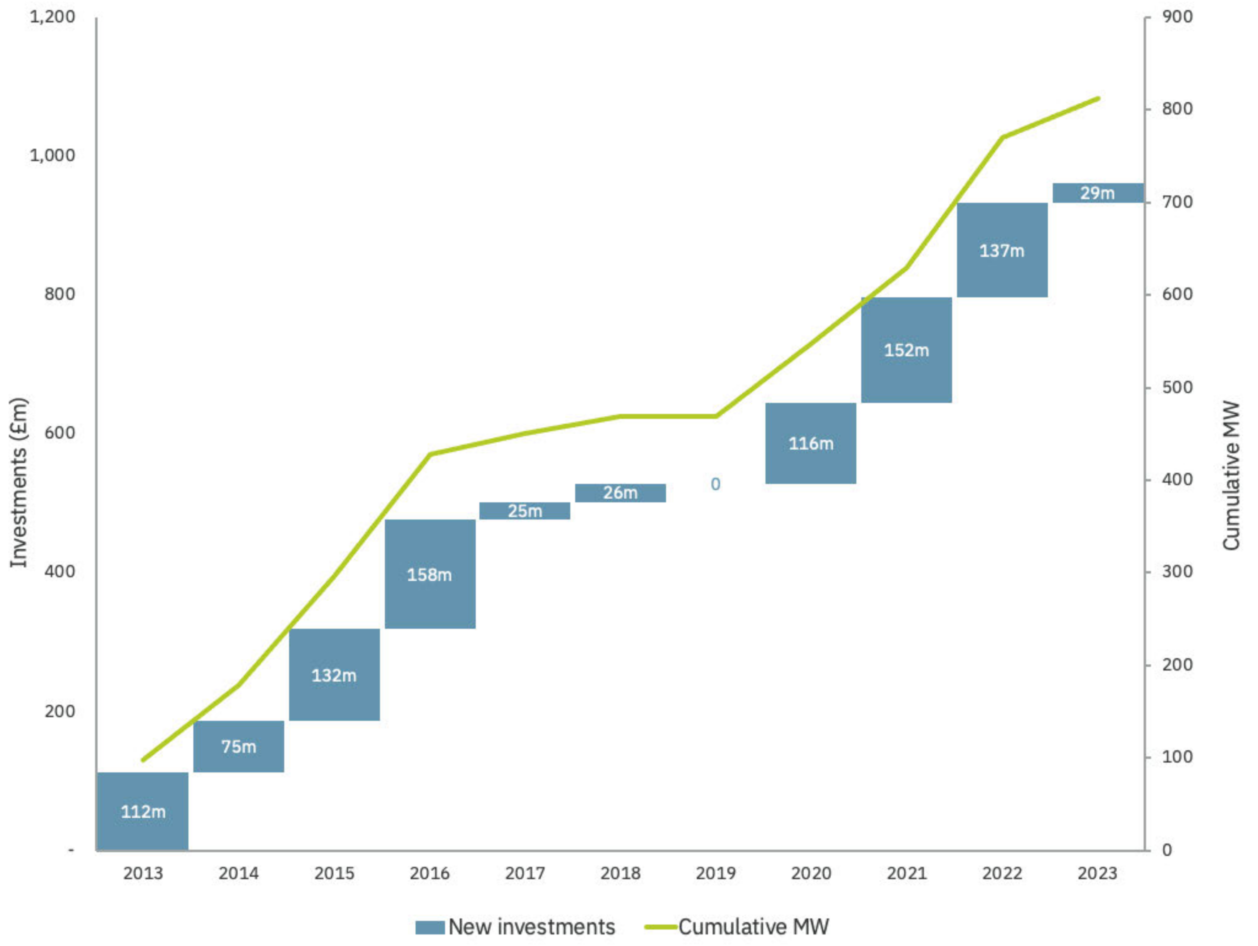
The Company has taken a disciplined approach to the deployment of capital since listing, deploying capital only when there are projects of suitable quality at attractive returns to complement the existing portfolio. Rigorous adherence to restrained capital deployment inevitably means there can be periods where acquisition activity falls, even when sector activity appears in contrast, but this controlled approach is beneficial in driving long term, sustainable growth for Shareholders, as evidenced by Bluefield Solar's record of sector leading returns since listing over a decade ago.

In December 2022 the Company completed the acquisition of a 46.4MW operational solar portfolio from Fengate Asset Management. At the time of the transaction, the enterprise value of the portfolio was £56.0 million, which included the economic benefit of all cashflows from May 2022. The portfolio contained £27.3 million of long-term amortising debt provided by Macquarie Bank Limited.

The portfolio consists of two ground mounted solar photovoltaic ('PV') plants, a 39.3MW plant (Ravensthorpe) located in Scunthorpe, Lincolnshire and a 7.1MW facility (Roanhead) located in Barrow-in-Furness, Cumbria. Both solar sites are accredited under the Renewable Obligation Certificate ('ROC') regime with a tariff of 1.4 ROCs.

In May 2023, the Company completed the purchase of three recently consented ready to build PV projects, totalling 97MW from its development partners Lightrock Power and Bluefield Renewable Developments, for a total of £3.9m. The projects, which are located in Devon, East Sussex and Shropshire, have grid connection dates between 2024 and 2026.

£665m Equity Deployed	£854m Net Asset Value	£1.438m Gross Asset Value	813MW Operational Capacity	£273m Total Dividends Paid



Portfolio Performance and Optimisation

Solar PV Performance

In the 12-months to 30 June 2023, irradiation levels were 6.0% higher than the Company's forecasts and 3.1% higher than FY 2021/22, whilst generation, being 702.4GWh, was marginally lower than expectations.

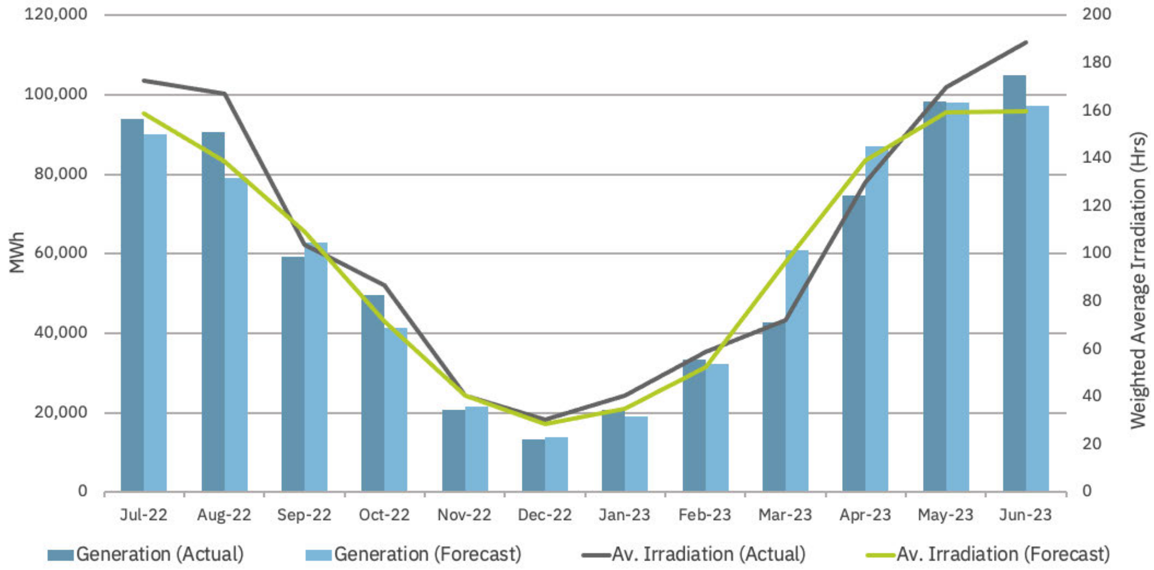
During the year, the solar portfolio achieved a Net PR of 76.16% (FY 2021/22: 79.38%) against a forecast of 80.63%, due to availability issues driven primarily by supply chain challenges and capital improvement works. Consequently, generation yield was 959.88MWh per MW of installed capacity, marginally lower than recorded in the previous year.

Table 1. Summary of Solar Fleet Performance for 2022/23:

	FY 2022/23 Actual[4]	FY 2022/23 Forecast	Delta to Forecast (% change)	FY 2021/22 Actual	Delta 22/23 to 21/22 Actual (% change)
Portfolio Total Installed Capacity (MW)	754.2	-	-	642.9	+17.3%
Weighted Average Irradiation (Hrs) [1,2]	1,260.7	1,189.9	+6.0%	1,222.7	+3.1%
Total Generation (MWh)	702,428	703,664	-0.2%	624,651	+12.5%
Generation Yield (MWh/MW)	959.9	959.9	0.0%	971.6	-1.2%
Average Total Unit Price (£/MWh) [3]	£223.7	£187.1	+19.5%	£132.4	+68.9%

Notes to Table 1.

1. Periods of irradiation where irradiance exceeds the minimum level required for generation to occur (50W/m²)
2. Excluding grid outages and significant periods of constraint or curtailment that were outside the Company's control (for example, DNO-led outages and curtailments)
3. Average Total Unit Price includes all income associated with the sale of power, all subsidy payments, liquidated damages and insurance claims amounts. ROC recycle revenue is included assuming a 10% recycle rate for both Actual and Forecast Revenue
4. Includes 46.4MW of solar assets acquired in December 2022, not included in the published 2022/23 interim results



Total Revenue for the period was £157.2m, 19% higher than forecast and 121% higher than the previous FY. PPA agreements which commenced during the Period were the principal reason for increased revenue, as the average power price rose from £57/MWh in the previous FY to £141/MWh, a 147% increase.

Operational costs for the Period (incorporating all fixed, contracted costs such as lease payments, O&M fees etc.) totalled c.£23m, including expenditure associated with the optimisation & enhancement projects (see below).

Solar PV Optimisation & Enhancement Activity

A core focus of the Investment Adviser's activities is protecting, optimising, and enhancing the value of the Company's operational portfolio. Principally, this is done through in-depth performance monitoring and carefully tailored preventative maintenance programmes, ensuring that capital spend across the Company's portfolio (expected to be £4m to £5m annually over the next decade) is completed during months of low irradiation (typically October to February).

A rolling capital investment programme is essential for optimising the long-term operational performance of the portfolio. The Investment Adviser has identified that one of the key causes of lower-than-expected availability is a long lead time for spare parts for major High Voltage ('HV') components, notably central inverters, due to industry demand from construction projects and other operators' repowering works.

Two significant string-inverter repowering projects and the replacement of 3 transformers at Hall Farm were completed during the Period to improve both current and future performance of the assets. Further inverter repowering and optimisation projects are planned for FY 23/24.

As at 30 June 2023, 494.6 MW (30 June 2022: 401 MW) of the PV portfolio have leases that allow for terms beyond 30 years (being 66% of the solar PV portfolio), of which 338.2 MW (100% of applications successful) benefit from planning terms in excess of 30 years, with the Investment Adviser continuing to pursue lease extensions on the remaining assets in the portfolio.

Onshore Wind Performance

As at 30 June 2023, the Company held an operational onshore wind portfolio of 135 installations, comprising 109 small scale turbines (55-250kW) and 26 turbines (850kW-2.3MW), with an aggregated capacity 58.4MW.

During the reporting period, the portfolio generated 133.8 GWh, -16.2% below forecasts. This was largely due to reduced wind resource, combined with lower than forecasted availability during H1. Availability improved considerably during H2 following the replacement of the O&M provider for Delabole Wind Farm in December 2022. Significant liquidated damages were further recovered from the previous O&M provider for the underperformance at Delabole.

The average onsite wind speeds recorded were similar to FY 2021/22, which was a period of historically low wind resource.

Table 2. Aggregated Wind Portfolio Performance, FY 2022/23

	FY 2022/23 Actual	FY 2022/23 Forecast	Delta to Forecast (% change)	FY 2021/22 Actual	Delta 22/23 to 21/22 Actual (% change)
Portfolio Total Installed Capacity (MW)	58.4	-	-	30.0	+94.5%
Total Generation (MWh)	133,804.0	159,586.3	-16.2%	62,795.6	+113.1%
Generation Yield (MWh/MW)	2,292.7	2,734.5	-16.2%	2,092.5	+9.6%
Average Total Unit Price (£/MWh) [1,2]	208.3	204.2	+2.0%	216.7	-3.9%

Notes to Table 2.

1. Actual & Forecast Average Total Power Price exclude ROC Recycle estimates
2. Average Total Power Price includes LDs, Insurance & Mutualisation Rebate

The portfolio achieved a Generation Yield of 2,293 MWh per MW of installed capacity, equivalent to a 9.6% increase from FY 2021/22, largely due to the improved plant availability. Despite lower than forecast generation, the portfolio provided total revenues of £27.9 m, with an average revenue per MWh of £208.3, 2% above forecast.

Onshore Wind Optimisation & Enhancement Activity

In Northern Ireland, 17 of the 29 small-scale turbines have been identified for repowering with replacement EWT 250kW turbines. This will increase efficiency and output, whilst maintaining their respective NIRO accreditation status.

As at 30 June 2023, seven turbines have been repowered and returned to operation, with a further nine having received planning approval for repowering, with a new 25-year term. A further two projects have received a turbine delivery, with repowering planned for FY 2023/24. Planning applications for the remaining projects have been submitted to the relevant Local Planning Authorities.

General Portfolio

OFGEM Audits

As part of the industry-wide audits of FiT and RO-accredited generating assets, the Investment Adviser and Asset Manager have been working closely with the regulator on certain assets that have been selected, at random, for audit. All OFGEM audits completed to date have been classified as ‘satisfactory’, with the respective assets’ accreditation being fully compliant.

Health & Safety Activities

The Investment Adviser continues to ensure H&S awareness, policies, processes and procedures remain at the forefront of every activity around the portfolio. H&S policies and logs are reviewed at least annually. All main contractors (including asset management and O&M providers) are audited annually by a qualified third-party specialist consultant, with new retained contractors (associated with operational projects acquired by BSIF, for example) audited immediately following acquisition.

Cyber Security

The Investment Adviser arranged penetration testing of 48.2% of the solar PV portfolio (of those plants above 2MW) by a specialist external consultant, as part of a periodic cyber security review. Whilst the security across the portfolio was satisfactory, the Investment Adviser has arranged for all the recommendations to further enhance cyber security to be undertaken, including both hardware and software upgrades, with works to commence shortly. The remainder of the PV portfolio and all wind farms will undergo similar penetration testing in FY 2023/24.

SOLAR PV AT ELMS

3.Power Purchase Agreements

The Company actively monitors power market conditions, ensuring that contract renewals are spread evenly through any 12-month period with competitive tender processes on both fixed and floating price options run for each PPA renewal in the 3 months prior to the commencement of a new fixing period.

Flexibility within the Company's capital structure enables PPA counterparties to be selected on a competitive basis and not influenced by lenders requiring long term contracts with one offtaker.

This means the programme of achieving value and diversification from contracting with multiple counterparties (which in turn reduces offtaker risk) is executed for the benefit of shareholders and not the lenders.

By rolling PPA fixes during the year and targeting the most liquid area of the power market (one to three years) the Company was able to complete a number of fixes during periods when wholesale power prices were at their peak.

Evidence of this is reflected in the BSIF average seasonal weighted power price, which for the 12 months ending 30 June 2023 increased by 147% from the 12 months ending 30 June 2022, rising from £57/MWh to £141/MWh. The rise in the BSIF average seasonal weighted power price is a result of the 156.2MW fixed secured during the reporting period from January 2023, at an average fixed price of £118.9/MWh, combined with favourable pricing from contracts struck in the period preceding the end of December 2022.

As at 30 June 2023, the average term of the fixed-price PPAs across the portfolio is 26.2 months (FY 2021/22: 25.8 months) and the Company has a price confidence level of 92% to December 2023 and 86% to June 2024 (including subsidy revenues), representing the % of the BSIF portfolio that already has a fixed price in place and thus no exposure to power market uncertainty. Looking ahead, the strategy has also secured power fixes and thus revenue certainty, at levels that are materially in excess of the latest forecaster expectations.

Table 3. PPA Fixed Power Prices (Average Vs Average for Fixes completed during Reporting Period)

Prices as at:	1 July 23	1 Jan 24	1 July 24	1 Jan 25
BSIF Portfolio Weighted Average Contract Price (£/MWh)	158.9 (716MW)	173.5 (678MW)	149.2 (473MW)	160.8 (437MW)
Blended Average of forecasters nominal terms power prices per 30 June 2023 valuation (£/MWh)	109	117	117	104

Footnote: MW stated in the BSIF Portfolio Weighted Average Contract price refers to the total amount of the portfolio fixed for that period.

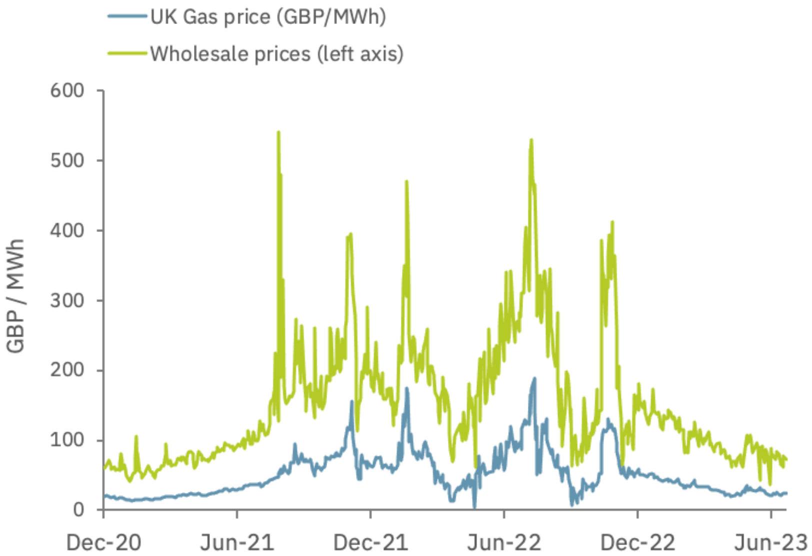
The result is the Investment Adviser believes its PPA policy is the best strategy for Shareholders, who are looking for stable revenues and forecastable, sustainable dividends with high visibility of revenues on a rolling multiyear basis. It is this approach that has delivered almost a decade of sector leading dividend cover (covered by current earnings and post debt amortisation).

INSPECTIONS AT YELVERTOFT

4. Power Market Summary

Since December 2022, power markets have begun to stabilise after record highs were seen in August and December 2022, due to Russia's continuing war against Ukraine exacerbating concerns surrounding gas supplies to Europe ahead of Winter 2023.

Chart 1. UK Natural Gas & Wholesale Power Prices (1 July 2020 – June 2023)



Source data: Bloomberg

Gas prices fell from their recent historic highs, as supply increased as more liquefaction facilities become available, with power prices predominantly following gas markets. This is demonstrated in Chart 2, with day-ahead baseload power prices falling from highs of £180/MWh in mid-December 2022 to lows of £86/MWh at the end of June 2023.

In relation to medium-term market expectations, the gas market is expected to rebalance by the mid-2020s, with prices set to fall back to levels seen prior to COVID. As a result, the baseload wholesale power prices are forecast to fall by 23% on average from 2023 to 2030, driven by lower gas prices.

Over the Company's ten year history, building a proprietary pipeline and then funding the construction of new projects has been at the heart of its success. Entering earlier in the value chain brings some additional risk but if managed appropriately, we believe it also allows us to control the quality of projects far better, which ultimately brings enhanced risk-adjusted returns to Shareholders.

5. Proprietary Pipeline

Over the past four years, the Company has continued to implement its new build strategy across the solar value chain to ensure that Bluefield Solar continues to build its market share amongst UK solar power producers. We have signed co-development agreements to fund new sites. We have also expanded our strategy to battery storage, which will enable the diversification of the BSIF's revenues and allow us to monetise the expected increases in volatility of power prices in the future.

This focus on development activities has enabled the Company to build up a significant pipeline of assets which can be built over the next five years. As our projects progress, we are working with selected construction contractors to ensure that projects are designed and built to a high specification for long term performance.

We are pleased to report that the new build strategy has delivered well on its objectives thus far: the development pipeline now stands at over 1.4 GW and the first development to be funded, Yelvertoft, - is progressing well through construction. This 49MW project is set to be connected to the grid towards the end of 2023 and it has entered into a Contract for Difference ("CfD") for its output.

The following sections provide a more detailed update on both our construction and development programmes.

Construction Programme

As at the end of the period, BSIF had solar assets with a capacity of 412MW and battery storage assets with 183MW capacity that are fully consented and are in pre-construction. The projects have connection dates between 2023 and 2028.

Of these the first projects to enter the construction phase are Yelvertoft Solar Farm, a 49MW solar PV park in Northamptonshire and Mauxhall Farm Energy Park, a c.44MW solar PV project in North East Lincolnshire. Yelvertoft signed a fixed price EPC contract with Bouygues in September 2022 and is targeting operation in Q4 2023, while Mauxhall Farm signed a fixed price EPC contract with EQUANS in March 2023 and is expected to be operational in Q2 2024. Mauxhall Farm is planned to be a co-located project and construction of a 25MW battery energy storage scheme is expected to commence shortly after the solar plant has been commissioned.

As the EPC agreements require contractors to provide full procurement activity and to supply all materials, the Investment Adviser completes a full assessment of each contractor's procurement and supply chain management processes to ensure compliance with the Company's ESG policies and standards.

Projects with CfDs

In July 2022, the Investment Adviser successfully secured CfDs on 62.4MW of ready to build PV plants (Yelvertoft, Romsey extension and Oulton extension). By securing a CfD contract, the plants will benefit from index-linked (to CPI) revenues over a 15-year duration at the AR4 solar PV strike price of £45.99/MWh (in 2012 equivalent prices) or c.£64/MWh (in 2023 equivalent prices). The contracts commence from 31 March 2025 and the strike prices will be adjusted appropriately for CPI.

Post period BSIF achieved allocations of CfDs on all 4 projects submitted to AR5.

Development Programme

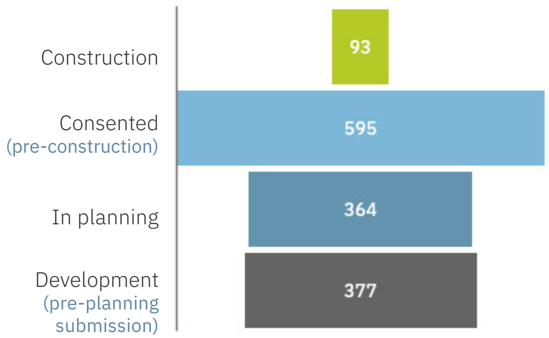
The Investment Adviser has been pursuing its development strategy since 2019 to enable BSIF to continue to be a key player in the UK renewable energy market. Since this time, a portfolio of approximately 950MW of solar and over 470MW of batteries has been built up across 28 projects. BSIF has a 5% investment limit in pre-construction development stage activities, while less than 1% is currently committed.

Currently, no value is attributed to projects without planning consent. Once developments receive planning consent, however, and move from the development stage to pre-construction, the Investment Adviser believes it is appropriate to reflect this change in the Company valuation. At this point in their lifecycle, the projects will have received all the necessary planning consents, land rights and valid grid connection offers and so have discernible value beyond the direct costs of development.

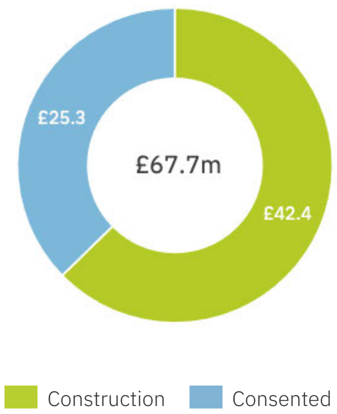
The current pipeline status and valuation is summarised in the graphic adjacent.

Current pipeline status and valuation

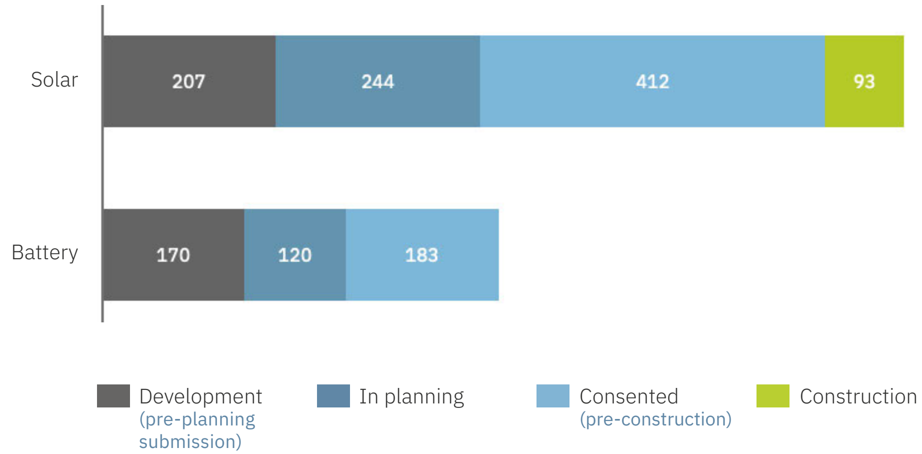
Development pipeline (MW). Total = 1,429MW



Development pipeline Value (£m)



Project progress by technology



6. Analysis of underlying earnings

The total generation and revenue earned in the Period by the Company's portfolio, split by subsidy regime, is outlined below:

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	66,874	6.0	12.1
4.0 ROC	12,773	1.6	3.0
2.0 ROC	23,524	1.6	2.9
1.6 ROC	116,884	14.9	11.3
1.4 ROC	296,183	39.2	25.1
1.3 ROC	71,800	9.8	5.7
1.2 ROC	140,384	21.6	11.2
1.0 ROC	32,838	3.6	1.9
0.9 ROC	74,972	9.1	3.8
Total	**836,232**	**107.4**	**77.0**

The Company includes ROC recycle assumptions within its long term forecasts and applies a market based approach on recognition within any current financial period, including prudent estimates within its accounts where there is clear evidence that participants are attaching value to ROC recycle for the current accounting period.

The key drivers behind the changes in Underlying Earnings between FY 2022/23 and FY 2021/22 are the combined effects of the acquisitions within the Period and higher PPA pricing.

Underlying Portfolio Earnings

	Full year to 30 June 23 (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)
Portfolio Revenue	184.4	111.4	73.1	65.9
Liquidated damages and Other Revenue*	5.4	1.6	2.0	3.8
Net Earnings from Acquisitions in the period	0.0	0.0	5.1	0.0
Portfolio Income	**189.8**	**113.0**	**80.2**	**69.7**
Portfolio Costs	-36.3	-27.8	-17.6	-14.1
Project Finance Interest Costs	-13.6	-4.7	-1.8	-0.6
Total Portfolio Income Earned	**139.9**	**80.5**	**60.8**	**55.0**
Group Operating Costs#**	-25.4	-8.3	-7.5	-5.8
Group Debt Costs	-6.1	-5.4	-4.7	-4.6
Underlying Earnings	**108.4**	**66.8**	**48.6**	**44.6**
Group Debt Repayments	-18.3	-13.8	-9.3	-9.2
Underlying Earnings available for distribution	**90.1**	**53.0**	**39.3**	**35.3**

	Full year to 30 June 23 (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)
Bought forward reserves	20.9	13.4	8.4	2.3
Total funds available for distribution -1	**111.0**	**66.4**	**47.7**	**37.6**
Target distribution* **	**51.4**	**45.2**	**34.3**	**29.3**
Actual Distribution -2	**52.6**	**45.5**	**34.3**	**29.3**
Underlying Earnings carried forward (1-2)	**58.4**	**20.9**	**13.4**	**8.4**

* Other Revenue includes ROC mutualisation, ROC recycle late payment CP20, insurance proceeds, O&M settlement agreements and rebates received.

\# Includes the Company, BR1 and BSIFIL (the UK HoldCos) and any tax charges within the UK HoldCos.

** Excludes one-off transaction costs and the release of up-front fees related to the Company's debt facilities

*** Target distribution is based on funds required for total target dividend for each financial period.

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

	Full year to 30 June 23 (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)
Actual Distribution	52.6	45.5	34.3	29.3
Total funds available for distribution (including reserves)	**111.0**	**66.4**	**47.7**	**37.6**
Average Number of shares in year*	611,452,217	554,042,715	429,266,617	370,499,622
Target Dividend (pps)	8.40	8.16	8.00	7.90
Total funds available for distribution (pps)	**18.13**	**12.22**	**11.19**	**10.13**
Total Dividend Declared & Paid (pps)	8.60	8.20	8.00	7.90
Reserves carried forward (pps) **	9.53	3.39	2.67	2.23

* 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 point of Annual Accounts publication (being c.611m shares for 30 June 2022 and c.496m shares for 30 June 2021).

WIND TURBINES AT HAMPOLE

7. 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 quarterly basis at 30 September, 31 December, 31 March and 30 June each year, with the Company committed to conducting independent reviews as and when the Board believes it benefits Shareholders.

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines published by the BVCA (the British Venture Capital Association). The application of these guidelines is considered consistent with the requirements of compliance with IFRS 9 and IFRS 13.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2023 was £1,018.4m (30 June 2022, £939.9m).

The table below shows a breakdown of the Directors' valuations over the last three financial years:

Valuation Component (£m)	June 2023	June 2022	June 2021
DCF Enterprise Value of Portfolio (EV)	1,195.2	1,180.6	770.1
Consented Solar and Battery Storage Development rights	67.5	13.8	1.8
Deduction of Project Co debt	-430.8	-390.3	-119.8
Project Net Current Assets	186.5	135.8	42.4
Directors' Valuation	**1,018.4**	**939.9**	**694.5**
Portfolio Size (MW)	**812.6**	**766.2**	**613.0**

Discounting Methodology

The Directors' Valuation is based on the discounting of post-tax, projected cash flows of each investment, based on the Company's current capital structure, with the result then benchmarked against comparable market multiples, if relevant. The discount rate applied on the project cash flows is the weighted average discount rate. In addition, the Board continues to adopt the approach under the 'willing buyer/willing seller' methodology, that the valuation of the Company's portfolio be appropriately benchmarked to pricing against comparable portfolio transactions.

Key factors behind the valuation

There have been a number of key factors that have been considered in the Investment Adviser's recommendation to the Directors' Valuation (and which are quantified in the NAV movement chart page 22):

(i) The RPI inflation forecast for 2023 has been increased to 7% (5.5% in December 2022 and 3.4% in June 2022), reflecting expectations that UK inflation will remain higher for longer. As evidence builds that inflation will fall during H2 2023, a rate of 3.5% has been applied for 2024 (2024 inflation forecast previously used: 4.0% in December 2022 and 3% in June 22);

(ii) The portfolio discount rate has been increased to 8.00% (7.25% in December 2022 and 6.75% June 2022). This is a result of increases over the period in both the Bank of England base rate (rising to 5.0% as at 30 June 2023 , from 3.5% as at 31 December 2022) and 15 year gilt yields (c. 4.8% as at 30 June 2023, from c. 3.9% as at 31 December 2022);

(iii) Inclusion of the latest forecasters' curves as at 30 June 2023, and the corresponding impact of the Electricity Generator Levy ("the Levy") - a 45% tax on the extraordinary returns made by electricity generators, announced late in 2022, following sharp increases in electricity prices. The Levy will be in place from 1 January 2023 until 31 March 2028 and is applied to returns from sale of electricity in excess of a benchmark price of £75 per MWh, indexed to CPI from April 2024;

(iv) The value attributed to BSIF's development and construction portfolio has risen during the Period, reflecting sites receiving planning permission and further progress and investment into construction projects;

(v) Working capital has grown in the period to June 23 reflecting higher power prices being captured from the Company's successful PPA strategy.

By reflecting the core factors above within the Directors' Valuation for 30 June 2023, the EV of the operational portfolio is £1,195.2m (June 2022: £1,180.6m) with the effective price for the solar component of £1.35m/MW (June 2022: £1.38m/MW). These metrics sit within the pricing range of precedent market transactions and the 'willing buyer-willing seller' methodology upon which the Directors' Valuation is based.

Power Prices

A blended forecast of three leading consultants is used within the latest Directors' Valuation , as shown in the graph below. This is based on forecasts released in the quarter to end June 2023. For illustration purposes, the graph below also includes the blended curve used in the Company's accounts for the year ended 30 June 2023.

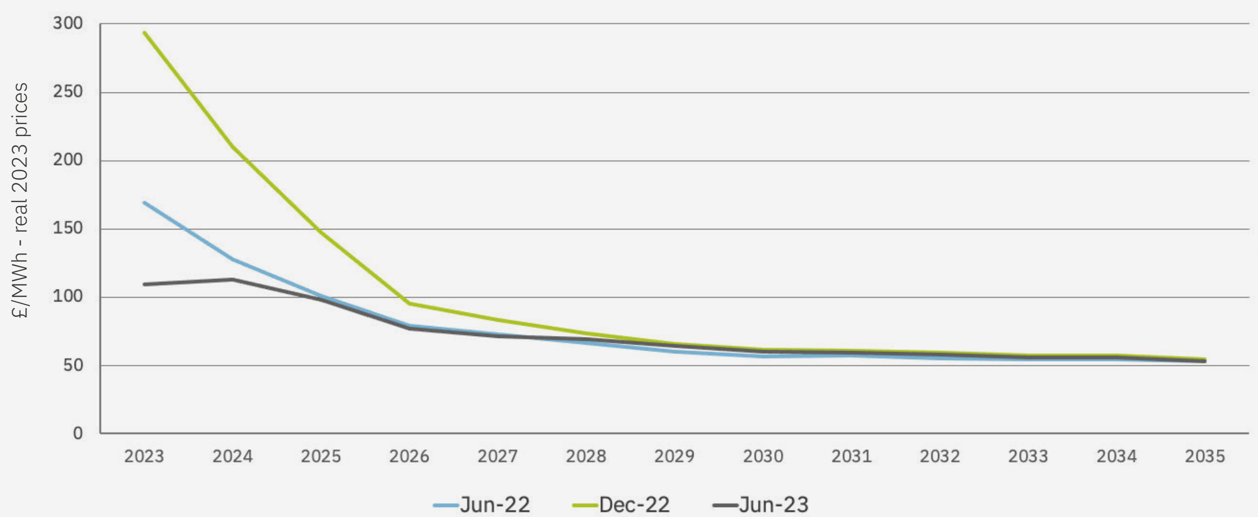
The curves used in the 30 June 2023 Directors' Valuation reflect the following key updates:

1. Short-term European fuel prices – gas and coal – have fallen amid lower gas demand, higher gas storage levels and robust LNG deliveries, with a similar trend reflected in the wholesale power price curve;

2. Higher renewable generation capacity deployment levels in the medium term (with ambitions for up to c.50GW offshore wind by 2030) as the UK strives to meet its net zero targets and fully decarbonise its power system by 2035; and

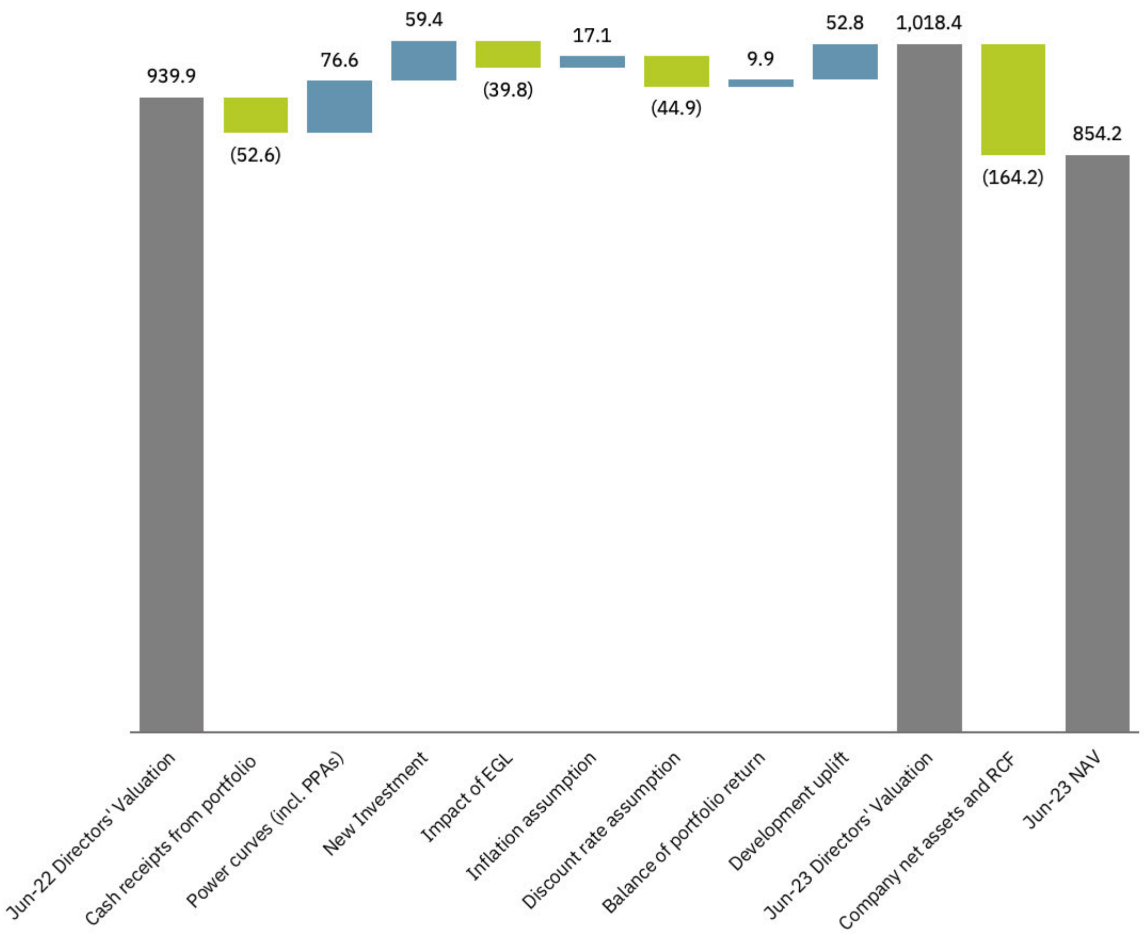
3. Annual demand for power in Great Britain, driven principally by electrification of heat and transport, is expected to rise from 292TWh in 2023 to 438TWh by 2035.

Change in blended power price forecasts



Please note, the blended forecast varies depending on whether the asset is a solar or a wind project, reflecting different forecasts for technology specific capture rates. The solar forecast is shown in the chart on this page.

Directors' Valuation and NAV Movement (£m)



The main contributors to the increase in the Directors' Valuation from 30 June 2022 to 30 June 2023 were an increase in power price forecast curves provided by the Company's three independent advisers, a new acquisition, change in development portfolio valuation (8.6pps) and updated near-term inflation assumptions.

Directors' Valuation movement

		(£million)	As % of valuation
30 June 2022 Valuation		**939.9**	
New investments acquired	59.4		6.3%
Development uplift	52.8		5.6%
Cash receipts from portfolio	(52.6)		(5.6%)
Power curve updates (incl. PPAs)	76.6		8.1%
Inflation updates	17.1		1.8%
Discount rate change	(44.9)		(4.8%)
Levy tax impact	(39.8)		(4.2%)
Balance of portfolio return	9.9		1.1%
30 June 2023 Valuation		**1,018.4**	**8.3%**

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 2022.

On the basis of these key assumptions, the Board believes there remains further scope for NAV enhancement from the potential extensions of asset life for further projects in the portfolio, as well as cost optimisation on long term O&M fees.

The assumptions set out in this section remain subject to continuous review by the Investment Adviser and the Board.

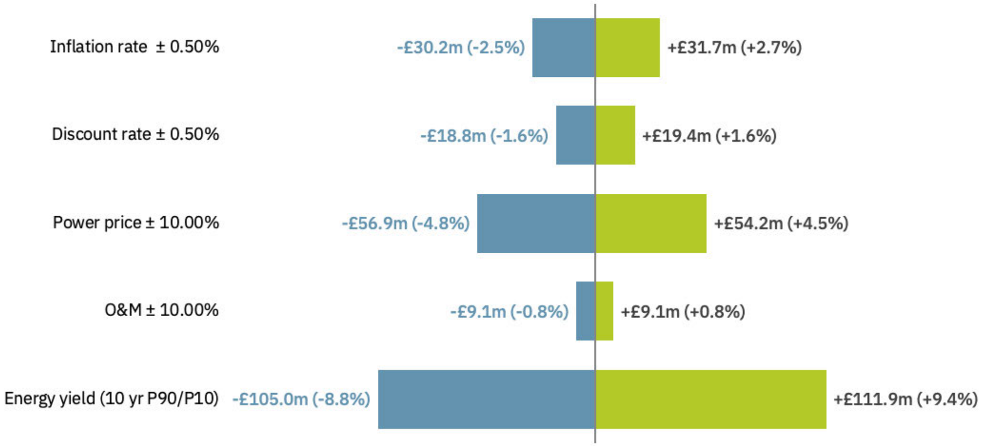
Reconciliation of Directors' Valuation to Balance sheet

	BALANCE AT YEAR END		
Category	30 June 2023 (£m)	30 June 2022 (£m)	30 June 2021 (£m)
Directors' Valuation	1,018.4	939.9	694.5
Portfolio Holding Company Working Capital	(12.5)	(13.6)	26.4
Portfolio Holding Company Debt	(153.0)	(70.0)	(250.6)
Financial Assets at Fair Value per Balance sheet	**852.9**	**856.3**	**470.3**
Gross Asset Value	**1,438.0**	**1,316.7**	**840.7**
Gearing (% GAV*)	**41%**	**35%**	**44%**

* GAV is the Financial Assets, as at 30 June 2023, at Fair Value of £852.9m plus RCF of £153.0m and 3rd party portfolio debt of £430.8m (giving total debt of £583.8m).

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 EV of the portfolio to the key underlying assumptions within the discounted cash flow valuation.



8. Financing

Debt Strategy

Since its IPO the Company has focused on a simple and defensive approach to debt. This means having debt agreements that have, primarily, fixed interest rates and are amortising. Debt split into (1) long-term asset-level debt, and (2) revolving credit facility at fund-level for short-term funding. Debt in the portfolio is generally not subject to stringent lender requirements on PPAs, allowing BSIF to take advantage of more competitive PPA pricing.

The Company's weighted average cost of long-term debt is 3.5% and is largely locked-in via fixed interest rates. Whilst BSIF has some index-linked debt, it also has significant levels of RPI linked revenues, leaving the Company a net beneficiary of inflation.

The fund's revolving credit facility (RCF) is the only floating-rate debt instrument in the portfolio and represents 26% of the total debt balance. 80% of asset-level debt has a fixed interest rate. 20% of principal for long-term debt is inflation-linked.

Revolving Credit Facility

On 22 June 2023, the Company agreed a £110 million increase to its existing committed £100 million revolving credit facility ('RCF'), bringing the total committed amount to £210 million. The facility also has an uncommitted accordion feature allowing it to be increased by up to a further £30 million. As part of the increase, the Company has sought to broaden the lender group through the introduction of Lloyds Bank Plc, alongside the existing lenders RBS International and Santander UK. The term of the facility has been extended to May 2025 and the facility's margin remains unchanged at 1.9%.

As at 30 June 2023 the Company's subsidiary BR1 had drawn £153m from its RCF.

External Debt

Excluding the Company's RCF, total outstanding loans to third-party lenders as at 30 June 2023 total £431m, with each loan secured against a portfolio of assets and fully amortising within the life of the respective asset's subsidies. The average interest cost, excluding the Company's RCF, across the external debt facilities in the table below is 3.54%.

Debt	Principal Outstanding (£m)	Maturity	% of Interest Fixed(1)	All-in Interest Rate
Syndicate Fund RCF	153	May-25	0%	8.00%
Bayern LB Project Finance	8	Sep-29	100%	5.50%
Syndicate Project Finance	72	Dec-33	100%	3.50%
Aviva (fixed) Project Finance	88	Sep-34	100%	2.88%
Aviva (index-linked) Project Finance	67	Sep-34	100%	3.70%
Macquarie (fixed) Project Finance	7	Mar-35	100%	4.60%
Macquarie (index-linked) Project Finance	20	Mar-35	100%	4.70%
Gravis (index-linked) Project Finance	38	Jun-35	100%	6.48%
NatWest Project Finance	130	Dec-39	85%	2.70%
Total/Wtd Avg	**584**		**70%**	**4.71%**
Total/Wtd Avg excl. RCF	**431**		**95%**	**3.54%**

(1) Index-linked debt treated as fixed for the purposes of this table as proportion fixed represents interest rate risk only

NatWest 3-year term loan maturity and refinancing

On 2 May 2023, the Company announced the re-financing of its £110 million three-year term loan with NatWest.

The original loan, 75% hedged with a swap at circa 0.35% over a notional 18-year period, had a maturity of September 2023 and has been increased to £130 million and extended in maturity to December 2039.

Hedging has been put in place for the tenor of the loan on £110 million, at an effective all-in cost of c.2.7% (being margin and swap rate).

The financing is secured against the UK-based portfolio of 31 operational PV plants with a total installed capacity of 139MW and benefitting from attractive subsidies; 29 of the assets are accredited under the ROC regime with tariffs ranging from 1.2 - 2.0 ROCs, while two are accredited under the FiT scheme.

The additional debt of £20 million is being used to provide financing for the construction of Yelvertoft, the Company's 49MW CfD-backed solar PV project in Northamptonshire. Once construction is complete, expected in Q4 2023, the Company will review whether to enter hedging arrangements on this tranche.

GAV Leverage

The Group's total outstanding debt, as at 30 June 2023, was c.£584 million and its leverage stands at c.41% of GAV (35% as at 30 June 2022) within the 35% - 45% preferred range the Directors have previously outlined as desirable for the Company.

9. Market Developments

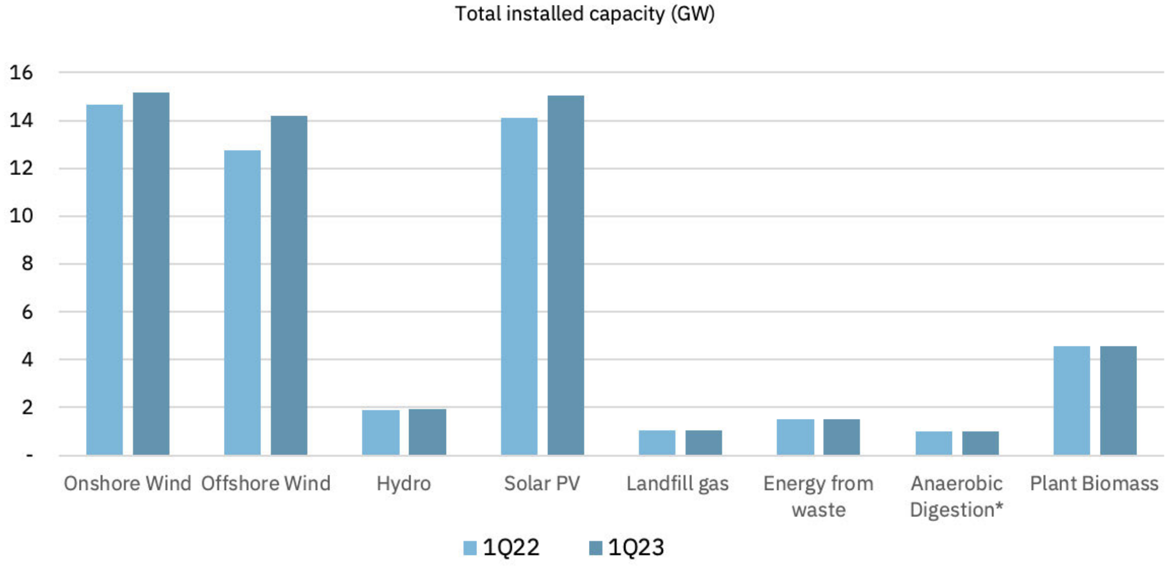
UK renewable generation capacity and deployment

Latest Government data shows that UK solar photovoltaic (PV) capacity stands at around 15GW, across c.1.3 million installations. Of this amount, around 7.3GW (c.48% of the total solar capacity in the UK) and 5.1GW (34%) is accredited under the RO and FiT schemes, respectively, and c.2.4GW (16%) is unaccredited. Onshore and offshore wind installed capacity stands at around 15.2GW and 13.9GW, respectively. The UK has 2.8GW of operational battery storage capacity, according to data from energy association RenewableUK.

The UK's total renewable generation capacity is projected to continue to grow over the coming years as the Government strives to meet its net zero targets and meet power demand from the electrification of the domestic heat, transport and industrial sectors. Deployment is expected to be supported by policies such as the CfD scheme, which is described in more detail in the next section of this report.

In March 2023, the UK Government stated its ambition to increase solar capacity up to 70GW by 2035 and signalled its support for ground and rooftop solar technologies on brownfield, industrial and low/medium grade agricultural land. The Government's newly created Solar Taskforce is expected to publish a roadmap next year to drive forward its solar growth ambitions. The Government also aims to develop up to 50GW of offshore wind by 2030.

The chart below illustrates the distribution of total installed capacity across different renewable generation technologies at the end of the first quarter of 2023 (the latest data available at the time of this report) compared with a year earlier.



Source: UK government Department for Business, Energy & Industrial Strategy *Anaerobic Digestion includes sewage sludge digestion, animal biomass

Secondary market transactions, development and construction activity

Transactional activity in the UK renewables market has eased to some extent, as inflation and higher interest rates have increased investor uncertainty.

Acquisitions across established technologies have totalled c.150MW in solar, c.1.5GW in offshore wind and c.140MW onshore wind in the Period[2].

Activity in the UK development market has continued to be driven by factors such as ambitious decarbonisation targets, increasing preferences by customers for clean energy, demand for ESG investments and the inclusion of solar PV in upcoming CfD auction rounds. Development activity has been particularly noticeable in the battery storage area as developers seek to provide solutions to help manage the grid as larger quantities of intermittent renewables are added to the system. Solar development activity has, however, slowed recently, primarily due to grid constraints.

Some construction activity has been observed in the UK solar and battery storage area, although this is against a backdrop of supply chain challenges and rising interest rates. Converting the UK's significant development pipeline into operational solar projects over the next five years will require developers to adopt an innovative approach to overcome current macroeconomic challenges as well as challenges surrounding higher construction costs and grid connection lead times.

With 754MW of operational solar capacity, the Company maintains a strong position within the UK solar market, owning about 7.6% of the country's utility-scale solar PV capacity.

2. According to Bloomberg New Energy Finance and Bluefield internal data


NI TURBINE PORTFOLIO

10. Regulatory Environment

The regulatory environment remains under the spotlight as the Government seeks to support renewable energy deployment under particularly tough macroeconomic conditions, including high inflation and rising interest rates. Key themes are outlined below.

Update on Contracts for Differences (CfD)

In July 2022, the UK Government awarded support for c.10.8GW of new build renewable generation capacity through its CfD scheme, allocation round 4 (AR4) – with c.7GW awarded for offshore wind projects, c.2.2GW for solar and c.0.9MW for onshore wind. The overall budget for AR4 – across pot 1-3 technologies – was £295m per year.

The UK Government published the CfD allocation round 5 (AR5) results on 8 September 2023. A total of 3.7GW of renewable energy projects, with expected deliveries in 2025-28, won contracts with strike prices at or close to the administrative strike price (ASP) caps set by the government.

Almost 2GW of solar projects won contracts at the maximum ASP of £47/MWh (in 2012 terms), of which almost 1.4GW is due to come on line in 2027-28 – the final target delivery year for the auction. Onshore wind – including remote island wind – won 1.7GW of contracts at £52.29/MWh, while no bids were successful from offshore wind. This was the first time since the launch of the CfD scheme in 2015 that no new offshore wind projects won contracts. In the run-up to the AR5 auction, many potential offshore wind participants expressed concerns over the low ASPs particularly given the high inflationary and cost of capital backdrop. The ASP for offshore wind was set at £44/MWh (in 2012 prices) in AR5, down from £46/MWh in AR4. Almost 7GW of offshore wind technology was successful in AR4 which closed in July 2022.

Further ahead, the Government is also considering introducing non-price factor legislation for future CfD allocation rounds (AR7 onwards, 2025-30). This would encourage bid applicants to balance overall costs with other non-price factors, including sustainability and enabling system flexibility and operability.

UK Carbon Market

In July 2023, the UK Emissions Trading Scheme (UK ETS) Authority announced several reforms to tighten limits on power, industrial and aviation sector emissions which are scheduled to become effective in 2024. The Authority also plans to extend the sector coverage of the UK ETS from 2026-28 which could incentivise industries to invest in lower-carbon footprint renewable technologies.

Electricity Generator Levy

Please refer to ‘Key factors behind the valuation’ on page 21.

Review of Electricity Market Arrangements

The Government launched its Review of Electricity Market Arrangements (REMA) consultation last summer to identify the necessary reforms needed to transition to a cost effective, lower carbon and secure electricity system. In March 2023, a summary of the 225 consultation responses was published, with several wholesale energy market reforms still under consideration, including zonal and nodal market pricing. The Government intends to publish a second REMA consultation later this year.

Bluefield Partners LLP

27 September 2023

Environmental, Social and Governance Report

1. Introduction

An introduction from the Chair

Across the globe, the impacts of climate change are becoming all too apparent. In July, on the same day that wildfires ravaged Sicily, in Milan planes were grounded by hailstones the size of tennis balls. This summer, Greece, Algeria, and Tunisia are amongst the many countries that have experienced an unprecedented level of wildfires, exacerbated by extreme heat and arid conditions, with devastating social and economic impacts. Climate change is often thought of as something which will occur in the future, but it is happening now, and its effects will amplify as time goes on. As President Biden said on a recent visit to hurricane-stricken Florida, “Nobody intelligent can deny the impact of the climate crisis anymore. Just look around.”

As we move towards a Net Zero future, the Company plays a key role in providing low carbon energy to a decarbonising economy. However, the transition away from fossil fuels gives rise to challenges regarding energy security and affordability, heightened but also accelerated by the fallout from the Russian invasion of Ukraine. The UK needs rapid, large-scale deployment of renewable infrastructure to reach Net Zero, which will also deliver energy security and stabilise energy pricing.

As growth of the renewable energy sector continues to accelerate, the solar power industry must take accountability and responsibility for the impacts of its own operations. We believe consideration of material environmental, social and governance (ESG) factors is integral to the long-term success of any investment fund, contributing to both risk management and value creation.

Last year the Company developed its ESG strategy, which included a comprehensive set of commitments and KPIs. Delivery of these commitments has enhanced the Company's ESG governance, including further developing supply chain management processes, and putting new policies in place. During the coming year, we will enact these policies across the Company's operations, as well as continuing to deliver additional value across our portfolio through our nature and social initiatives. Building the Company's climate change resilience will also remain a priority.

The Company continues to integrate ESG across the asset lifecycle, critically evaluating and improving ESG processes, and with sharp focus on risks and opportunities most material to the Company's operations. As the ESG landscape evolves, the Company will continue to ensure compliance with appropriate ESG regulation and reporting frameworks, ensuring ESG achievements and challenges are reported transparently to stakeholders. Doing so will support the Company in achieving its purpose of delivering renewable energy responsibly, with the ambition not only to offer a sustainable product, but also to achieve sustainability throughout its operations.

John Scott,
Chair

An introduction from the Investment Adviser

The Company has made great progress with its ESG strategy during the reporting period. In addition to being the first year implementing, monitoring, and measuring the Company's ESG performance against its KPIs, it was also the first time the Company reported in line with the Level 2 requirements of the EU's Sustainable Finance Disclosure Regulation (SFDR) and produced its first Principal Adverse Impact (PAI) report.

In a year of 'firsts', the Investment Adviser has taken a robust approach to both the Company's ESG commitments and regulatory requirements, reporting comprehensively and transparently. The Investment Adviser supported the Company with collection of a wide range of sustainability data, enabling the Company to make its most quantitative ESG disclosures to date. By continuing to support and work collaboratively with service providers, we hope to increase the accuracy and quality of data over time.

Bluefield's ESG team has grown and ESG has continued to be embedded into every aspect of our operations. The Bluefield group structure, with four separate but complementary businesses, facilitates this process, and enables the Company to benefit from the holistic management of ESG across the asset lifecycle. Bluefield employees share a passion towards sustainability and their dedication is reflected in the Company's successes this year.

Having refreshed its ESG commitments, we look forward to supporting the Company with the second year of its ESG strategy, ultimately contributing to its long-term value.

James Armstrong,
Managing Partner of Bluefield Partners LLP

2. 2023 ESG Highlights

- Powered the equivalent of over 288,000 UK homes with renewable electricity.[3] (2022: 215,000)
- Achieved over 173,000 tonnes of CO_2e savings.[4] (2022: 120,000)
- Undertook physical scenario analysis for the first time to examine the potential impacts of extreme heat on the Company's solar assets.
- Adopted a Human Rights Policy, Sustainable Procurement Policy, Waste Management Policy, and Supplier Code of Conduct.
- The Board of the Company established an ESG Committee.
- Conducted thirty Biodiversity Net Gain (BNG) assessments across the operational portfolio.
- Undertook ten independent ecological assessments.
- Delivered seventeen in-school workshops and eight solar site visits to schools surrounding the Company's assets.

3. Based on Ofgem's Typical Domestic Consumption Values.
4. Based on generation data aligned with an appropriate Government CO_2e conversion factor.

3. ESG Landscape

ESG Context

As a renewable energy business, the Company is actively contributing towards the UK's Net Zero target, but this does not remove the Company from its broader ESG impacts and responsibilities. As such, the Company's ESG strategy has identified a range of priority topics across ESG areas, all of which will need to be considered as part of the Company's responsible investment approach. These have been integrated into a comprehensive framework through which the Company can deliver value for its stakeholders, and which will support delivery of long-term returns for shareholders.

ESG Regulation & Framework Alignment

SFDR & EU Taxonomy

Please refer to Periodic Annex IV and the Company's website for further information regarding its ongoing compliance with the SFDR and EU Taxonomy.

Please note that, as part of the Company's implementation of the SFDR Regulatory Technical Standards, the Company's Article 23 pre-contractual disclosure was updated on 22 December 2022. This involved the deletion of the sections titled 'Promotion of environmental and social characteristics' and 'Taxonomy-alignment', and the addition of the SFDR annex to provide the relevant sustainability-related information in the format of the mandated template. A section titled 'Consideration of principal adverse impacts of investment decisions on sustainability factors' was also added to inform investors of the Company's approach to implementing the PAI requirements.

These changes are intended to comply with the Company's regulatory obligations and provide greater information to investors about the Company's sustainability profile and attributes. The most recent versions of the Company's sustainability-related disclosures are available on its website.

Task Force on Climate-related Financial Disclosures (TCFD)

The Company has voluntarily adopted the recommendations of the TCFD and its second TCFD report is presented on p.43.

UK Sustainability Disclosure Requirements & UK Green Taxonomy

The Company is following progress of the UK Sustainability Disclosure Requirements (SDR) and UK Green Taxonomy, to ensure it is well positioned to comply with these new rules and guidance as and when they come into effect.

Sustainability Disclosure Standards

To better integrate ESG considerations alongside financial reporting, the ISSB has recently issued two IFRS sustainability disclosure standards: IFRS S1 and S2. The Company will assess its alignment with the requirements of the IFRS standards over coming months, in preparation for the adoption of these standards by the FCA.

How regulatory requirements have been embedded within the Company's ESG strategy.

Regulatory requirements were a key consideration during development of the Company's ESG strategy. As a result, regulatory reporting requirements, such as PAIs, are integrated within the Company's commitments and KPIs. For transparency, the Company will signpost where information can be found if it sits outside its main ESG report, for example as part of standalone SFDR disclosures.

The Company is mindful that regulatory reporting timeframes, which are typically calendar year, do not run in tandem with the Company's financial reporting year. As a result, to prevent duplicate sets of reporting for each metric (which may become confusing to stakeholders), the Company will typically not re-report PAI metrics in line with its financial year. Instead, stakeholders will be referred to the PAI statement to obtain this information. The exception is the Company's GHG inventory, which is currently being calculated in relation to both its calendar and financial year.

4. The Company's ESG Strategy

The Company's ESG strategy reflects stakeholder expectations and has been developed to deliver a positive impact across the Company's portfolio of investments[5]. Material ESG topics are defined within each of the Company's key pillars:

5. Please refer to the Company's 2022 Annual Report for further information on the strategy development process.

OUR PURPOSE:

RENEWABLE ENERGY, DELIVERED RESPONSIBLY

Driving shareholder value whilst promoting positive environmental and social impact through our work as a pioneering and responsible renewables fund. As well as supporting the UK's Net Zero carbon ambition, we aim to enhance nature across our sites, to support the UK in mitigating both the climate and ecological crisis.

OUR ESG VISION:

BSIF is helping to mitigate climate change through decarbonisation of the energy sector, whilst delivering long-term dividends to our shareholders. We match our best-in-class shareholder returns with a best-in-class approach to environmental, social and governance aspects. We recognise that being a renewables fund does not mean that we can remove ourselves from wider environmental, social, and governance topics, and are conscious of the potentially harmful impacts that come with being part of the renewables industry. We have committed to further developing our robust due diligence processes and requirements of our suppliers and contractors and we believe that the assets within our fund have a part to play at the local level as much as at the national level. We aim to enhance nature at our sites and integrate this in our efforts in the communities in which we operate, recognising the interconnection between ecological and climate impact.

ESG STRATEGY:

The Company's ambitions will be achieved through delivery of its ESG strategy, which is centred around three key pillars. ESG topics are arranged under the three pillars and reflect:

- **Priority focus areas, as identified by stakeholders**
- **Regulatory requirements, e.g., EU SFDR, EU Taxonomy and TCFD**
- **ESG reporting frameworks, e.g., SASB**

These underpin what will become the Company's biggest value and impact drivers.

Figure 1 – the Company's ESG strategy, including key pillars and priority ESG topics

RENEWABLE ENERGY, DELIVERED RESPONSIBLY

CLIMATE CHANGE MITIGATION

Supporting the UK in achieving its Net Zero Carbon ambition whilst aligning to the TCFD recommendations.

PIONEERING POSITIVE LOCAL IMPACT

Enhancing nature and encouraging community engagement at the local level throughout the asset lifecycle.

GENERATING ENERGY RESPONSIBLY

Driving ethical practices within our operations and throughout our supply chain.

UNDERPINNED BY ESG BEST PRACTICE DUE DILIGENCE, PROCESSES & PROCEDURES THAT DRIVE STAKEHOLDER VALUE & OPPORTUNITIES

CARBON EMISSIONS

ADVOCATING RENEWABLE ENERGY

MANAGING CLIMATE-RELATED RISKS & OPPORTUNITIES

13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

NATURE

DELIVERY PARTNERSHIPS

COMMUNITY IMPACT & INITIATIVES

7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
15 LIFE ON LAND

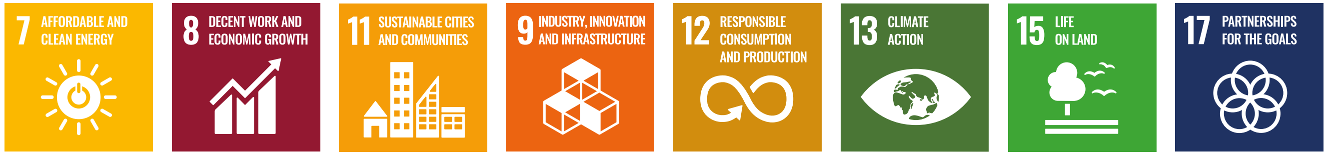
HUMAN & LABOUR RIGHTS

GOOD GOVERNANCE & BUSINESS ETHICS

RESPONSIBLE & SUSTAINABLE PROCUREMENT

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals[6]

The most relevant United Nations Sustainable Development Goals (UN SDGs) have been mapped against the Company's ESG pillars, following the alignment protocol. In total, eight goals have been identified where the Company believes it can have the greatest positive impact. The Company's largest contribution will be in relation to Goal 7, 'Affordable and Clean Energy' and Goal 13, 'Climate Action'. With over 812 MW of installed capacity, the Company's portfolio generated 836,231 MWh of renewable energy during the reporting period, supporting domestic energy security and decarbonisation of the UK energy market. The Company also endeavours to minimise any negative impacts of its operations, as described throughout this report.

Commitments & KPIs

Focus this year has been the collection of data to enable the Company to report against its ESG commitments and KPIs. As this was the first time baseline data had been collected for most of these KPIs, data collection processes had to be newly established across a variety of the Company's operations and service providers.

Whilst relationships between the Bluefield service provider companies enabled efficient data collection for a large portion of the Company's portfolio, data collection from external third parties was more challenging, particularly as many providers across the industry did not have existing data collection processes in place. Therefore, whilst every effort has been taken by the Investment Adviser to ensure the accuracy of the Company's ESG performance, the Company will implement further processes to improve the accuracy and quality of ESG data over time.

Key commitments for the FY 23-24 are presented in Table 1 and a full breakdown of the Company's commitments and KPIs, and performance against these, is presented within the ESG Appendix[7]. Commitments and KPIs are renewed annually to ensure alignment with the Company's evolving ESG approach; the Board approves any changes made and monitors ongoing progress. As a result, several new commitments have been adopted this year and minor amendments made to some existing commitments and KPIs, based on the Investment Adviser's experience of implementing the strategy over the last twelve months.

Table 1 – Key ESG commitments for the 23-24 financial year

PILLAR	KEY COMMITMENTS
Climate Change Mitigation	• Report our renewable energy generation annually. • Invest up to £50,000 in industry collaborations annually to support the energy transition. • Continue to build our climate resilience and inform our business strategy through climate risk assessments and scenario analysis. • **New commitment:** Develop a Net Zero pathway.
Pioneering Positive Local Impact	• Evaluate Biodiversity Net Gain (BNG) across the operational portfolio and achieve at least 20% BNG on new solar developments. • Conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity) • Continue to promote positive action within the communities we operate within through community benefit funds and educational sessions. • **New commitment:** Develop a Nature Strategy, building upon our existing biodiversity commitments and encompassing the recommendations of the TNFD.
Generating Energy Responsibly	• Ensure 100% of our assets are covered by a Human Rights Policy, which covers UNGC principles and OECD guidelines. • Require adoption of our Supplier Code of Conduct by key Tier 1 and, where possible, Tier 2 suppliers. • **New Commitment:** Continue to develop our due diligence mechanisms to identify, prevent and mitigate human rights impacts across our operations and, where possible, our supply chain.

6. Disclaimer: The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

7.The FY 23-24 commitments reiterated throughout the ESG report may differ slightly from those presented in the ESG Appendix; this is because some commitments have been updated for the upcoming year. The original commitments are presented in the ESG Appendix to highlight the Company's performance against them during the reporting period.

5. How ESG is Embedded

ESG Oversight

The Board of the Company has ultimate responsibility and oversight of ESG risks and opportunities, and ESG is considered by the Directors as part of Board meetings, investment decisions and risk management. Daily management of ESG is outsourced to the Investment Adviser, with the Board regularly updated on ESG activity through investment committee papers, Board meetings, ad hoc calls, and written updates. During the reporting period, the Board established an ESG committee, chaired by Meriel Lenfestey. The Committee provides a forum for mutual discussion, support, and challenge to the Investment Adviser with respect to ESG matters. ESG committee meetings, of which there are at least two a year, provide an additional forum through which the Board engage on ESG activity.

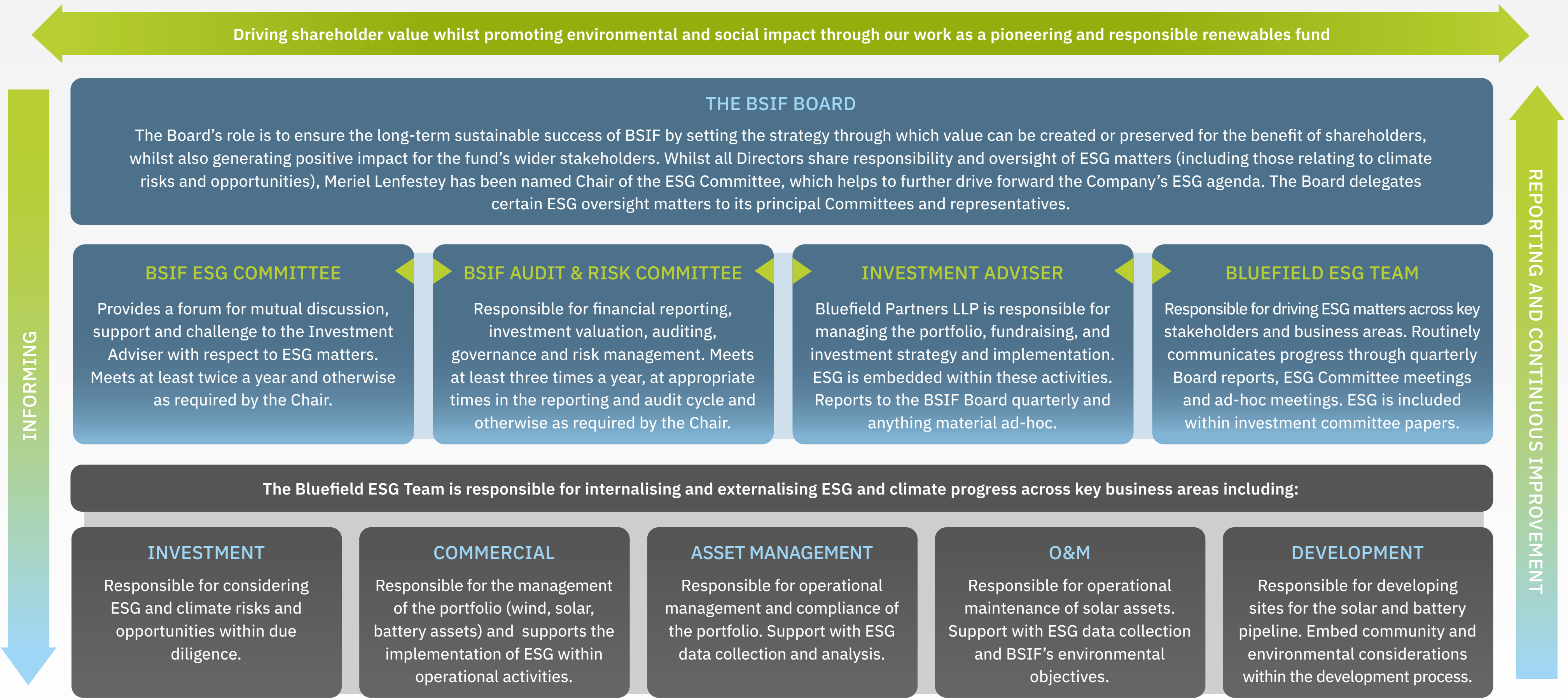
The Investment Adviser is responsible for communicating, embedding, and monitoring ESG initiatives across the portfolio, ensuring ESG is considered at every stage of the asset lifecycle. ESG is included as a standing agenda item as part of the Investment Adviser's quarterly Board meetings and the Investment Adviser's ESG Manager regularly reports progress to the Managing Partner and Group General Counsel.

The Company's ESG Governance Structure illustrates how ESG is integrated across portfolio-related activities, presented in Figure 1.

Responsible Investment

Please refer to p.53 and the Company's Sustainable Investment Policy for further information on its responsible investment approach.

Figure 1 – The Company's ESG and Climate Governance Structure



Key Commitments:

- Report our renewable energy generation annually.
- Develop a Net Zero pathway.
- Invest up to £50,000 in industry collaborations annually to support the energy transition.
- Continue to build our climate resilience and inform our business strategy through climate risk assessments and scenario analysis.

SDG Contribution:

6. CLIMATE CHANGE MITIGATION

Introduction

Critical and ambitious action is needed to address climate change. The UK has remained firm on its Net Zero commitment, aiming to reduce emissions by 78% by 2035[8]. In their 2023 'Powering up Britain' publication, the UK government acknowledged the energy trilemma, and the role renewable deployment will play in achieving interim and long-term Net Zero targets, increasing energy independence, and shielding the UK from volatile energy markets, ultimately reducing energy prices[9].

As a UK-focused renewable energy business, the Company is well positioned to support the UK's transition to a low carbon economy and domestic energy security.

Advocating Renewable Energy

The Company substantially contributes to climate change mitigation and the UK's decarbonisation agenda through its generation of renewable energy. During the reporting period the Company:

- Generated 836,231 MWh of renewable energy.
- Powered the equivalent of over 288,000 UK homes with renewable electricity for a year[10].
- Achieved over 173,000 tonnes of CO_2e savings[11].
- Had 93MW of solar infrastructure under construction, which on completion is estimated to generate an additional 91,000 MWh of renewable energy annually.

Since IPO in 2013, the Company has saved the equivalent of approximately 1,200,000 tonnes of CO_2e from being released into the atmosphere[12]

In recognition of its positive environmental impact, the Company has been awarded the following accreditations:

Whilst the Company's activities are central to the UK's Net Zero agenda, the Company recognises the potential harmful impacts that come with being part of the renewables industry, and that as the sector continues to grow, industry players will need to work together to address emerging social and environmental risks. End-of-life considerations for renewable generation assets are an increasingly important topic, particularly with movement towards a more circular economy.

During the reporting period, the Company identified a potential partnership with a UK university, focused upon end-of-life options for solar and wind assets. The Company has elected to allocate its first-year research budget of up to £50,000 to this project, noting that funds will be transferred once the project is finalised.

8. https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035
9. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147340/powering-up-britain-joint-overview.pdf
10. Based on Ofgem's Typical Domestic Consumption Values
11. Based on generation data aligned with an appropriate Government CO_2e conversion factor
12. Through the displacement of fossil fuel generated energy supplying the grid.

Case Study

Supporting the Energy Transition through Industry Engagement

The Investment Adviser takes a proactive approach to supporting the energy transition, not only through its advisory role to the Company, but also by engaging and supporting the government to create a policy environment which can enable Net Zero. This includes responding to government consultations, meeting with senior political leaders across the House to discuss renewable energy, and working with partners in the sector to engage in relevant discussions via the government's Solar Energy Taskforce. Bluefield employees are also members of the industry trade body Solar Energy UK, and frequently engage in discussions across the various working groups. Such enables the Company to benefit from a coherent and broad view on a range of industry matters, whilst contributing to best practice for the renewables sector.

Carbon Emissions

GHG Inventory

The Company takes account of its carbon impact and reports its emissions annually. Last year the Company commissioned its first Lifecycle Assessment (LCA) to estimate the emissions associated with a solar PV asset across its lifetime. Depending on the future energy mix modelled, the study found that the solar farm "pays back" the total emissions consumed during production and installation in between one to three years; a small proportion of its expected forty-year lifespan. The study emphasised the positive contribution that solar assets can offer to a decarbonising grid, but also enabled the Company to have sight of the absolute emissions impact of a solar asset, highlighting potential opportunities for improvement.

Please refer to the Company's TCFD Report on p.43 for its GHG inventory.

The Company's assets consume a small amount of electricity, derived from the grid. To reduce Scope 2 emissions, and ensure that its portfolio consumes energy derived from renewable sources, the Company has been transferring its assets onto renewable energy import tariffs, where these are not already in place. Looking forward, to formalise its decarbonisation commitment, the Company will develop a Net Zero pathway, and will analyse different target-setting frameworks to ensure the decarbonisation strategy most suitable for its investments is adopted.

Installed capacity on green energy tariffs:

13% (as at 30 June 2022);
85% (as at 30 June 2023).

Climate-related Risks and Opportunities

The assessment of climate-related risks and opportunities is a continual process for the Company as part of its risk management processes and strategy. Please refer to the Company's TCFD report on page 43 for further information.

SOLAR PV AT ROVES

Key Commitments:

- Evaluate Biodiversity Net Gain (BNG) across the operational portfolio and achieve at least 20% BNG on new solar developments.
- Conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity)
- Develop a Nature Strategy, building upon our existing biodiversity commitments and encompassing the recommendations of the Taskforce on Nature-related Financial Disclosures.
- Continue to promote positive action within the communities we operate within through community benefit funds and educational sessions.

SDG Contribution:

7. PIONEERING POSITIVE LOCAL IMPACT

Introduction

The topic of nature has been a real area of focus and commitment for the Company. Its investments have an important role to play at the local level and the Company seeks to positively impact the communities and environments it is a part of. The Company has strengthened how it communicates ESG expectations with its suppliers and contractors, who manage the Company's investments on its behalf.

Nature

Climate change and nature are intrinsically linked. The Company aims to make positive impact in both areas simultaneously, focusing upon BNG across its portfolio as an additional way to help mitigate climate change beyond its contribution to Net Zero. The Company has updated its ESG strategy to reference 'Nature', recognising that biodiversity represents a critical aspect of this and that the Company's operations have wider environmental impacts and dependencies.

Focus during the reporting period was delivery of the Company's biodiversity implementation plan (adopted alongside its Biodiversity Policy last year), and the quantification of biodiversity across the portfolio.

Delivering the Biodiversity Implementation Plan

The biodiversity implementation plan was created to support the Company in achieving the commitments made within its Biodiversity Policy. Initial activities have focused upon how to minimise the adverse impacts of the Company's land management activities on nature. During the reporting period, the Investment Adviser worked closely with Bluefield Operations Limited, the Company's principal O&M contractor, to undertake the following activities:

- Mapping of the Company's assets to identify sites located within 1km of a biodiversity-sensitive[13] area and within 500m of a water course.
- Creation of systems to record and track threatened and protected species[14] identified at the Company's assets, using data from ecological assessments.
- Conduct a comprehensive review of Landscape and Ecological Management Plans (LEMPs) to support ongoing LEMP compliance, but also assess their suitability and practicality.
- Development and adoption of hierarchies of control for herbicide use and rodent control.
- Review of grass and hedgerow management practices.

These activities have enabled the Company to better understand what fauna and flora are present in the localities of its assets, enabling the identification of assets which could potentially have greater impacts on, or opportunities to support, nature. Review of environmental practices and adoption of hierarchies of control will help ensure negative environmental impacts are minimised and a best-practice approach to land management is taken.

Quantifying Biodiversity

Wychwood Biodiversity, a leading ecological consultant, were engaged to undertake ten ecological assessments across the portfolio to help build the Company's biodiversity data set. Their findings identified:

- Twelve red listed bird species, including yellowhammer and skylark.
- Seventeen amber listed bird species, including marsh harrier and sparrowhawk.
- Fifteen butterfly species, including small heath, and five native bee species identified from ten pollinator surveys (consisting of 129 transects).

Botany[15] and soil[16] data were also collected. These assessments, along with eleven additional assessments conducted as part of ongoing LEMP requirements, will be used to inform the Company's nature-related activities over the coming year.

13. As defined by Annex I of Annex II of the Commission Delegated Regulation (EU) 2022/1288, in addition to UK statutory land-based designations.
14. As defined in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139), as well as UK Biodiversity Action Plan (UKBAP) threatened species and UK protected species.
15. Including total species diversity; total grass species; total flowering herb species; sward height variation; and % bare ground cover.
16. Including soil type; pH; % soil organic matter; carbon content and phosphorus, potassium, and magnesium level.

Biodiversity Net Gain

The Company has been evaluating BNG across its portfolio. BNG is calculated using the Defra Biodiversity Metric, which assesses the change in biodiversity units from a baseline state (i.e., before the site was built) to its post-construction condition, when habitats specified within the planning conditions, including within the LEMP, have been established.

In relation to its development pipeline, the Company has committed to achieving at least 20% BNG on all new solar developments, despite the 10% BNG provision of the UK Environment Act not coming into effect until November 2023. This commitment will be enacted through the Company's development partners and applies to all planning applications submitted since July 2022. During the reporting period, several prospective solar applications were submitted into planning, all of which achieve at least a 20% BNG uplift. The Company is closely following developments related to the trade of BNG units, and the opportunities this may present for the renewables industry as an additional source of revenue.

BNG assessments[17] were undertaken across the operational portfolio by the land management team within Bluefield Operations Limited, who gained competency through CIEEM training courses and engagement with third party specialists. Thirty assessments were completed, representing approximately 33% of the Company's operational portfolio (relating to sites over 1MW in capacity). A variety of the Company's portfolio was sampled, including sites ranging from 1.8MW to 50MW in capacity, located across England, Scotland, and Wales. Additional ecological data was collected where necessary through monitoring and walkover surveys.

Table 2 – Results of retrospective Biodiversity Net Gain (BNG) assessments undertaken across the Company's operational solar assets.

	ON-SITE % UPLIFT	
	Habitat Units	**Hedgerow Units**
Average of the 30 assessed sites	+41%	+53%

These results demonstrate the potential of solar infrastructure to support nature and achieve a considerable uplift in biodiversity compared to a pre-construction state. The results of the BNG assessments will be used to identify measures to increase the BNG of lower scoring sites, with the assessments updated over time as land conditions change.

Next steps for Nature

- Develop a Nature Strategy, aligned with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) and pulling together the progress the Company has made over the last 18 months in relation to its biodiversity datasets and enhanced approach to land management.
- Build a framework through which the Company can manage its material nature-related risks and opportunities, and develop nature focused commitments and KPIs to communicate progress.
- Complement BNG assessments with other forms of biodiversity assessment (for example industry tools such as SPIES assessment or Wild Power Scorecard), to ensure a rounded approach.

Community Impact and Initiatives

Community engagement is key across all stages of the asset lifecycle. During the reporting period, the Company engaged Earth Energy Education, an organisation dedicated to educating pupils on the importance of renewable energy through engagement both in and outside of the classroom. On behalf of the Company, Earth Energy Education delivered 25 educational workshops, including 17 school workshops and eight solar site visits between May 2023 and July 2023, delivering educational content to 447 different pupils. 23 Bluefield employees also volunteered as part of the site visits, providing their solar expertise and experience of working within different functions of the Bluefield companies, engaging pupils on green careers.

The Company will continue to work with Earth Energy Education over the coming year, delivering a sustainability-focused education programme to even more pupils. Such will support the Company in strengthening relationships with the local community and upskilling future generations on the importance of renewables in the climate emergency.

"My Year 4s really enjoyed the workshop and it was an engaging introduction to their new Science unit for after half-term on electricity. The hands-on investigation into solar panels today was valuable for our future learning on solar power."

Year 4 teacher, Wantage Primary Academy

Case Study

STEM Webinar

As part of the Company's engagement with Earth Energy Education, a webinar was delivered to 200 pupils in July, hosted by five Bluefield employees. The webinar provided insight into their roles, experiences of being a woman in a STEM career, pathways into the sector and general encouragement and awareness about STEM careers.

17. Assumptions and limitations: assumptions on baseline environmental conditions and habitat extents were made where data was lacking; some data were collected outside of optimal survey seasons. In all cases, a precautionary approach was taken.

The transition to Net Zero will create significant employment opportunities[18], and during the reporting period, the Company's portfolio supported the creation of 42 new positions within the Bluefield companies. Bluefield has a number of initiatives in place to encourage entry into green careers, and during the reporting period supported:

- Four internships, including two through the '100 Black Interns' scheme.
- One work experience placement.
- Two apprenticeships.
- Engaged with an environmental consultancy firm to support a project with Norfolk and Suffolk County Councils on green skills development in the region, including skills shortages and projected skills needed in the future.

The Company has community benefit funds in place across its portfolio, which are usually agreed as part of the development process. During the reporting period, the Company paid over £253,000 to community benefit funds, which are used to support a range of community projects.

St Margaret's Churchland, West Raynham: Grassland Conservation Project

In 2017, the local community decided to introduce a new land management regime to St Margaret's Churchland, located in West Raynham, to better support the ecology of the site. The predominant characteristics of the site included thick, overgrown grass and little floral diversity. After engaging with Norfolk Wildlife Trust, the grass cutting regime of the site was altered, native hedgerow planted, and wildflower seed sown. In Autumn 2021, grazing was also introduced.

Following these changes, wildflower meadow is now well established, and surveys indicate that a large variety of pollinators, mammal and birds use the area, including red and amber listed species. The first orchids have also been identified; likely dormant for several years but have re-emerged due to the improved land conditions.

Since being initiated five years ago, the project has been supported with over £5,000 of funds contributed by West Raynham Solar site, administered through the West Raynham Solar Fund Committee. The project has been highly successful both in its ecological objectives and in creating community interest and involvement, with an enthusiastic group of local volunteers who continue to support the project.

GRASSLAND CONSERVATION PROJECT

Delivery Partnerships

To help ensure ESG expectations are upheld by suppliers, the Company has adopted a suite of new policies, including: a Sustainable Procurement Policy; Human Rights Policy; Waste Management Policy and Supplier Code of Conduct. Policies were adopted by both SPV Directors and the Board of the Company, and cover the Company's operational and construction assets. Focus over the coming year will be to ensure the requirements of these policies are appropriately disseminated and complied with, helping drive ethical practices across the Company's operations and supply chain.

Case Study

Engaging Suppliers Through Webinars

To support the rollout of the Supplier Code of Conduct, the Company delivered two webinars to priority suppliers. The webinars explained the purpose of the Code, the key principles within it, and the impact on suppliers. In addition to providing a forum through which concerns could be raised, suppliers were encouraged to adopt their own Supplier Code of Conduct if they had not already, helping cascade best practice across the Company's supply chain.

The Supplier Code of Conduct sets out the values and principles the Company expects its suppliers to follow as a minimum requirement, and was developed in line with global frameworks, including the United Nations Guiding Principles on Business and Human Rights (UNGP), UN Global Compact principles (UNGC), and the OECD Guidelines. It covers topics including ethics, human and social rights, environmental, business and supply chain risk, and whistleblowing. The Company requested that priority suppliers, i.e., those which made up the largest proportions of the Company's addressable spend[19], acknowledge, sign, and conform to the Supplier Code of Conduct. During the reporting period, twenty-six of the Company's priority suppliers signed the Supplier Code of Conduct, representing approximately 75% of the Company's 2022 addressable spend.

Health & Safety ('H&S') is of the highest importance to both the Company and the Bluefield service provider companies. Every asset owning SPV holds H&S policies. Main contractors (including the Bluefield companies) undergo annual H&S audits by the SPVs, to ensure ongoing compliance. During the reporting period, the Investment Adviser engaged a H&S adviser to review the H&S management system across the operating solar portfolio. The review is ongoing and will ensure each of the SPVs are complying with the latest H&S guidance and industry standards.

EPC contractors, O&M contractors, and Asset Managers are required to regularly submit their H&S performance to the Company. Relating to the reporting period:

Lost time incident rate[20]: **0**
Number of reportable accidents (RIDDOR)[21]: **6**
Number of near misses: **154**

The majority of near misses were reported by Bluefield Operations Limited, where identifying, investigating, and reporting near miss incidents is culturally ingrained within the organisation (helping reduce the probability of H&S incidents occurring). Therefore, the relatively high number of near misses is reflective of a proactive risk management culture. Four of the RIDDOR incidents related to fire incidents (where no personnel were injured), and the remaining two incidents involved subcontractors of the Company's O&M and EPC service providers. Bluefield Services Limited, acting as asset manager, continues to work with service providers to improve data collection and reporting processes.

18. https://www.theccc.org.uk/2023/05/24/net-zero-offers-real-levelling-up-but-government-must-get-behind-green-jobs/
19. Addressable spend relates to procurement categories that the Company can influence, and so excludes categories such as government bodies, business rates, tax authorities, utilities spend etc.
20. Calculated per 100,000 employees.
21. RIDDOR: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. Metric reflects incidents which occurred on the Company's sites.

Key Commitments:

- Ensure 100% of our assets are covered by a Human Rights Policy, which covers UNGC principles and OECD guidelines.
- Continue to develop our due diligence mechanisms to identify, prevent and mitigate human rights impacts across our operations and, where possible, our supply chain.
- Require adoption of our Supplier Code of Conduct by priority Tier 1 and, where possible, Tier 2 suppliers.

SDG Contribution:

8. GENERATING ENERGY RESPONSIBLY

Human & Labour Rights

Human and labour rights remains an area of focus for the Company. The Company's Human Rights Policy communicates its commitment to respect human rights and its ambition to identify, prevent and mitigate adverse human rights impacts throughout its value chain. The policy was developed in line with recognised human rights frameworks.

Whilst human rights due diligence processes are already in place, these will be reviewed by the Company over the coming year as commitments made within the Human Rights Policy are embedded across the asset lifecycle. The Company will also perform a deeper analysis of how its operations interact with the requirements of the UNGC and OECD Guidelines, enabling the Company to robustly evidence its alignment to these frameworks.

The Company acknowledges that supply chains are complex and full transparency has not yet been achieved, particularly in relation to solar PV modules and batteries. The Investment Adviser is continuing to engage with the industry response led by Solar Energy UK and Solar Power Europe, which is focused on developing systems and processes to improve transparency and sustainability within the PV supply chain. The UK solar industry's supply chain statement, to which the Investment Adviser is a signatory, can be viewed here.

Examples of existing Human Rights due diligence & management mechanisms:

- Comprehensive ESG due diligence undertaken on key third parties, such as EPC contractors.
- Human rights considerations embedded within pre-investment due diligence processes.
- External ESG risk analysis conducted on key solar and battery manufacturers.
- Social audits requested for solar manufacturing facilities as part of EPC engagements.
- Enhanced contractual protections.
- Adoption of the Company's Supplier Code of Conduct.
- Participation in industry supply chain initiatives.

Responsible and Sustainable Procurement

Though the Company does not yet undertake direct large-scale procurement, it has due diligence processes in place to help ensure that the EPC contractors it engages, and the equipment that they procure on behalf of the Company, are not associated with material ESG risks. The Company's Sustainable Procurement Policy includes principles such as assessing and managing supply chain risks; upholding human rights; and where possible reducing the environmental impacts of procurement activity.

To better understand its supply chains, the Company mapped its Tier 1 supplier spend relating to the 2022 calendar year. Once consolidated, the Company identified its priority suppliers, i.e., those which related to the largest proportion of addressable spend. Priority suppliers were analysed via a desktop assessment across a range of social and environmental topics, to identify upstream risk and improvement opportunities. Several key supply chains were identified for further focus. The Company will map its supply chains annually, and will map Tier 2 suppliers in key supply chains, focusing on those engaged by the Bluefield companies in the first instance.

During the reporting period, the Bluefield companies completed their first supply chain audit, undertaken by an external consultant. Supply chain management processes were assessed in relation to governance, sourcing, transparency and risk, and the results will be used to support the Company in benefiting from robust supply chain practices.

Good Governance and Business Ethics

ESG is increasingly integrated into the Company's corporate governance. For example, during the reporting period, there has been ongoing regulatory compliance (including monitoring emerging reporting requirements and frameworks); creation of an ESG sub-committee of the Board; adoption of new policies; and enhanced climate risk analysis. Commitments for the coming year will further embed ESG within the processes and procedures underpinning the Company's operations.

As an FCA regulated entity, the Company's Investment Adviser evidences the highest standards of professional conduct. Key policies, including in relation to anti-bribery, anti-corruption and anti-money laundering, conflicts of interest, and compliance are in place, and third-party compliance advisers are used to ensure regulatory obligations are met through quarterly reviews and reports on business activities. The Investment Adviser has recently implemented new policies and processes relating to Consumer Duty.

The Board's commitment to diversity is referenced on p.71, and the Board actively seeks to ensure that diversity is considered in the board succession process. The Investment Adviser and other Bluefield companies continue to enhance their approach to Diversity, Equity, Inclusion and Belonging (DEIB). DEIB is embedded through an equal opportunities policy in the UK and a DEIB committee, which has developed a strategy focused around culture, talent, and community. Over the coming year, in addition to launching a "Women in Leadership" programme, the Investment Adviser will partner with GAIN (Girls are Investors) to create a paid internship, helping increase gender diversity within the organisation.

9. Looking Forward

This year, the Company has enhanced its approach to material ESG topics and reported against its KPIs for the first time, evidencing an improvement in ESG performance across most indicators. The second year of the strategy will be just as ambitious, as the Company responds to growing interest around topics such as climate, nature, and human rights, perpetuated by evolving ESG regulatory requirements. Though ESG remains fast-evolving, clarity and standardisation of reporting requirements should provide much needed guidance to financial markets and investors on what 'best practice' looks like.

The Company looks forward to continuing its sustainability journey, constantly evaluating, and improving its practice as a renewable energy investor which aims to truly deliver renewable energy, responsibly.

ESG APPENDIX

The following table highlights the Company's ESG performance relating to the financial year ending 30 June 2023. Where data was available, ESG performance as of 30 June 2022 has been included, to allow comparison to be made. Where referenced in the below table, unless otherwise stated, 'assets' refers to operational and construction assets.

PILLAR	COMMITMENT	SUPPORTING KPI/S	AS AT 30 JUNE 2022	AS AT 30 JUNE 2023
CLIMATE CHANGE MITIGATION	Report our renewable energy generation annually.	Renewable energy generated (MWh)	> 624,000 MWh	>836,231 MWh
		CO_2e savings achieved (tCO_2e)	>120,000 tonnes	>173,000 tonnes
		Equivalent houses powered (#)	215,000	288,000
		Additional solar infrastructure under construction (MW)	0 MW	93MW
		Estimated additional annual renewable energy generation (MWh)	N/A	91,000 MWh
		Battery assets under construction (MW)	0 MW	0 MW
	Invest up to £50,000 in industry collaborations annually to support the energy transition.	Revenue targeting industry collaboration (£)	£0	£50,000 allocated[22]
	Report against our carbon emissions annually[23].	Scope 1 GHG Emissions (tCO_2e)	N/A – methodology change	19
		Scope 2 GHG Emissions (tCO_2e)	N/A – methodology change	1,422
		Scope 3 GHG Emissions (tCO_2e)	N/A – methodology change	27,963
		Total GHG Emissions (tCO_2e)	N/A – methodology change	29,404
		Carbon Footprint (tCO_2e) New KPI	N/A	Please refer to the Company's PAI statement.
		GHG intensity (tCO_2e / EUR Rev)	N/A	Please refer to the Company's PAI statement.
	Develop a Net Zero pathway.	Net Zero pathway developed (Y/N)	N/A	No
	Implement renewable energy import tariffs across our portfolio.	Installed capacity with renewable energy import tariffs (%)[24]	13 %	85%
		Relative percentage of renewable and non-renewable energy consumed by BSIF (%)	N/A	Please refer to the Company's PAI statement.
		Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources (%)	N/A	Please refer to the Company's PAI statement.
	Continue to build our climate resilience and inform our business strategy through climate risk assessments and scenario analysis[25].	Scenario analysis undertaken (Y/N)	No	Yes
		Assets covered by a climate adaptation plan (%) New KPI	N/A	0%
	Incorporate ESG-related matters into the Company's risk register.	ESG-related matters in risk register[26] (Y/N)	Yes	Yes; the number of ESG related risks within the register was enhanced this year.
	Undertake a climate change risk and vulnerability assessment (CRVA) in line with the TCFD recommendations.	Climate change risk and vulnerability assessment undertaken (Y/N)	No	Yes

PILLAR	COMMITMENT	SUPPORTING KPI/S	AS AT 30 JUNE 2022	AS AT 30 JUNE 2023
PIONEERING POSITIVE LOCAL IMPACT	Evaluate BNG across the operational portfolio and achieve at least 20% BNG on new solar developments[27].	New developments that have had BNG assessment (%)	N/A	100%
		New solar developments with at least 20% BNG achieved (%)	N/A	100%
		Existing sites with BNG assessment[28] (#)	0	30
	Conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity).	Operational assets independently assessed (relating to assets over 1MW in capacity) (%)[29]	11%	11%
		Notable species identified (e.g., red and amber listed species) (#)	Red listed bird species: 13 Amber listed bird species: 17	Red listed bird species: 12 Amber listed bird species: 17
		Assets without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas (%)[30]	100%	Please refer to the Company's PAI statement.
	Develop a Nature Strategy, building upon our existing biodiversity commitments and encompassing the recommendations of the TNFD. **New Commitment**	Nature Strategy Developed (Y/N) **New KPI**	N/A	No
	Minimise potential risks posed to threatened species by our assets and apply industry best practice to new sites under development.	Assets that are located in or near to[31] biodiversity-sensitive areas (%)	N/A	22%
		Assets that negatively affect biodiversity-sensitive areas (%)	N/A	0% - Please refer to the Company's PAI statement.
		Assets which are deemed to have operations that affect threatened species (%)	N/A	0% - Please refer to the Company's PAI statement.
	Continue to promote positive action within the communities we operate within through community benefit funds and educational sessions.[32]	Revenue given to partnerships benefiting the local community (£)	£0	£20,000
		Revenue paid to community benefit schemes (£)	> £154,000	>£253,000
		Young people engaged (#) **New KPI**	0	647 (between May – Jul 23).
		Educational workshops delivered (including site visits) (#) New KPI	0	25, including 17 school workshops and 8 site visits (between May – Jul 23).
	Insist that our Tier 1 suppliers that directly service the portfolio[33] report H&S performance on a quarterly basis.	Lost time incident rate (per 100,000 employees)	N/A	0
		Number of reportable accidents (RIDDOR) (#)	N/A	6
		Number of near misses (#)	N/A	154
		Bluefield employees who have received H&S training (%)	N/A	100% (as at 28 Sept 23)

PILLAR	COMMITMENT	SUPPORTING KPI/S	AS AT 30 JUNE 2022	AS AT 30 JUNE 2023
GENERATING ENERGY RESPONSIBLY	Map our supply chains, with priority given to Tier 1 suppliers.	Tier 1 supply chains mapped (%)	0%	100%
		Tier 2 supply chains mapped (relating to Bluefield service providers) (%) **New KPI**	N/A	In progress
	Ensure 100% of our assets are covered by a Human Rights Policy by June 2023, which covers UNGC principles and OECD guidelines.[34]	Assets with Human Rights Policy (%)	0%	100%
	Continue to develop our due diligence mechanisms to identify, prevent and mitigate human rights impacts across our operations and, where possible, our supply chain. **New Commitment**	Assets with a due diligence process to identify, prevent, mitigate, and address adverse human rights impacts (%)	100%	100%
		Share of investments in assets without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	N/A	Please refer to the Company's **PAI statement.**
	Implement mechanisms to measure our hazardous waste ratio by 2023.	Tonnes of hazardous waste and radioactive waste generated by assets per million EUR invested, expressed as a weighted average	N/A	Please refer to the Company's **PAI statement.**
	Clearly communicate our ESG governance structure.	Clear governance structures in ESG report (Y/N)	Yes	Yes
	Further diversify our Board.	Average ratio of female to male board members expressed as a percentage of all board members (%)	40%	40%
		Number of board positions held by a woman (#)[35]	2	2
		Number of board members from a non-white ethnic minority background (#)	0	0
	Ensure 100% of our assets are covered by a Sustainable Procurement Policy by June 2023.	Assets with Sustainable Procurement Policy (%)	0%	100%
	Adopt a Supplier Code of Conduct and require its adoption by Tier 1 suppliers by the end of June 2023.	Tier 1 suppliers signed Supplier Code of Conduct (#)[36]	0	26
		Tier 2 suppliers signed Supplier Code of Conduct (#) **New KPI**	N/A	0
	Encourage our O&M contractors to use the waste hierarchy principles.	Assets with a Waste Management Policy (%)	0%	100%

22. The Company is currently engaging with a UK University on a potential partnership. Once finalised, the funds will be transferred.
23. Market-based emissions are shown.
24. KPI updated to reflect installed capacity instead of AUM.
25. Updated from: We will undertake scenario analysis for material physical and transitional climate related risks and opportunities within the next twelve months.
26. Metric updated from (#) to (Y/N). As this is now complete, this commitment and KPI will be removed from the strategy moving forwards.
27. Relating to planning applications submitted by the Company's development partners during the reporting period.
28. Updated from: Existing sites with evidenced BNG (%)
29. 'AUM' replaced with 'operational assets'.
30. 'AUM' replaced with 'assets'; this change has been made throughout the table.
31. Defined as within 1KM of a biodiversity-sensitive area.
32. Updated from: We will continue to promote positive action within the communities we operate within.
33. Suppliers relates to EPC, O&M, and Asset Management contractors.
34. Combined with the following commitment: 'we will ensure 100% of our assets are covered by policies covering UNGC principles and OECD Guidelines by June 2023'.
35. The word 'senior' has been removed as all Board members are non-executive directors.
36. Metric changed from (%) to (#)

Task Force for Climate-related Financial Disclosures (TCFD)

1. Introduction

The Company's core objective, to provide attractive returns to shareholders through investment in renewable energy infrastructure assets, sets it in an advantageous position to capitalise upon opportunities that arise from the transition to a low carbon economy. However, climate change is dynamic and uncertain, and societal response will be shaped by climate events of varying severity and impact, depending on the trajectory that global emissions take. With this in mind, the Company is committed to ensuring a climate resilient strategy is in place, supported by scenario analysis and risk management processes, to strengthen its ability to deliver shareholder value in a changing world. The following report explains how the Company is working to comply with all eleven recommendations of the TCFD.

2. Governance

Board oversight

The Board of the Company has ultimate responsibility for and oversight of climate-related risks and opportunities; please refer to the Company's ESG report (see pages 27 - 39) for how the Board oversee progress against ESG (including climate) commitments and KPIs. The Board remains well informed of developing physical and transitional risks and opportunities associated with climate change, and how these might materialise in the Company's short, medium, and long-term future, through close engagement with the Investment Adviser. Moreover, the Board receives climate risk training on an annual basis.

Given the nature of the Company, every investment decision considered by the Board is associated with renewable energy infrastructure or supporting technologies. Therefore, the Board is conversant in assessing climate-related opportunities in this regard. Increased consideration of climate-related risks, particularly physical risks, has therefore been the main area of focus for the Company since adopting the TCFD recommendations.

Management

The Investment Adviser is responsible for day-to-day management of ESG, including climate matters, and progress is regularly communicated to the Board as described on p.32. ESG is a Board agenda item for both the Board of the Company and the Investment Adviser, where it is discussed as part of wider strategic priorities and risk management.

Roles and responsibilities concerning ESG matters, which include climate, are defined within the Company's ESG structure on p.32. The Investment Adviser oversees the implementation of the Company's ESG Strategy, which includes a Climate Change Mitigation pillar and specific climate-related commitments and KPIs. In line with this strategy, the Investment Adviser works with the Company's key service providers to embed climate considerations across the investment lifecycle, including pre-investment due diligence, asset management and reporting. Asset data collected from service providers is collated by the Investment Adviser and used to inform the ongoing assessment of climate-related risks and opportunities.

3. Strategy

During the reporting period, the Company used scenario analysis[37] to better characterise its most material climate-related risks and opportunities, and understand how they could materialise over short, medium, and long-term time horizons (2030, 2040 and 2050, respectively). Two scenario analyses were undertaken: the first assessed risks associated with the transition to a low carbon economy, and the second focused upon the impacts of "extreme heat"; identified as a salient physical risk to the Company during previous climate screening workshops. The scenarios used for the analyses are outlined in table 1. The methods used to conduct the analysis are described in the Risk Management section (see pages 27- 42).

Table 1: Scenarios used for transitional and physical scenario analyses, based on established climate models. Broad alignment exists between each set of scenarios, despite slight differences in warming implications.

		WARMING IMPLICATIONS	
	Description of Scenario	Physical	Transitional
Net Zero by 2050	Global cooperation for effective regulation & mitigation of emissions, avoiding the worst impacts of climate change. Shifts occur gradually toward a more sustainable & inclusive path, meeting Paris Agreement goals.	<2°C	1.5°C
Delayed Transition	Progress is delayed; effective policies are not introduced until 2030 or later, and in a more rapid and disruptive manner. Warming exceeds 2°C and a degree of environmental degradation occurs, but damages are constrained by improvements in energy and resource use.	2-4°C	<2°C
Current policies	Continued emphasis on economic growth and technological progress. Effective policies to decarbonise are not introduced globally and there is continued reliance on fossil fuels, leading to high levels of warming, which could exceed 4°C.	>4°C	>3°C

37. Assumptions and limitations: The Company acknowledges the uncertainty offered by climate change scenarios, and thus the results of the scenario analyses will be used as an approximate, rather than definitive, guide.

Risk & Opportunities

Extreme Heat

Above a certain temperature threshold (around 25°C), heat can start to affect multiple components of PV systems, resulting in efficiency losses in PV modules, accelerated PV cell damage, and inverter failure. As average temperatures increase with climate change, the IPCC predicts extreme heat events will become more frequent and severe[38], presenting a risk to the Company's portfolio over the short, medium, and long-term. Extreme heat on PV systems was therefore the focus of the Company's first physical scenario analysis.

> During the summer of 2022, temperatures in the UK exceeded 40°C for the first time, deemed by the Met Office as "virtually impossible"[39] without human-induced climate change

In addition to PV systems, the impact of extreme heat on battery storage systems was evaluated. Analysis of technical specifications revealed that battery storage systems are resilient to the UK temperature ranges predicted across all three scenarios, with in-built cooling systems able to maintain internal ambient air temperature and therefore optimal asset performance. Therefore, based on the current analysis, it was concluded that extreme heat is unlikely to present a material risk to the operation of battery storage systems adopted into the Company's portfolio in the future.

38. Chapter 11: Weather and Climate Extreme Events in a Changing Climate | Climate Change 2021: The Physical Science Basis (ipcc.ch)
39. A milestone in UK climate history - Met Office

Table 2: Physical scenario analysis, with focus upon the potential impact of extreme heat on the Company's current solar PV portfolio.

DRIVER	DESCRIPTION	RISK IMPACT	OPPORTUNITY	TIME HORIZON
Extreme heat	Declines in PV performance occur above their optimum operating temperature (~25°C). Increasing average annual temperatures are set to heighten this chronic risk, incurring yield losses of varying degrees depending on scenario.	Yield reductions, which translate directly into revenue losses, were forecasted in all three scenarios modelled, with the greatest impact felt in the >4°C scenario in the mid-long term. County-level generation and temperature scenarios were mapped and overlain, revealing the South East to be potentially most exposed to yield-related financial losses, although cross-county differences were small. The extent of financial loss will also depend on future energy prices, which have displayed significant volatility over the past few years.	Increased temperatures are unlikely to present as an opportunity. Extreme heat can reduce the voltage a PV panel can generate and lower its efficiency. However, estimated financial losses are small compared to projected revenues, especially with high energy prices. Potential impact can also be reduced through proactive maintenance.	[L] Impact grows over time, reaching peak in the long term.
	Extreme heat can induce inverter and transformer failure, representing an acute risk. Portfolio exposure was modelled per scenario based on the number of days incurred over an extreme heat threshold, set at 33°C based on historic events experienced by the portfolio.	The analysis revealed much greater variation in county-level yield losses, enabling the parts of the portfolio most exposed to this risk to be identified. In a 2-4°C scenario, the majority of the Company's generation is not located in the most affected counties. However, a greater proportion may become exposed in a >4°C scenario, as more counties experience frequent and severe heatwaves. The unpredictable nature of acute heat events may result in non-linear financial impact. Further, other risks associated with extreme heat which were not modelled, such as equipment damage and staff safety & productivity, may compound costs and revenue losses.	The Company has an opportunity to navigate the risk through enhanced pre-investment due diligence and targeted resilience measures for assets within regions at greatest risk. Further, battery technologies were assessed to be resilient to extreme heat impacts in all scenarios; supporting revenues into the long-term.	[L] As above.
Changing wind patterns	Changes in wind conditions may impact generation of the Company's wind portfolio. Storms are likely to become more common and are more unpredictable compared to other physical risks.	Turbines can stop generating at high wind speeds and there is potential for asset damage. The Company will undertake a second physical scenario analysis to better characterise the impact of changing wind patterns on its wind portfolio.	TBC – analysis to be conducted in FY23-24.	TBC – analysis to be conducted in FY23-24.

Transition Risk

The transitional scenario analysis qualitatively assessed the impact of potential policy, regulatory, technology, and market changes associated with mitigative and adaptative responses to climate change.

Table 3: Transitional scenario analysis undertaken in relation to the Company's investments.

DRIVER	DESCRIPTION	RISK IMPACT	OPPORTUNITY	TIME HORIZON
Technology advances in the energy sector	Rapid technological advances stimulated by ambitious climate policy action in a 1.5°C and <2°C scenario.	Accelerated asset depreciation over the long-term, felt most strongly in a 1.5°C or <2°C scenario, may result in significant expenditure to upgrade the portfolio. Service provider costs may increase to support upskilling around new technologies; existing risks around technical labour shortages could be exacerbated. Novel technologies, such as Carbon Capture and Storage (CSS), could extend the viability of the fossil fuel industry, prolonging current competition into the long term.	Advancements in renewable technologies may result in greater yields and therefore higher revenues. Technology advancements in the 1.5°C and <2°C scenarios would coincide with asset end of life for most of the portfolio; repowering assets with new technologies could be a significant growth opportunity. In the >3°C scenario, efficiency improvements are likely, but do not offer the same degree of transformational opportunity.	[M] [L]
Business reputation in the low carbon transition	Enhanced scrutiny over the Company's perceived contribution to or detraction from the transition to a low-carbon economy is both a risk and opportunity in each scenario. The degree and timing are dependent on business responses to pressure exerted by stakeholders.	More decisive policy action in the 1.5°C scenario encourages intensive scrutiny in the short-term, with greater expectations around value chain oversight. Should this result in the worst climate damages being avoided, risks diminish as sustainability becomes "the norm". Reputational risks are highest in the mid-term in the <2°C scenario, as timelines to halt warming contract. Policy inertia could also trigger increasing pressure on companies from non-government stakeholder groups, as physical climate impacts heighten.	The 1.5°C scenario stimulates immediate demand for sustainable investments and energy in the short-term; the Company has a great opportunity to fulfil this, demonstrating climate leadership. Opportunities are highest in the <2°C scenario over the long-term, as there will be aggressive decarbonisation to try and reach 2050 milestones. The Company's strong reputation will help catalyse further investment.	[S] [M] [L]
Policy & legal action to constrain polluting activities	Stringency of climate policy action is a distinguishing factor between scenarios; knock-on impacts could be felt in the market and on the Company's reputation.	Risks are most apparent in the 1.5°C and <2°C scenarios, in the long-term, by virtue of decisive policy action. The most extensive policy & legal action is needed for <2°C, as prior government inaction forces accelerated timescales to reach decarbonisation goals. An attractive policy environment may encourage renewables market entry by large players, including those in the oil & gas industry, resulting in market saturation and increased competitivity.	Opportunities associated with policy changes match or exceed the level of risk predicted across all scenarios and time horizons. A policy environment which favours renewables is expected to cause carbon price spikes and channel greater investment into renewables, both from ethical investors and due to government incentives supporting the clean energy transition.	[L]
The level & timing of government market intervention	Shifts in supply and demand for certain commodities are expected as they are repriced in a low-carbon economy. Resultant impact on financial markets could create market uncertainty and disruption.	Disruptive market interventions are anticipated in the medium-term in the <2°C scenario, as governments steer the economy to limit warming. Market volatility and supply chain shocks may impact the Company's key service providers and suppliers into the long-term, due to shortages and inflated costs in spares. Stranded assets and wider economic slowdown are possible as disjointed policy action curtails economic growth.	A turbulent market environment could generate ample opportunities for the Company; a sudden rush to transition may cause spikes in the demand for renewables. Aggressive decarbonisation in the <2°C scenario is expected to offer the greatest opportunity. Opportunities in the >3°C scenario remain static over the short- to long-term, as less incentive exists for markets to shift to low carbon energy sources.	[M] [L]

Resilience

Drawing on the results from both analyses, the Company has assessed its resilience to climate-related risk in each of the scenarios, summarised below. Work will continue to integrate findings from the scenario analyses into the Company's risk management processes, strategic and investment-related decisions, and financial planning.

Net Zero (1.5°C – 2°C)

Due to the nature of its investments, few transitional risks are expected to present a high risk to the Company. The greatest risks in this scenario come from technology change in the long-term. This could quicken the rate of asset depreciation and require large scale investment to install new technologies across the portfolio. However, the Company views the accompanying opportunity as high. Technological progress may lead to greater yielding PV assets as well as better battery storage solutions, combining to increase revenues. Policy and legal shifts are also likely to present high opportunities over the long-term, which the Company is well placed for, as they create conditions conducive to growth of the portfolio.

Delayed Transition (2-4°C)

In a Delayed Transition, the medium-term is more disruptive than the other scenarios. This is due to significant shifts required to move to a low-carbon trajectory, compensating for previous inaction. Again, this creates both risks and opportunities to the Company. Market shifts are particularly likely: service providers may face supply chain issues, and revenues may be exposed to risk from volatility in power prices. However, the opportunity from a delayed transition is that there is a sudden shift away from fossil fuels which is likely to cause a demand spike for renewable energy. With the Company's growing portfolio and development pipeline, it can facilitate this increased demand. Reputational opportunities are also highest in this scenario in the long-term, as increased value is placed on sustainability credentials to limit warming. In a 2-4°C scenario, chronic physical risk increases over time as PV cells incur greater yield losses with rising temperatures, but to a lesser extent than in the >4° scenario. Similarly, incidences of acute heat events are likely to increase over time but are less impactful in this scenario, as much of the Company's generation capacity is located away from the anticipated worst affected counties.

Current Policies (>3, >4°C)

The Company is generally exposed to lower transitional risks and opportunities in this scenario. As a provider of renewable energy, it stands to gain from a transition to a low carbon economy. If this does not occur, there may be reduced opportunities to grow the portfolio, especially compared with other scenarios. A lack of climate policy and action will result in the greatest increase in both average and extreme temperature, making the physical risk to assets most severe in this scenario. It is anticipated that battery assets will be resilient to these effects, therefore, the Company's focus will be on using the results of the climate modelling to inform mitigation measures to enhance the resilience of its solar portfolio to growing heat-related risk.

4. Risk Management

Risk identification and assessment

Risks, including those relating to climate, are identified, assessed, and discussed by the Audit and Risk Committee and included as part of the Company's risk matrix. The Board currently uses a 1-3 rating to assess the potential likelihood and impact of any particular risk occurring. The risks are assessed in a pre- and post- mitigated setting, to map risks into a composite score ranging from 1-9.

During the reporting period, the Board adopted risk time horizons; these have been applied against all risks within the Company's risk register. Principal and emerging risks are disclosed annually within the Company's Financial Accounts.

Last year, the Company undertook a climate materiality assessment to identify physical and transitional climate-related risks considered to have the greatest potential to impact its investments, revenues, and organisational expenditure. This year, through the means of scenario analysis, the Investment Adviser sought to better characterise the impacts of identified material risks.

Extreme heat was prioritised for the physical analysis, examining the impacts on solar PV (being the dominant asset class in the Company's portfolio) and battery storage (an asset class it intends to grow over coming years). The scenarios used in the physical analysis were derived from Shared Socioeconomic Pathways (SSPs)[40]; the transitional scenarios were derived from global climate models produced by the Network for Greening the Financial System (NGFS)[41]. The SSP pathways denote higher warming potential, which better highlights physical risks, whilst the NGFS pathways more effectively portray transitional impacts. The results of this analysis are presented in the 'Strategy' section of this report and will continue to be developed and integrated into business strategy and financial planning.

On a daily basis, asset management and O&M service providers identify, escalate, and respond to climate-related incidents impacting the Company's assets. Irregularities in generation are flagged in real time by monitoring teams who diagnose the issue, classify the risk, and communicate it to asset management and O&M teams through incident reports. Examples of risks classified as "climate-related" include string-level identification of inverter failures during heatwaves and downtime of wind turbines due to storm activity.

40. The SSPs are a range of new "pathways" built by an international team of climate scientists, economists and energy systems modellers that examine how global society, demographics and economics might change over the next century with climate change.

41. The NGFS, established at the Paris "One Planet Summit" in 2017 by eight central banks and supervisors, has developed global climate models to provide granular data on transition pathways and climate impacts, to understand how climate change, climate policy and technology trends could evolve in different futures.

Climate considerations are integrated into pre-investment ESG due diligence and are a key consideration within the Company's ESG strategy, ensuring the long-term management of climate matters post-investment. Development partners, including Bluefield Renewables Development Limited, ensure that climate factors are considered during the development process of new assets, for example through flood risk assessments.

The Company is also taking steps to build a more resilient supply chain. For instance, the Company has developed a Supplier Code of Conduct to communicate its ESG expectations, including the measurement and reduction of greenhouse gas emissions.

Mitigation measures relating to transitional risks are presented in Table 4; those relating to physical risks are presented within the Company's 2022 TCFD Report.

STORM CLOUDS AT GRANGE

Table 4: Mitigation measures used by the Company to manage transitional climate-related risks.

TECHNOLOGY ADVANCES	The Investment Adviser models the operational asset life, taking account of depreciation and physical degradation, to forecast NAV and portfolio revenue. Outputs feed into the Company's risk register and are regularly updated to inform long-term scenario planning. This enables active risk management, including the arrangement of appropriate contingency funds for equipment failure and longer-term decision-making around asset repowering and equipment upgrades, helping reduce NAV depreciation. Diversification is another important resilience mechanism, allowing the Company to expand into alternative technologies; it has recently upscaled battery storage funding in its development pipeline. The Company's expanding development capacity also gives it greater scope to implement new technologies as they become commercially viable.
BUSINESS REPUTATION	The Company's continued transparency regarding the climate actions it is taking, including voluntary alignment with the TCFD, will help mitigate against reputational risks. Robust compliance with ESG regulation will further support this. Within its ESG report, the Company reports both its achievements (through a comprehensive set of commitments and KPIs) and challenges, ensuring a balanced perspective. These actions stand to strengthen the Company's reputation and financial benefit could be realised in the form of increased investment, as investor preferences shift towards low carbon energy.
POLICY & LEGAL ACTION	The Investment Adviser's legal counsel keeps abreast of upcoming policy and legal changes, and external legal and technical advisers support the Company in maintaining compliance with applicable policy and regulation. The Company has developed a robust set of policies and procedures to externalise ESG expectations to third parties, helping cascade best practice across the wider supply chain. As a FCA regulated entity, the Investment Adviser evidences the highest standards of professional conduct.
MARKET DISRUPTION	The Company's investment strategy of owning and operating predominantly subsidised assets provides strong visibility of revenues and helps protect the Company against future regulatory changes in power markets. The Investment Adviser supplements this by continuously monitoring new long-term fixed revenue streams that are becoming available. For example, it has secured contracts for difference (CfD) as part of the UK Government's fourth allocation round, enhancing revenue visibility and security. In the future, the Company is expected to diversify its revenue streams through investment in batteries, which benefit from power price volatility. Novel revenue streams and technologies are continually evaluated for their ability to enhance the resilience of the Company's long-term investment objective.

5. Metrics and Targets

Metrics

The financial performance and overall success of the Company is intrinsically linked to opportunities that result from the transition to a low carbon economy. The Company monitors this through metrics relating to returns and dividends paid to shareholders, which are underpinned by the total generation yield of the portfolio.

The Company also tracks its ESG performance against a set of commitments and KPIs, enabling the Company to manage its ESG risks and opportunities alongside financial objectives. Insights from scenarios analyses will be used to inform metrics used by the Company to assess and monitor climate-related risks and opportunities.

GHG Inventory results

The Company's GHG inventory relating to the reporting period is presented in Table 5[42], calculated in line with the GHG Protocol Corporate Accounting Standard. DEFRA GHG reporting conversion factors, DEFRA conversion factors by SIC, and AIB residual mix emissions factor datasets were used in the analysis (corresponding with the period emissions were incurred).

Table 5. The Company's GHG emission inventory for the period 1 July 2022 – 30 June 2023, highlighting emission results per category.

	Emissions Location-Based (tCO_2e)	%	Emissions Market-Based (tCO_2e)	%
Scope 1	19	0%	19	0%
Scope 2	1,244	4%	1,422	5%
Scope 3	27,963	96%	27,963	95%
Purchased Goods & Services	27,535		27,535	
Fuel and Energy Related Activities	427		427	
Waste Generated in Operations	1		1	
Total	**29,226**		**29,404**	

The Company defines its organisational boundaries using the Operational Control approach as per the GHG Protocol Corporate Standard. Under this approach, the Company will account for 100% of the GHG emissions from sources over which it has operational control.

Table 5 presents the results of the Company's GHG inventory for the financial year ended 30 June 2023. The Company has enhanced its GHG accounting methodology since its first inventory (published in its previous annual report for the financial year ended 30 June 2022), expanding the scope 3: Purchased Goods and Services category boundary to include spend data from every SPV, holding company and parent company within the Company structure. For this reason, the results previously published are not comparable with the data presented in Table 5.

These changes increased the accuracy of the Company's inventory, and the Company will continue to evaluate and adjust its GHG accounting methodology as it evolves its approach. The Company will review opportunities to enhance the accuracy of scope 3 data, given that this represents the majority of the footprint. The Company is working to continually improve its GHG inventory; however, some aspects of data collection remained challenging, and as a result, a small proportion of data was estimated or extrapolated.

The Company engages an external consultant to calculate its GHG inventory. The Company published emissions data relating to the year ended 31 December 2022 as part of its SFDR PAI statement. During the calculation of the inventory covering year ended 30 June 2023, an error was identified within the Purchased Goods & Services category of scope 3, which resulted in an overstatement of the Company's scope 3 emissions. As a result, a revised methodology was applied to both inventories. This also involved a review and update of the emissions factors used within the calculations to further increase accuracy. The Company has since updated its SFDR PAI statement to reflect any changes concerning the reference period ending 31 December 2022.

Climate-related targets

The Company's refreshed ESG commitments and KPIs are presented on p.40. Most notably, during the coming year the Company has committed to developing a Net Zero pathway, which will involve the creation of decarbonisation targets, further enhancing the metrics used by the Company to manage climate-related risks and opportunities. The Company will also undertake a second physical scenario analysis, this time focused upon the impact of changing wind patterns on the Company's wind assets, to provide a more holistic view of the potential impacts of climate change on its portfolio. The results will feed into the creation of a climate adaptation plan for the portfolio.

42. Calculation of the carbon footprint was supported by a third party consultant, but it has not been externally verified.

Strategic Report

1. Company's Objectives and Strategy

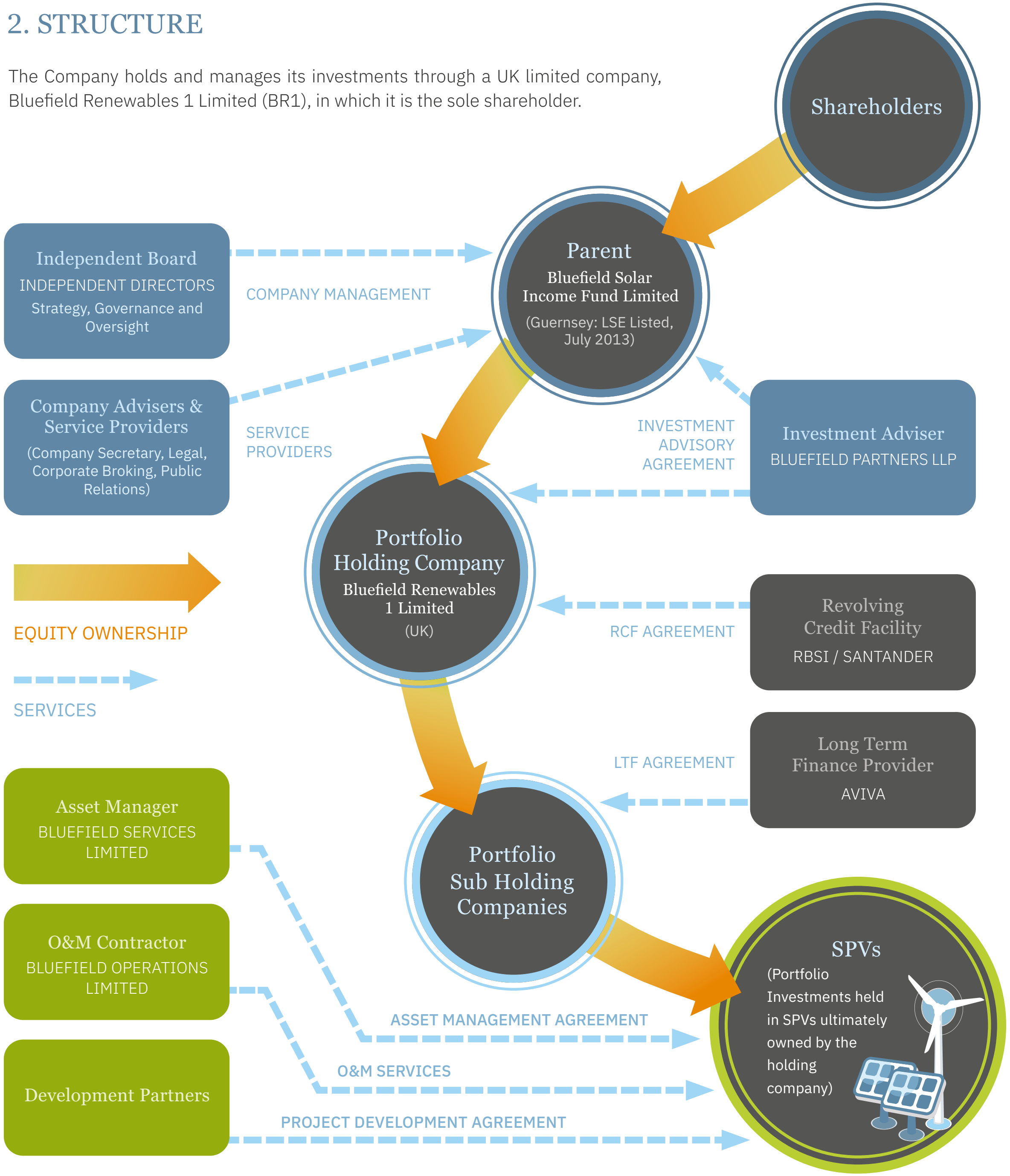
The Company seeks to provide Shareholders with an attractive and sustainable return, principally in the form of quarterly income distributions, by investing primarily in solar energy assets located in the UK. The Company also invests a minority of its capital into other renewable assets, including wind and energy storage.

Subject to maintaining a prudent level of reserves, the Company aims to achieve the quarterly income distributions through optimisation of asset performance, acquisitions and the use of gearing. The Company's original dividend target for the financial year ended 30 June 2023 was 8.40pps. Having now declared four interim dividends totalling 8.60pps, the Company is pleased to have exceeded this target.

The Operational and Financial Review section on page 54 provides further information relating to performance during the year.

2. STRUCTURE

The Company holds and manages its investments through a UK limited company, Bluefield Renewables 1 Limited (BR1), in which it is the sole shareholder.



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 five independent non-executive Directors, three of whom are Guernsey residents. See the Corporate Governance Report for further details.

Investment Adviser

The Investment Adviser's key responsibilities include identifying and recommending suitable investments for the Company and negotiating the terms on which such investments will be made.

Through a Technical Services Agreement with BR1 the Investment Adviser is also responsible for all issues relating to the supervision and monitoring of existing investments. 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. BOL and BRD also have the same ownership as the Investment Adviser and provide operational management for the majority of the Company's investments and a pipeline of development projects for the Company, respectively.

During the Period the Investment Adviser was paid a fee equivalent to 0.8% of NAV at 30 June 2023 (0.6% at 30 June 2022), reflecting the increase in the Company's assets. A summary of the fees paid to the Investment Adviser is given in Note 16 of the financial statements. The fees paid to BSL, BRD and BOL, the Solar Asset Management, New Build Development and Operations and Maintenance businesses under common ownership with the Investment Adviser, are also 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 67.

AERIAL VIEW AT YELVERTOFT

Investment Process

Through its record of investment in the UK renewable 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 specialist advisers from multiple disciplines in each of the transactions it has executed in the UK and European markets and 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, the Investment Adviser always includes contractual protection regarding recovery of revenue losses for underperformance and obligations for correction of defects.

Rigorous internal approval process

All investment recommendations issued to the Company 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 Board. This fixes a project evaluation budget as well as confirming the project proposal is in line with the Company's investment policy and strategy and aligned to ESG principles.

(3) Due diligence

In addition to applying its direct commercial experience in executing renewable energy acquisitions and managing operational projects, the Investment Adviser engages legal, technical, ESG and, where required, insurance and accounting advisers from its extensive network to undertake independent due diligence.

(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 BR1. The boards undertake detailed review meetings with the Investment Adviser to assess the recommended projects. If the boards of both the Company and BR1 approve the relevant transaction, the Investment Adviser is authorised to execute it in accordance with the Investment Adviser's recommendation and any condition stipulated in the boards' approvals. The boards are regularly updated on the pipeline of potential new investments to help provide context for capital allocation decisions.

(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.

Managing conflicts of interest

The Investment Adviser is regulated by the FCA and is bound by conduct of business rules relating to management of conflicts of interest. The Board has noted that the Investment Adviser has other clients and has satisfied itself that the Investment Adviser has procedures in place to address potential conflicts of interest which, together with any mitigation measures, are disclosed in the investment recommendation for each investment.

3. Investment Policy

The Company invests in a diversified portfolio of renewable energy assets, all located within the UK, with a focus on utility scale assets and portfolios on greenfield, industrial and/or commercial sites. With a focus on solar the Company has the ability to invest up to 25% of the Company's GAV into complementary renewable technologies, principally wind and storage. The Company's responsible investment approach is discussed in section 4 of the Strategic Report.

Individual assets or portfolios of 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 normally 100% in such SPVs, but may participate in joint ventures or minority interests to gain exposure to assets which the Company would not be able to acquire on a wholly-owned basis. In the situation of joint ventures or minority interests, the Company would ensure a high degree of influence over decisions.

The Company may, at holding company level, make use of both short term debt finance and long term structural debt, but such holding company level debt (when taken together with the SPV finance noted above) will not exceed 50% of the GAV. It may also make use of non-recourse finance at the SPV level to provide leverage for specific renewable energy infrastructure assets or new 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 GAV.

While it is not the Company's policy to be a long term holder of non-UK assets, the Company can invest up to 10% of GAV into assets outside the UK to enable it to acquire portfolios with a mix of UK and non-UK assets. Furthermore, up to 5% of the GAV may be invested into pre-construction UK solar development opportunities. As at 30 June 2023 this is less than 2%. The aggregate exposure to other renewable energy assets, energy storage technologies, UK solar development opportunities and non-UK assets will be limited to 30% of the Company's GAV.

No single asset (excluding any third-party funding or debt financing in such asset) will represent, on acquisition, more than 25% of the NAV.

The Company derives its revenues from the sale of ROCs, FiTs and CfDs (or any such regulatory regimes that may replace them from time to time) alongside the sale of electricity under power purchase agreements with counterparties such as co-located industrial energy consumers and wholesale energy purchasers.

The Company may invest up to 5% of GAV into developing further UK solar development opportunities and purchase assets pre- or post- construction in order to:

1. Maximise quality and scale of deal flow;
2. Optimise the efficiency of the acquisitions;
3. Minimise risk via appropriate contractual agreements; and
4. Acquire assets using prudent 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 FCA:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy; and
- not more than 10% of the GAV at the time the 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 FCA and Shareholders.

4. Responsible Investment

As an investment company with a long-term horizon, the Company is well positioned to integrate ESG considerations and evaluate environmental and social impacts over time. ESG is embedded within the Company's investment process, and a standalone ESG questionnaire ensures detailed checks are made in relation to ESG risks and opportunities, as identified by SASB standards. Diligence is also undertaken in relation to requirements of the EU SFDR, including in relation to PAI indicators and climate risk screening, and the EU Taxonomy's Do No Significant Harm (DNSH) criteria. ESG due diligence may be outsourced to a competent third party, with the resulting reports reviewed by both the Investment and ESG teams.

ESG due diligence is also undertaken on any Operations & Maintenance (O&M) arrangements which may form part of the investment opportunity, including in relation to topics such as human rights, business ethics, and Health and Safety (H&S). ESG continues to be integrated into the vetting and monitoring of third-party service providers, including use of a comprehensive ESG due diligence process in association with engineering, procurement, and construction ("EPC") site contractors. Further information on the Company's approach to supply chain management can be found on p.37.

Post-acquisition, there is active management of sustainability issues over the operational lifetime of the assets. Each asset will be subject to routine ESG data reporting to allow the remote monitoring of ESG performance and fulfilment of ESG reporting requirements. For a full breakdown of the Company's responsible investment approach, please refer to the Company's Sustainable Investment Policy, available on its website.

Principles for Responsible Investment;

The Investment Adviser has been signatory to the PRI since 2019

5. Operational & Financial Review for the period

Key Performance Indicators

	As at 30 June 2023	As at 30 June 2022
Market Capitalisation (£'000s)	733,743	801,002
Total dividends per share declared in relation to the year	8.60p	8.20p
NAV (£'000s)	854,189	858,391
NAV per share	139.70p	140.39p
Total Shareholder Return	**(2.03)%**	**14.55%**

Market Capitalisation[(1)]

The Directors regard the Company's market capitalisation as an important secondary indicator of the trading liquidity in its shares. The Company's market capitalisation – the market value of its Ordinary Shares at the end of the Period – fell to £734m, from £801m 12 months earlier. This reflects an increase in the discount to underlying NAV.

Total Dividends Per Share Declared[(1)]

BSIF generates returns primarily in the form of distributions and the Company has a progressive dividend target, so it is important that the dividend increases each year. During the year the dividend grew by 4.9% from 8.20pps to 8.60pps.

(1) please see Alternative Performance Measures on pages 105 to 106 for further details.

NAV

The Company's average NAV forms the denominator of the Total Expense Ratio calculation and is thereby a determinant of BSIF's total expense ratio. As the variable costs of running the company tend to reduce with increasing NAV a larger NAV will reduce the TER. The finite life of renewable asset leases will ultimately lead to attrition of the Company's NAV. The Directors recognise this as a significant feature and have expanded the mandate of the Company in part to mitigate this effect.

NAV Per Share[(1)]

Whilst the Company's principal goal is to produce income, the NAV per share movement informs our shareholders and the Board whether this income has been produced at the expense of capital growth. The NAV per share fell modestly during the year and produced a negative return to capital, largely as result of valuation uplifts deriving from strong demand for electricity and renewable generation assets being offset by the impact of a higher cost of capital in the sector.

Total Shareholder Return[(1)]

This is measure of the combined return to Shareholders from dividend income and share price movements and whilst this should be positive in the long-term, short term fluctuations in shareholder and market sentiment can cause this number to be positive or negative. The return of -2.03% for 2023 compared to the return of 14.55% in 2022 reflects the significant reduction in share price during the year to 30 June 2023 following a substantial increase in UK interest rates..

Acquisitions

See the Investment Adviser's Report in Section 2.

Portfolio Performance

See the Investment Adviser's Report under Sections 2 and 4.

The Company's PPA strategy is to enter into 18 to 36 month electricity sales contracts, with contracting periods spread quarterly across the portfolio in order to minimise the portfolio's sensitivity to short term price volatility.

Summary Statement of Comprehensive Income

	Year ended 30 June 2023 £ million	Year ended 30 June 2022 £ million
Total Income (Note 4 of the financial statements)	0.9	0.8
Change in fair value of assets (Note 8 of the financial statements)	48.2	175.4
Administrative expenses (Note 5 of the financial statements)	(2.3)	(1.6)
Total comprehensive income	**46.8**	**174.6**
Earnings per share	**7.65p**	**34.91p**

Income for the period includes interest income and monitoring fees paid by BR1 to BSIF.

The total comprehensive income before tax of £46.8 million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on valuation movements of BSIF's portfolio is given in the Report of the Investment Adviser.

The Company's ongoing charges ratio for the Period was 1.00% (2022: 1.02%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation. See page 106 for a tabular calculation of the Company's ongoing charges ratio.

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 Board. Valuations are carried out quarterly, as at 30 September, 31 December, 31 March and 30 June, with an external review as and when the Board deems appropriate.

The fair market value adopted for the portfolio was £1,018.4m (Note 8 of the financial statements), and is confirmed by an alternative approach using a combination of discounted cash flows of income generated from the portfolio of investments.

The Board reviews 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.

SOLAR PV AT FREATHY

* Directors' Valuation is an alternative performance measure to show the gross value of the SPV investments held by BR1, 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 and Emerging Risks

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

These inherent risks associated with investments in the renewable energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares. The Company's risk register covers five main areas of risk:

- Portfolio Management;
- Fund Operations;
- Regulation and Compliance;
- External;
- Emerging.

Each of these areas, together with the principal risks associated with that category, is summarised in the table below and includes commentary on the mitigating factors. The list is a subset of a much larger set of risks which the Board reviews on a regular basis. Emerging risks are identified in the course of Board discussions and meetings and are recorded in a separate area of the risk register.

During the Period, whilst the principal risks for the business have not changed, there have been significant changes in key assumptions as a result primarily of the continuing progress around ESG and TCFD reporting, a bottom up review of the risk matrix has been completed. This has led to the refreshed summary of principal and emerging risks included in the table below..

PORTFOLIO MANAGEMENT

Risk	Potential Impact	Mitigation
1. Portfolio Acquisition Risk	Poor investment decisions or missed investment opportunities.	The Board reviews the Company's investment pipeline with the Investment Adviser, who have substantial experience in the sector, on a regular basis. Technical, legal, financial and ESG due diligence is carried out prior to acquisition of both secondary market and development market assets, and the Board review market pricing comparisons where relevant prior to transaction approval. Where large acquisitions are planned, appropriate sensitivity scenario analysis is carried out to properly assess the potential business risks.
2. Portfolio Operational Risk	Underperformance of wind, solar or storage plant versus expectations at acquisition.	The Investment Adviser presents quarterly operational summaries, prepared by BSL and BOL, respectively the Company's Asset Manager and Operations and Maintenance contractor, covering key performance indicators of each project performance (including PR, availability and generation) with updates on remediation programmes as undertaken in order to maintain forecasted plant performance.

FUND OPERATIONS

Risk	Potential Impact	Mitigation
3. Supply Chain Risks	Projects in the Company's development pipeline are becoming more costly to develop and may be subject to delays due to supply chain risks. High dependency on Chinese components could impact availability of components and present potential reputational risk. The Company is aware of human rights risks associated with its component supply chains, and also that these supply chains are complex; it recognises that full traceability of components is not currently possible.	BOL the Company's O&M contractor has made strategic purchases of long-lead time critical components such as inverters and transformers. The Company has a Modern Slavery Statement and Human Rights Policy, and 'Human & Labour Rights' and 'Responsible & Sustainable Procurement' are priority topics within the Company's ESG strategy. The Company has placed great focus on enhancing its supply chain management practices, including adoption and roll-out of a Supplier Code of Conduct during the reporting period. The Investment Adviser is part of the Solar Energy UK Supply Chain Taskforce, which is focused upon developing systems and processes to improve transparency and sustainability within the PV supply chain.
4. Valuation error	Valuations of the SPV investments may be over or understated.	Valuations presented by the Investment Adviser are underpinned by comparisons with other market transactions and confirmed by the use of long term DCF modelling. The valuations are reviewed and challenged by the Board as a minimum on a semi-annual basis. The Investment Adviser has recently improved the valuation model to reduce the risk of errors. Detailed controls and internal review procedures are in place to mitigate the risk of error. Given the high level of judgement and subjectivity involved in setting the assumptions that drive the model, the Board robustly challenges assumptions made on a semi-annual basis and uses third party data wherever possible to support inputs. For example, to mitigate the impact of future power price volatility on the Company's portfolio valuation, blended power price curves from three leading forecasters are used in the portfolio cash flow model. The portfolio benefits from Government subsidy in the form of FiT and ROC income. The Board will consider the frequency of independent reviews of the financial model in conjunction with the Investment Adviser.

EXTERNAL

Risk	Potential Impact	Mitigation
5. Physical and Transitional Climate Related Risks	Global climate change presents both risks and opportunities to the Company. Whilst the Company is well positioned to benefit from the opportunities arising from a decarbonising economy, physical climate impacts, particularly extreme heat and changing wind patterns, have the potential to cause damage to assets and impact generation, ultimately impacting revenues.	The Company continues to improve its climate resilience. The Company has embedded climate considerations firmly within its ESG strategy, including adopting climate-related commitments and KPIs, and voluntarily reports in line with the TCFD. Building upon its 2022 climate materiality assessment, in 2023 the Company undertook its first transitional and physical scenario analyses, and this year will develop a Net Zero Pathway, in addition to a Climate Adaptation Plan for the portfolio. The results of these activities will be used to inform the Company's strategy and financial planning, helping build the climate resilience of the portfolio over time.

Risk	Potential Impact	Mitigation
6. Changing Electricity Market Conditions	Annual income generation of the Company is sensitive to future power market pricing. Excessive movement in power prices could destabilise the energy markets. A major structural shift in power demand or supply may impact the Company's ability to meet its dividend target.	The Investment Adviser regularly updates the portfolio cash flow model to reflect future power market forecasts and other relevant assumptions including the discount rate. Potential acquisitions are assessed using the most recent power market forecast data available as well as how the revenue generated from the sale of electricity and subsidies supports the Company's existing portfolio. This is to ensure the Company continues to benefit from material levels of regulated revenues (currently c.60% to 2035-37) which are directly correlated to inflation. A rolling programme of PPA contract expiries is maintained, ensuring that the Company in any rolling 12 month period has limited exposure to significant movements in near term power prices. The Board has introduced a new policy of fixing 10% of the portfolio on floating PPAs, which track the N2EX Day Ahead market (as opposed to a fixed price for the term of the PPA). The limited exposure to the Day Ahead market prices may allow the capture of price spikes during the period of volatility in the wholesale power market. The Company is developing new projects and has, for Yelvertoft, committed to a long term CfD. Following a review of the benefits of integrating storage technologies within its portfolio, the Company is currently developing battery storage projects to benefit from power price volatility.
7. Changes in tax regime	There may be unfavourable tax related changes including restrictions on renewables, or no relief on debt structuring. Measures to protect UK consumers from power price increases have been implemented and energy generators impacted following the introduction of the Levy.	An independent taxation review of the Company was carried out as part of the long-term debt financing procurement process. The Company engages tax advisers to provide advice for all taxes across the portfolio but also to ensure compliance with regulatory requirements. This advice has recently included the EGL implementation.
8. Changes to Government Plans	The UK Government is currently consulting with industry on plans to reform the UK Electricity Market (REMA), which may involve controls on future sales prices for renewable generators.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers. The Investment Adviser takes a proactive approach to supporting the energy transition, not only through its advisory role to the Company, but also by engaging and supporting the Government to create a policy framework which can enable Net Zero. This includes responding to government consultations, meeting with political leaders across the political spectrum to discuss renewable energy and working with partners in the sector to engage in relevant discussions via the government's Solar Energy Taskforce.
9. Cyber risk	Key stakeholders could exchange corrupt or virus infected files with key BSIF counterparties. Malicious software or firmware may cause damage to hardware resulting in a loss of generation or damage to the grid. A cyber-attack at the grid or one of the plants could lead to the loss of generation. The grid is susceptible to cyber attacks due to its national infrastructure importance.	A group head of IT has been appointed by our Investment Adviser with specific responsibility for cyber security. Security protocols have been strengthened and all staff made aware of emerging cyber risks with mandatory training being carried out. BSL arranged penetration testing of 48.2% of the solar PV portfolio. Recommendations are being implemented across the portfolio, where appropriate, to improve security.
10. Reputational risk	Adverse publicity within the Renewable Energy sector could damage the Company's ability to raise additional finance and/or acquire new capacity. Reputational risk could also arise from the Company's perceived contribution/detraction from the transition to a low carbon economy. This could also lead to an adverse impact on the share price and the inability to secure planning permission on new developments.	Market responses have been considered and agreed at all levels. The Board and the Investment Adviser ensure the Company's activities are fairly and accurately presented including through the Broker, Stock Exchange announcements, press releases and the Company's website. Any incidences of adverse publicity are monitored via the Company's PR adviser. The Company's continued transparency regarding its climate actions, including voluntary alignment with the TCFD and commitments made within its ESG strategy, will help mitigate against reputational risks associated with the energy transition. A community engagement programme is in place to strengthen local relationships.

EMERGING RISKS

Risk	Potential Impact	Mitigation
11. Access to capital	Equity markets remain challenging. Access to additional equity being hampered by the discount to NAV at which the Company's shares currently trade. Excessive inflation is likely to increase the Company's cost of capital and cost of operations.	The Company considers all finance options available to ensure future deals are constructed in the most cost effective way. The current level of gearing, together with a cash generative portfolio, will enable future growth should appropriate acquisitions be identified. Whilst the Company is a net beneficiary of inflation it is not clear how quickly the Government's actions will reduce inflation; these could lead to a weaker currency and a higher cost of capital. The Company has increased the tenor of its interest rate hedges providing protection in the event of inflation not subsiding, and the possibility of more aggressive action by the Bank of England.
12. Evolving ESG Reporting	The number of ESG reporting frameworks continues to increase, with little standardisation, resulting in increased costs and pressure on resources. Inadequate ESG reporting and/or non-compliance could lead to shareholder dissatisfaction and reduced demand for the Company's shares.	The Company's Investment Adviser works closely with legal and technical experts to remain on top of the evolving ESG landscape and prepare for new frameworks as they emerge. The Company's ESG commitments are refreshed annually, to capture new regulatory and reporting requirements. Over the coming months, the Company will assess its alignment with the IFRS sustainability disclosure standards.


INSTALLED SOLAR PV AT YELVERTOFT

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 likely effectiveness of the actions to be taken to avoid or reduce the impact of the underlying risks and which would be open to management. 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 55, 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 and concluded that the Company, assuming current and envisaged 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 1.0% per annum versus 0.4% per annum
2.	Plant availability reduced to 95%
5.	P90 irradiation
6.	Power price set to £20/MWh

The Board considers 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, every five years the Board is required to propose an ordinary resolution that the Company should continue in business for a further five years. At the 2018 AGM a shareholder vote resulted in a 99.46% vote to allow the Company to continue in business. The next continuation vote is due to be held at the 2023 AGM and the Directors have no reason to believe that shareholders will vote against continuation.

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 five year period ending 30 June 2028. The Directors last year increased the viability period from three to five years, reflecting the maturity of the Company and the industry, and have determined that the five year period remains an appropriate period to provide this viability statement as this period accords with the Group's planning purposes.

This period is used for our mid-term business plans and has been selected because it presents the Board with a reasonable degree of confidence whilst still providing an appropriate longer term outlook.

Confirmation of longer term viability
Based upon the robust assessment of the principal and emerging 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 30 June 2028.

These inherent risks associated with investments in the renewable 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 and Risk Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board last carried out a review of the risk matrix at the Audit and Risk Committee meeting held on 29 August 2023. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, external experts, including tax advisers, legal advisers and ESG advisers, are employed.

8. Stakeholder Engagement

Directors' Responsibilities Pursuant to Section 172 of the Companies Act 2006
The Directors of the Company, by abiding by the AIC Code, aim to achieve high standards in corporate governance. According to the AIC Code, all member businesses, regardless of where they are headquartered, are required to report on the items outlined in Section 172 of the UK Companies Act 2006.

Section 172 recognises that directors are responsible for acting in a way that they consider, in good faith, is the most likely to promote the success of the company for the benefit of its shareholders as a whole, with focus on the consequences of any decision in the long term. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact on the wider community and the environment. A key stakeholder is one that either has a direct stake in the Company or directly impacts the long-term performance of the Company. Key decisions are those that are either material to the company or are significant to any of the company's key stakeholders.

The Board considers that the interests of the Company and its stakeholders must be balanced for the Company to succeed. As a result, the Board has summarised below some of the methods by which it develops and maintains connections with its stakeholders, while also considering the Company's effects on the environment and broader society.

STAKEHOLDER GROUP	METHODS OF ENGAGEMENT
Shareholders and Prospective Investors Our Shareholders and prospective investors are integral to every decision made by the Board. A knowledgeable and supportive shareholder base is vital to the long-term sustainability of our business. Understanding the views and priorities of our Shareholders is, therefore, crucial to retaining their continued support.	The Company engages with its Shareholders through the issue of regular portfolio updates in the form of RNS announcements and quarterly factsheets. The Company provides in-depth commentary on the investment portfolio performance, corporate governance and corporate outlook in its annual and interim reporting. In addition, the Company, through its brokers and Investment Adviser, undertakes regular meetings with existing and prospective investors to solicit their feedback, understand any areas of concern, and share forward-looking investment commentary. The Company receives quarterly feedback from its brokers in respect of their investor engagement and investor sentiment.

STAKEHOLDER GROUP	METHODS OF ENGAGEMENT
Bluefield Partners LLP (the Investment Adviser) Our Investment Adviser is fundamental to the Company's investment and business objectives. Key responsibilities include identifying and recommending suitable investments for the Company to the Board and negotiating the terms on which such investments will be made on behalf of the Board.	The Board frequently engages with the Investment Adviser through planned and ad hoc board and committee meetings for receiving updates on operations of existing investments and acquisitions. The Board receives quarterly Board Packs from the Investment Adviser, delivering the most pertinent and informative data on which the Board can base its decisions. The Investment Adviser and the Board review the Company's power price fixing strategy and portfolio valuation on a quarterly basis and detailed cash flow forecasts are discussed prior to each dividend declaration. The Board engages in strategic planning with the Investment Adviser with the aim of aiding the Company in attaining its investment goals and accomplishing its purpose. The Board engages with team members from the Investment Adviser's subsidiaries and involved senior members of the asset management team at BSL in the recent audit tender which enhanced the audit committee's decision-making process.
Ocorian Administration (Guernsey) Limited (the Administrator, Company Secretary & Designated Manager) Our Administrator provides essential services to the Board, ensuring that Board procedures are followed and that it complies with the Law and applicable rules and regulations of the GFSC and the LSE.	The Board interacts with the Administrator for day-to-day administrative, fund accounting and company secretarial services via emails, calls and formal and informal meetings. The Company monitors ongoing performance at regular board meetings and the Management Engagement and Service Providers Committee ('MESPC') reviews terms of engagement and quality of service provision annually. The Board worked with Ocorian to complete a detailed review of its governance and committee structure as part of its succession planning strategy, which resulted in the formation of an improved committee structure.
Regulators Regulators are important stakeholders in maintaining the Company's listing and ensuring a sufficient and transparent level of disclosure in its communications and reporting. Because of this, Shareholders obtain accurate, timely, and relevant details regarding the Company. Regulators include the FCA in its function as the UK Listing Authority, the FRC in its supervision of UK governance and accounting, as well as the GFSC. Membership of the AIC and compliance with the AIC Code is a fundamental part of ensuring the Company complies with relevant guidance and regulation.	Activities of the Audit and Risk Committee ('ARC'), including regular review of principal and emerging risks, oversight of the Administrator and Investment Adviser's adherence to internal control systems and procedures, and thorough review of the interim and annual report and financial statements ensures compliance with required regulation. The ARC considered and applied the FRC draft Minimum Standard in the design of its audit tender process which resulted in a more competitive, fair, and transparent process.
Other Key Stakeholders and Advisers (Legal Advisors, Brokers, Auditors, etc.) Establishing a productive and collaborative working relationship with our other key service providers and advisers ensures that we receive high quality services to help deliver the Company's investment and business objectives.	The Company has identified its key service providers and on an annual basis the MESPC undertakes a review of performance based on a questionnaire through which it seeks feedback. The MESPC also regularly reviews all material contracts for service quality and value. Conclusions and recommendations drawn by the MESPC are fed back to the Board for approval. The MESPC recommended the appointment of a new Registrar to enhance service levels as a result of this process. The Board and its sub-committees engage regularly with its service providers on a formal and informal basis.

STAKEHOLDER GROUP	METHODS OF ENGAGEMENT
Lenders It is important to maintain a strong working relationship with our existing lenders as it is essential for the Company to have funding available, as it is needed, for investment and development pipeline purposes. We aim to build strong relationships with existing lenders and potential lenders who may provide debt facilities in the future.	The Investment Adviser provides quarterly compliance reporting to lenders in accordance with the terms of the relevant facility agreements. The Company consults with the lenders on matters which may require their consent under the relevant facility agreements. The Board reviews the Company's re-financing needs on a regular basis and encourages early engagement with lenders. The recent re-financing of the NatWest facility involved the novation of a 15-year residual tenor 0.35% interest rate swap which the Board had originally encouraged the Adviser to secure following engagement with this lender.
Government and Policy makers The Board believes that as the Company provides a critical element of the United Kingdom's electricity generation infrastructure and de-carbonisation plans that it is important to engage with both current and prospective members of HM Government and their departments to help to ensure that the country's required levels of the supply of renewable energy are achieved.	The Board encourages the Investment Adviser to engage with senior political leaders and their respective staff both directly in face-to-face meetings and indirectly via membership of industry representative bodies such as the Solar Industry Association. As a result of this process the Investment Adviser has been invited to attend high-level government briefings to industry members which have assisted the Company in its strategic planning.
PPA Counterparties These are counterparties who purchase the electricity generated by BSIF.	The Investment Adviser ensures that when the PPAs are put in place, the end dates of the contracts are phased to ensure a constant flow of revenue. PPA counterparties are selected on a competitive basis but with a clear focus on achieving diversification of counterparty risk. A quarterly update on the contracts is provided in the Investment Adviser's Report presented to the Board
Portfolio Level Stakeholders This includes O&M service providers, grid connectors, planning authorities, landowners, developers, O&M and other service providers.	The Company has agreements with O&M providers to provide active operation and maintenance services for the operational portfolio. The Investment Adviser engages with developers, for example Light Rock Power Ltd or Bluefield Renewable Developments, to provide new build development opportunities or run the solar farms by joint venture. These developers interact with planning authorities, landowners and local communities and assess the viability of projects.
Community and Environment The Company recognises that its investments can have an impact at the local level. Community perception of renewable technology is important as it feeds into local decision making, policy development and ultimately planning requirements. Engagement undertaken as part of the planning process helps develop positive relationships with local stakeholders and obtain community support. Ecological improvements, such as enhanced biodiversity, can bring about community gain, for example through visual accessibility to nature, education, and conservation.	The Company has worked with external consultants to develop robust ESG policies and procedures. 'Pioneering Positive Local Impact' is a central pillar within the Company's ESG strategy and social and environmental risks are considered within the Company's risk management processes. Community stakeholders are engaged as part of the development process of new assets, and once operational, engagement is maintained through administration of community benefit funds. During the reporting period, the Company delivered an educational programme to local schools; please refer to the ESG report for further information. The Company's commitment to minimising its adverse environmental impacts and, where possible, enhancing nature across its portfolio is communicated via its publicly available Biodiversity Policy. The Company's Sustainable Investment Policy also describes the Company's approach to social and environmental considerations.

Based on stakeholder interaction mentioned in the previous table, by way of example, a few key decisions made in the Period to meet investor objectives are described in the following table:

KEY DECISION	IMPACT ON LONG-TERM SUCCESS	STAKEHOLDER CONSIDERATION
The Board has approved an annual investment cycle to facilitate a rolling programme of capital works to optimise and enhance performance of selected assets.	The optimisation and enhancement of the operational portfolio will increase longevity of the assets.	The Company engaged with asset managers and O&M service providers to identify potential projects and appropriate works programmes, then to scope, cost and deliver agreed works. The Board believes that proactive optimisation of the portfolio will benefit the performance of the portfolio, and in turn, Shareholder returns.
The Board has introduced a new policy of fixing 10% of the portfolio on floating PPAs, which track the N2EX Day Ahead market (as opposed to a fixed price for the term of the PPA) to capture high prices during periods of volatility in the wholesale power market.	The limited exposure to the Day Ahead market prices may allow the capture of price spikes during the period of volatility in the wholesale power market.	The Company engaged external advisers to assist with the drafting of a suitable PPA template, then further negotiated with several licensed suppliers including EDF, Smartest and Engie. PPAs were then executed following competitive tenders.
The Board has approved investment to increase the capacity of two existing operational assets.	Increase of portfolio capacity through doubling installed capacity at each site. With planning permits and grid capacity available from the original development phase, investment costs to extend the plants are low.	The Company, asset managers and O&M providers maintain strong relationships with landowners which result in further development opportunities being offered to BSIF. Legal advisers have been engaged to structure new lease agreements and negotiations with EPC and ICP providers are in progress.
The Board approved a £110 million increase to its existing committed £100 million revolving credit facility ('RCF'), bringing the total committed amount to £210 million. The facility also has an uncommitted accordion feature allowing it to be increased in size by up to a further £30 million.	Funding is available, as needed, for investment and development pipeline purposes.	The Company has further diversified the lender group through the engagement of Lloyds Bank Plc, alongside the existing lenders RBS International and Santander UK.
Enhancement of the Company's Modern Slavery Statement.	Human and labour rights are a key consideration for the Company, particularly in relation to supply chains of key infrastructure (such as solar PV panels). Association with human rights risks may lead to lack of demand in Company shares and reputational damage. To mitigate risks in this area and to help ensure it is benefitting from ethical supply chains, the Company is committed to building robust management and due diligence practices relating to human rights, aligned with global frameworks.	The suggestion to further enhance the Company's Modern Slavery Statement was made by a shareholder during an ESG meeting with the Investment Adviser.

KEY DECISION	IMPACT ON LONG-TERM SUCCESS	STAKEHOLDER CONSIDERATION
Commitment to develop a Net Zero strategy.	As a renewable energy company, the Company is well positioned to support decarbonisation of the UK energy sector. However, it also takes responsibility for its own carbon emissions, and recognises the importance of reducing these as part of evidencing its own commitment to the Net Zero transition.	The Investment Adviser relayed to the Board shareholders' increasing focus on Net Zero alignment. This was considered when the Company's Year 2 ESG commitments were developed and adopted.
The Board has approved the re-appointment of KPMG Channel Islands Limited as its external auditor for the financial year ending 30 June 2024, subject to shareholder approval at its 2023 Annual General Meeting	The Company's Audit and Risk Committee made this recommendation because KPMG offered a compelling case for the provision of a high-quality audit, while offering good value to Shareholders.	Following an extensive, robust, and competitive tender process that was overseen by the Company's Audit and Risk Committee, it is the Company's intention to re-appoint KPMG. The selection to re-appoint KPMG was unanimously recommended by the Audit and Risk Committee to the Board. The Company notes that it received some votes against KPMG's appointment and remuneration at the AGM held on 29 November 2022 and confirms that it has consulted with the majority of these shareholders and determined that the issues raised related to a limited list of approved auditors preferred by one proxy agency and the ratio of non-audit to audit fees in 2022 when the Company incurred corporate finance fees for its most recent capital raises.
The Board has engaged with a PR specialist to assist in taking proactive steps to influence HM Government on proposed energy policies and gain support for renewable and sustainable energy.	Educate stakeholders on importance of solar power for energy security, reduced emissions and cost-reduction	Build pro-solar allies and generate political relationships to aid progress on the decarbonisation of the UK energy markets.

Paul Le Page
Director
27 September 2023

Elizabeth Burne
Director
27 September 2023

Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2023.

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 and as a Green Fund after successful application under the Guernsey Green Fund Rules to the GFSC on 16 April 2019. 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, wind and renewable energy infrastructure assets.

The Company has a progressive dividend target. The dividend target for the financial year ended 30 June 2023 was 8.40pps. Total declared dividends for the Period have increased to 8.60pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chair's Statement on pages 6 to 9, Report of the Investment Adviser on pages 11 to 26 and in the Strategic Report on pages 50 to 63.

Listing Requirements

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

Results and Dividends

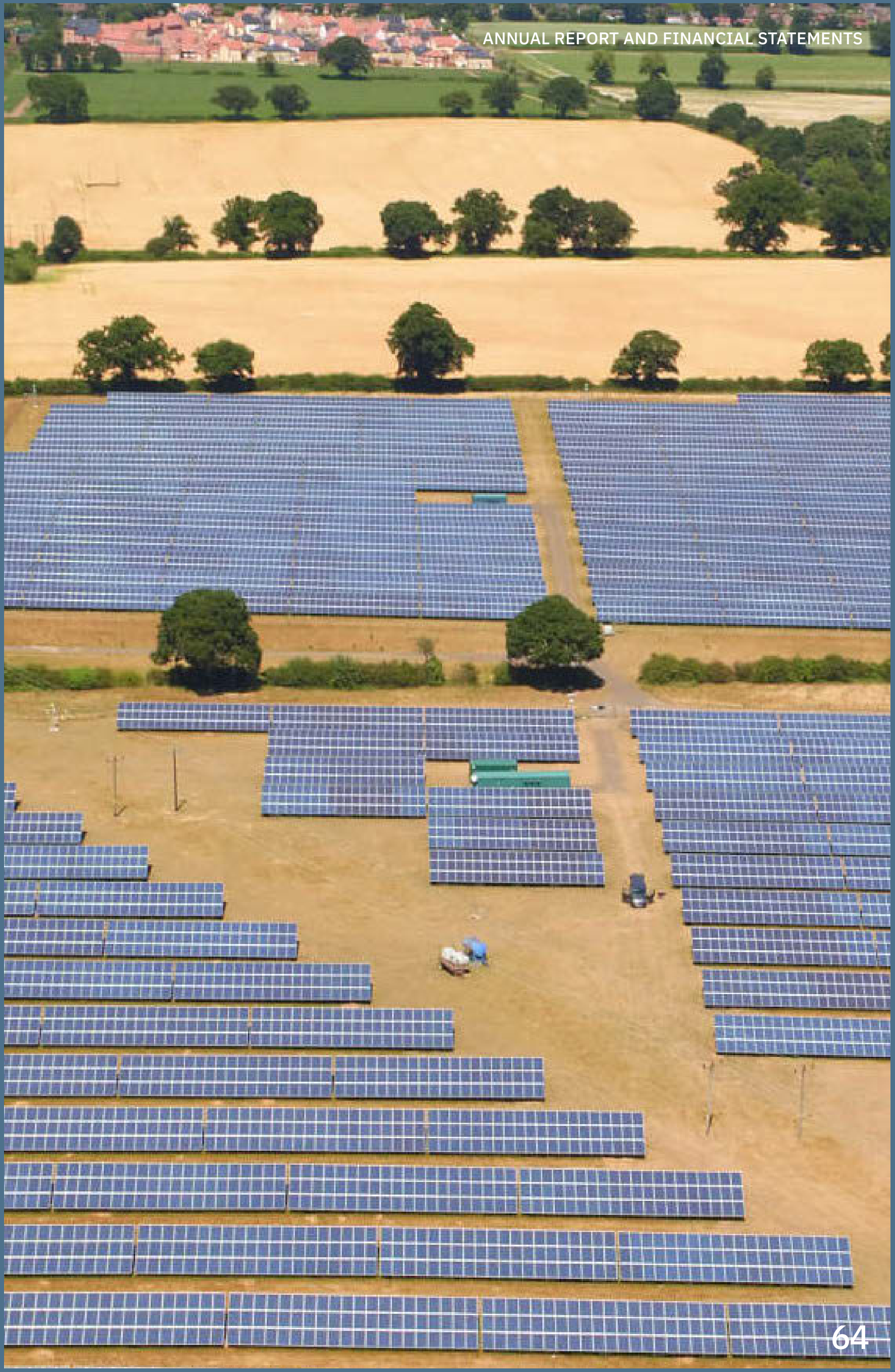
The results for the year are set out in the financial statements on pages 85 to 101.

The dividends for the year are set out in the financial statements in Note 14 on page 98.

Share Capital

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.



The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2023 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2023	% holding at 30 June 2023	Ordinary Shares of £1 each held 30 June 2022	% holding at 30 June 2022
John Scott*	625,619	0.10	543,312	0.09
Elizabeth Burne	15,000	0.00	15,000	0.00
Michael Gibbons	-	-	N/A	N/A
Meriel Lenfestey	7,693	0.00	7,693	0.00
Paul Le Page	35,000	0.01	35,000	0.01
John Rennocks*	N/A	N/A	290,388	0.05

* 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 would consider share buy backs if it was assessed to be an economically attractive investment opportunity. 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 it believes 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 29 November 2022. 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 29 November 2022 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 28 November 2023.

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 2023.

Substantial Shareholdings

As at 30 June 2023, the Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules of the following substantial voting rights over 3% as Shareholders of the Company.

Shareholder	Shareholding	% Holding
BlackRock	93,066,301	15.22
Gravis Capital Management	38,053,279	6.22
Newton Investment Management	37,902,512	6.20
Hargreaves Lansdown, stockbrokers (EO)	32,187,797	5.26
abrdn Capital	30,194,736	4.94
CCLA Investment Management	22,337,701	3.65
Legal & General Investment Management	20,791,253	3.40
Interactive Investor (EO)	19,833,929	3.24
Total	**294,367,508**	**48.13**

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. The Company also provides the same information as at 4 September 2023, being the most current information available.

Shareholder	Shareholding	% Holding
BlackRock	91,683,914	14.99
Gravis Capital Management	33,904,080	5.54
Hargreaves Lansdown, stockbrokers (EO)	33,765,605	5.52
Newton Investment Management	32,848,618	5.37
abrdn Capital	29,402,398	4.81
CCLA Investment Management	26,183,389	4.28
Interactive Investor (EO)	20,784,520	3.40
Legal & General Investment Management	20,337,280	3.33
Total Shares in Issue	**288,909,804**	**47.24**

Independent Auditor

KPMG has been the Company's external Auditor since the Company's incorporation. An audit tender process was undertaken during the year and after an extensive, robust and competitive process, the Audit and Risk Committee recommends retaining KPMG as Auditor, subject to Shareholder approval at the forthcoming AGM. A resolution will be proposed to reappoint them as Auditor and authorise the Directors to determine the Auditor's remuneration for the ensuing year. The Audit and Risk Committee will periodically review the appointment of KPMG. Further information on the work of the Auditor is set out in the Report of the Audit and Risk Committee on pages 76 to 79.

Articles of Incorporation

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

Going Concern

At 30 June 2023, the Company had invested in 129 solar plants, 6 wind farms and 109 single stick wind turbines, committing £992.3 million to SPV investments. The Company, through its direct subsidiary, BR1, has access to an RCF which, together with the net income generated by the acquired projects, is expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new renewable energy infrastructure assets. The Company, through BR1, expects to comply with the covenants of its long term loans and RCF.

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, as well as the performance of the solar and wind plants currently in operation. The conflict in Ukraine continues to have a significant impact on the macro-economic environment in which the Company operates and has served so far to increase the price of electricity. The Board and Investment Adviser have been closely monitoring this and it has been considered as part of the going concern assessment.

The Board has also considered the potential outcome of the Company's mandatory five year continuation vote that is due at the 2023 AGM and considers it highly likely that shareholders will vote in favour of continuation, given the strong performance of the Company and the support which it has received from its major shareholders.

In the light of these enquiries, at the time of approving these accounts the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing the financial statements and does not consider there to be any material threat to the viability of the Company. The Board has therefore 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 and Emerging Risks provided on **pages 55 to 59** of the strategic report and the ongoing work of the Audit and Risk 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 and emerging 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 taken as a whole 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 and Emerging Risks

Principal and Emerging Risks are discussed in the Strategic Report on pages 55 to 59.

Annual General Meeting

The AGM of the Company will be held at 10am on 28 November 2023 at Floor 2, Trafalgar Court, Les Banques, 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

Paul Le Page
Director
27 September 2023

Elizabeth Burne
Director
27 September 2023

Board of Directors

John Scott

(Chair and Chair of the Nomination Committee)

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 has served on the boards of several investment trusts. Mr Scott was Chair of Impax Environmental Markets plc between May 2014 and May 2023. He has been Chair of JP Morgan Global Core Real Assets since its flotation in 2019. In June 2017, he retired as Chair of Scottish Mortgage Investment Trust PLC. He has an MA in Economics from Cambridge University and an MBA from INSEAD.

Elizabeth Burne

(Chair of the Management Engagement and Service Providers Committee)

Elizabeth Burne was appointed as a non-executive director of the Company in October 2021, is a Fellow of the Association of Chartered Certified Accountants with a First Class Honours degree in Applied Accounting and over twenty years' experience within the financial services sector across the Channel Islands and Australia. Prior to becoming a non-executive director Ms Burne was an audit director at PwC, working in alternative asset management and insurance, assisting clients with strategic, financial, risk and corporate governance matters. Ms Burne holds a portfolio of non-executive directorships including HarbourVest Global Private Equity Limited (a constituent of the FTSE 250 Index), as well as a number of private companies in the venture capital, private equity, real estate and insurance sectors.

Michael Gibbons

(Senior Independent Director)

Michael Gibbons was appointed as a non-executive director of the Company on 7 October 2022, holds an MA from Downing College, Cambridge, is a Fellow of the Energy Institute, and was awarded an OBE in 2008 and CBE in 2015 for services to regulatory reform. Mr Gibbons has held a very wide range of senior appointments in the private and public sectors, including chairing the government's independent Regulatory Policy Committee from 2009 – 2017. The main part of his private sector career has been in the energy industry, taking senior positions in ICI, Powergen and Elexon, who run central systems in the GB wholesale electricity market, and where he was Chair from 2013-2022. Mr Gibbons has also worked on carbon capture and storage at Board level for several developers and became Chair of the Carbon Capture and Storage Association in 2014-2017. He was also Chair of the British Committee of the World Energy Council from 2009 to 2014.

Meriel Lenfestey

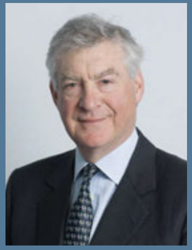
(Chair of the Environmental, Social and Governance Committee)

Meriel Lenfestey was appointed as a non-executive director of the Company in April 2019. Ms Lenfestey founded Flow Interactive in 1997, a London based Customer Experience Consultancy assisting clients across many sectors embracing digital transformation. Since exiting the business in 2016 she has held a portfolio of non-executive director and advisory roles across Energy, Telecoms, Transport, Infrastructure, Technology and local charities. She is a non-executive director at International Public Partnerships (FTSE 250), Boku (FTSE AIM), and Ikigai Ventures (FTSE All share). She also Chairs Jersey Telecom (privately owned) as well as acting as a non-executive director at Art for Guernsey, a local charity. Until February 2023 she was Chair at Gemserv. She has an MA in Computer Related Design from the Royal College of Art, a Financial Times Non-Executive Director Diploma, is a Fellow of the RSA and sits on the Guernsey IoD themselves.

Paul Le Page

(Chair of the Audit and Risk Committee)

Paul Le Page was appointed as a non-executive director of the Company on 12 June 2013 and is a former executive Director and Senior Portfolio Manager of FRM Investment Management Limited, a subsidiary of Man Group, and holds non-executive directorships of a number of investment funds. Mr. Le Page is Audit Committee Chair of RTW Biotech Opportunity Fund Limited and was previously Audit Committee Chair of UK Mortgages Limited, Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 19 years' Audit & Risk Committee experience within the closed end investment fund sector and has a broad-based knowledge of the global investment industry, fund governance, reporting and product structures. Mr Le Page graduated from University College London in Electrical and Electronic Engineering and qualified as a Chartered Electrical Engineer whilst leading the development of robotic immunoassay equipment. He obtained an MBA from Heriot Watt University in 1999 which he used to switch from industrial R&D to investment fund research with a specialisation in alternative assets.


JOHN SCOTT


ELIZABETH BURNE


MICHEAL GIBBONS


MERIEL LENFESTEY


PAUL LE PAGE

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 applicable law. The financial statements are required by Law to give a true and fair view of the state of affairs of the Company and of its profit or loss 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

The Directors are responsible for keeping proper accounting records that 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 are responsible for 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, and 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 they ought to have taken as a Director in order to make themself 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
27 September 2023

Elizabeth Burne
Director
27 September 2023

bluefield Solar Income Fund

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on page 67 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, as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chair'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 and emerging risks on pages 55 to 59; and

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

By order of the Board

Paul Le Page
Director
27 September 2023

Elizabeth Burne
Director
27 September 2023

Corporate Governance Report

The Board recognises the importance of sound corporate governance, particularly the requirements of the AIC Code. The Company is currently complying with the latest AIC code effective 1 January 2019.

The Company has been a member of the AIC since 15 July 2013. The Board has considered the principles and provisions of the AIC Code. The AIC Code 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 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 is 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 2023, the Company has complied with the provisions 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; as an investment company, however, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors, including the Chair, are non-executive and independent of the Investment Adviser, the Company has not established a remuneration committee which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 7 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 and Risk Committee on page 78.

The Board

The Directors' biographies are provided on pages 67 which set out the range of investment, financial and business skills and experience represented.

John Scott and Paul Le Page were appointed on 12 June 2013, Meriel Lenfestey was appointed on 1 April 2019, Elizabeth Burne was appointed on 7 October 2021 and Michael Gibbons was appointed on 7 October 2022. The Board appointed Michael Gibbons as Senior Independent Director effective from 29 November 2022 to fulfil any function that is deemed inappropriate for the Chair to perform.

Paul le Page will retire from the Board on 30 September 2023 and his position as Chair of the Audit & Risk Committee will be assumed by Elizabeth Burne. The other four Directors submit themselves for re-election at the next AGM, which is due to take place on 28 November 2023.

Any Director who is elected or re-elected at that meeting is treated as continuing in office throughout. If they are not elected or re-elected, they shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in their 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 7 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. As at 30 June 2023, two of the directors had been on the Board for approximately ten years; of these Paul le Page is not seeking re-election and will retire on 30 September The Board is cognisant of the AIC guidance around Board member tenure and has taken positive action to address this by implementing a carefully thought through succession plan that manages the transition of corporate knowledge, recognises the benefits of bringing new perspectives and diversity, all whilst ensuring independence.

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 UK Market Abuse Regulations.

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 7 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 well-diversified representation and it continues to value directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds that 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 and notes that we have 40% female representation, exceeding the Hampton-Alexander Review target.

Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	2
Women	2	40%	-

Ethnic background			
White British or other White (including minority-white groups)	5	100%	2
Other ethnic group	-	-%	-

The Company has only two of the senior roles specified by the Listing Rules, that is the position of Chair and Senior Independent Director. Both of these roles are occupied by men. However, the Board considers that the chairs of its permanent sub-committees are all senior positions. Currently the Management Engagement and Service Providers Committee and the ESG Committee are both chaired by women. It is intended that Elizabeth Burne has been appointed as Chair of the Audit and Risk Committee in succession to Mr Le Page, who retires on 30 September. The Board is cognisant that it does not currently have minority ethnic representation and this is a key focus of its succession planning.

Directors' Remuneration

The Chair was entitled to an annual remuneration of £68,906 (2022: £62,500). The other Directors were entitled to an annual remuneration of £43,050 (2022: £39,000). Paul Le Page received an additional annual fee of £8,768 (2022: £8,000) for acting as Chair of the Audit and Risk Committee. Meriel Lenfestey received an additional annual fee of £5,250 (2022: N/A) for acting as Chair of the Environmental, Social and Governance Committee. Elizabeth Burne received an additional annual fee of £3,150 (2022: N/A) for acting as Chair of the Management Engagement and Service Providers Committee.

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

Director	2023 £	2022 £
John Scott (appointed Chair on 29 November 2022)	58,326	40,000
Elizabeth Burne (appointed 7 October 2021)	45,389	29,689
Michael Gibbons (appointed 7 October 2022)	31,267	N/A
Meriel Lenfestey	46,965	40,000
Paul Le Page	51,759	48,175
Laurence McNairn (retired 17 February 2022)	N/A	24,892
John Rennocks (retired 22 February 2023)	37,928	64,062

The total Directors' fees expense for the year amounted to £271,634 (2022: £240,818). As disclosed in Note 16, John Scott and Michael Gibbons are directors of BR1, and have received remuneration in respect of BR1.

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;
- 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.

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 68. 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 2023 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 15)	Audit and Risk Committee Meetings (max 9)	Management Engagement and Service Providers Committee Meetings (max 4)	ESG Committee Meetings (max 2)	Nomination Committee Meetings (max 1)
John Scott	4	13	9	4	2	1
Elizabeth Burne	4	15	9	4	2	1
Michael Gibbons (appointed 7 October 2022)	3 (max 3)	9 (max 11)	5 (max 5)	4 (max 4)	2 (max 2)	1 (max 1)
Meriel Lenfestey	4	13	9	4	2	1
Paul Le Page	4	15	9	4	2	1
John Rennocks (retired 22 February 2023)	3 (max 3)	7 (max 9)	6 (max 7)	1 (max 1)	1 (max 1)	1 (max 1)

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

The Board believes that, as a whole, it comprises an appropriate balance of skills, experience, age, knowledge and length of service. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance when making new appointments. Any new Director appointed to the Board will be provided with a bespoke induction programme tailored to the individual needs of the Director.

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 Chair, is scheduled for completion by the end of this calendar year. 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.


WILD FLOWERS AT FREATHY

Committees of the Board

Audit and Risk Committee

The Board established an Audit and Risk Committee in 2013. It is chaired by Paul Le Page and following his retirement it will be chaired by Elizabeth Burne. At the date of this report the committee 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 and Risk Committee on pages 76 to 79. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Nomination Committee

The Board established a Nomination Committee in 2022. It is chaired by John Scott and at the date of this report comprised all of the Directors set out on page 3. The principal functions of the Committee are to assist the Board in filling vacancies on the Board and its committees and to review and make recommendations regarding Board structure, size and composition. The Committee shall meet at least once a year.

Management Engagement and Service Providers Committee

The Board established a Management Engagement and Service Providers Committee in 2022. It is chaired by Elizabeth Burne and at the date of this report comprised all of the Directors set out on page 3. The principal function of the Committee is to review annually the contractual relationships with, and scrutinise and hold to account the performance of, the Investment Adviser. Additionally, the Committee shall review annually the performance and terms of engagement of any other key service providers to the Company as considered appropriate. The Committee shall meet at least once a year.

The primary matters discussed and activities undertaken by the Committee during the year were:

- received a presentation from the Investment Adviser summarising their performance and key differentiating factors;
- carried out a formal review of the Investment Advisory Agreement, with the key outcomes of review to be finalised;
- Board members performed on-site visits to the Investment Adviser's offices in Bristol as well as a local solar farm site;
- conducted a detailed review of the performance of the Company's key service providers; and
- recommended to the Board the change of registrar from Link Market Services (Guernsey) Limited to Computershare Investor Services (Guernsey) Limited; and
- reviewed its terms of reference.

ESG Committee

The Board established an ESG Committee in 2022. It is chaired by Meriel Lenfestey and at the date of this report comprised all of the Directors set out on page 3. The principal function of the Committee is to provide a forum for mutual discussion, support and challenge of the Investment Adviser with respect to ESG including, with respect to the policies adopted by the Company, in respect to investment and divestment and by the Investment Adviser with respect to asset management activities and their reporting on ESG matters to the Committee and Board. The Committee will also assist on such other matters related to ESG as may be referred to it by the Board. The Committee shall meet at least once a year.

Internal Control and Financial Reporting

The Board acknowledges that it is 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 Audit and Risk Committee reviews 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.

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 is completed by the Management Engagement and Service Providers Committee and recommendations made to 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, Bluefield Partners, is led by its managing partners, James Armstrong and Giovanni Terranova, who founded the Bluefield business in 2009 following their prior work together in European solar energy. Neil Wood, who joined in 2013, was appointed partner in 2020 and runs the Investment Adviser alongside the two founders. The Investment Adviser's team has a combined record, prior to and including Bluefield Partners LLP, of investing more than £1.4 billion in renewable projects. The Investment Adviser's non-executive team includes Mike Rand, Bluefield Partners founder and former Managing Partner, 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, former managing partner and founder of Alchemy Partners.

The Board of BSIF has considered the substantial level of resource at the disposal of the Investment Adviser and thereby available to the Company. The Board has also looked at the extensive record of investment and operational performance delivered by the Company, both during the Period and in the ten years since the launch of BSIF, and the sector-leading distributions to Shareholders. Having considered this record, 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 and Emerging Risks

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 and Emerging Risks are discussed in detail on pages 55 to 59 of the Strategic Report. The Company's financial instrument risks are discussed in Note 15 to the financial statements.

Changes in Regulation

The Board monitors and responds to changes in regulation as they affect the Company and its policies.

AIFMD

The EU Alternative Investment Fund Managers Directive ("EU AIFMD") was introduced in 2014 in order to harmonise the regulation of alternative investment fund managers ("AIFMs") and imposed obligations on AIFMs who manage or distribute alternative investment funds ("AIFs"), such as the Company, in the EU (which at that time also included the UK) or who wished to market shares in such funds to professional investors in the EU (including the UK). Since Brexit, EU AIFMD has been transposed into UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, ("UK AIFMD" and together with EU AIFMD, "AIFMD"), with EU AIFMD continuing to regulate AIFMs' activities in the EU and the marketing of an AIF's shares to professional investors in the EU, and UK AIFMD similarly applying to such activities in the UK and the marketing of an AIF's shares to UK professional investors.

The Company was established in Guernsey in 2013 as a self-managed Non-EU/Non-UK AIF. Additionally, upon the implementation of EU AIFMD, the Company took advice on and implemented sufficient and appropriate policies and procedures that enable the Board to fulfil its role in relation to the functions of both portfolio management and risk management. The Company is therefore categorised as an internally managed Non-EU/Non-UK 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 UK and the EU (such as the Company) to UK professional investors or to professional investors in any 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 UK (or relevant EU member state, as applicable) entering into regulatory co-operation agreements with one another.

Currently, the Company is only able to market its shares to professional investors in the UK and the EU to the extent that it complies with the applicable National Private Placing Regime ("NPPR"), if any.

The Board is currently permitted to market the Company's shares to professional investors in the UK pursuant to Regulation 59 of the UK Alternative Investment Fund Managers Regulations 2013 (as amended). In addition, the Company is also permitted to market its shares to professional investors in The Republic of Ireland, the Netherlands and Luxembourg pursuant to their respective NPPRs. The Board works with the Company's professional advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under each applicable NPPR to enable the Company to continue marketing its shares to professional investors in the UK and the other relevant EU member states. In conjunction with the Company's professional advisers, the Board also monitors any developments in AIFMD which might impact the Company in the future.

Any regulatory changes arising under AIFMD, the applicable NPPRs or otherwise that limit the Company's ability to market future issues of its shares to professional investors in the UK and/or the EU 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 its shares.

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.

PRIIPs

The Company is in compliance with the requirement to publish a key information document ("KID") under both the EU and UK PRIIPs Regulations. The most current KIDs (one prepared in accordance with the EU PRIIPs Regulation and the other prepared in accordance with the UK PRIIPs Regulation) are available on the Company's website.

Consumer Duty

On 31 July 2023 the FCA introduced a new Principle for Businesses (Principle 12) applicable to authorised firms in the UK which carry on 'retail market business' and who can determine, or materially influence retail customer outcomes. This new Principle 12 was accompanied by a package of rules and guidance, which are collectively known as the Consumer Duty.

The Company is not subject to the Consumer Duty as it is not an FCA authorised firm. However, the Company is aware that its shares may be held by or on behalf of retail customers, and that other firms within the distribution chain of its shares are within scope of the Consumer Duty requirements. Accordingly, it is the Board's intention that the Company will respond to information and other requests from UK authorised firms in the distribution chain of the Company's shares in such a way as to support their compliance with the Consumer Duty.

NMPI

The UK Financial Conduct Authority's rules (the "FCA Rules") restrict the marketing within the UK of certain pooled investments or funds referred to in the FCA Rules as "non mainstream pooled investments" ("NMPIs") to ordinary retail clients. These rules took effect on 1 January 2014. The Company conducts its affairs such that its shares are excluded from the FCA's restrictions which apply to NMPI products because its shares are shares in an investment company which, if it were domiciled in the UK, would currently qualify as an "investment trust". It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner that its shares can continue to be recommended by independent financial advisers to UK retail investors in accordance with the FCA Rules relating to NMPIs.

Guernsey Green Fund Status

The Guernsey Green Fund aims to provide a platform for investments into various green initiatives and gives investors a trusted and transparent product that contributes to the internationally agreed objectives of mitigating environmental damage and climate change. The Company successfully obtained Guernsey Green Fund Status on 16 April 2019.

Following an application to the GFSC, the Company was deemed to have met the following investment criteria outlined in the Guernsey Green Fund Rules, 2021:

- The Property of a Guernsey Green Fund shall be invested with the aim of spreading risk and with the ultimate objective of mitigating environmental damage resulting in a net positive outcome for the environment;
- A Guernsey Green Fund shall comprise 75% assets by value that meet the Guernsey Green Fund Rules criteria. The remaining 25% must not lessen or reduce the Guernsey Green Fund's overall objective of mitigating environmental damage nor comprise an investment of a type specified within schedule 3 of the Guernsey Green Fund Rules, 2021;
- A Guernsey Green Fund shall only comprise assets permitted to be held under its principal documents or prospectus and of a nature described in its prospectus; and
- A Guernsey Green Fund shall not be invested in contravention of limits or restrictions imposed under its principal documents or prospectus.

The Company fulfils the above investment criteria by investing in a diversified portfolio of renewable energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield sites. The Group targets long life renewable energy infrastructure, expected to generate energy output over asset lives of at least 25 years. The Company incorporates Environmental Social & Governance policies into its investment processes and is actively monitoring and working to improve its 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.

By order of the Board

Paul Le Page
Director
27 September 2023

Elizabeth Burne
Director
27 September 2023

Report of the Audit and Risk Committee

The Audit and Risk 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. It is also the formal forum through which the Auditor will report to the Board of Directors.

The Audit and Risk Committee meets no less than three times a year, and at such other times as the Audit and Risk Committee shall require, and meets the Auditor at least twice a year. Any member of the Audit and Risk 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 and Risk 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 one of its members who is a qualified accountant and three members with an investment background.

BLUEFIELD OPERATIONS AT ELMS

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, 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, reappointment 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;
- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on Audit and Risk 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 and Risk 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 and Risk Committee meetings as the Board deems 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 and Risk 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 and Risk 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 and Risk Committee seeks to display the necessary professional scepticism their role requires.

Meetings

The Committee has met formally on 9 occasions in the year covered by this report. The matters discussed and challenged at those meetings were:

- consideration and agreement of the terms of reference of the Audit and Risk Committee for approval by the Board;
- review of the Company's risk matrix;
- review of the accounting policies and format of the financial statements;
- 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;
- a review of the process used to determine the viability of the Company; and
- detailed discussions and recommendation to the Board of the audit tender process.

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

Primary Area of Judgement

The Audit and Risk Committee determined that the key risk of misstatement of the Company's financial statements is the fair value of the investments held by the Company 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 BR1's investments (Directors' Valuation) as at 30 June 2023 was £1,018,350,175 (2022: £939,947,842). 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, power price forecast and the amount of electricity the renewable energy infrastructure 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 8 in the financial statements.

The valuation of the BR1's portfolio of renewable energy infrastructure assets (Directors' Valuation) as at 30 June 2023 has been determined by the Board based on information provided by the Investment Adviser.

The Audit and Risk Committee also reviewed and suggested factors that could impact BR1's portfolio valuation and its related sensitivities to the carrying value of the investments as required in accordance with IPEV Valuation Guidelines.

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 and Risk Committee is driven primarily by the Company's assessment of its Principal and Emerging Risks as set out on pages 55 to 59 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 and Risk Committee considers at least once a year whether 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 Audit Partner is in his second year of tenure. There are no contractual obligations restricting the choice of external auditor. An extensive, robust and competitive audit tender process was undertaken during the Period and the Audit and Risk Committee agreed that, of those firms who participated in the tender, KPMG offered the most compelling case for the provision of a high quality audit at good value for Shareholders and is therefore recommending that they are re-appointed at the upcoming AGM.

The objectivity of the Auditor is reviewed by the Audit and Risk Committee which also reviews the terms under which the external Auditor may be appointed to perform non-audit services. The Audit and Risk 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 and Risk 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 cover only reviews of interim financial statements and capital raising work. Any non-audit services conducted by the Auditor outside of these areas will require the consent of the Audit and Risk 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.

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 Period, KPMG was also engaged to provide a review of the Company's interim information for Shareholders. Total fees paid by the Company and its subsidiaries amounted to £864,174 (2022: £611,400), fees for the Company itself amounted to £157,325 for the year ended 30 June 2023 (30 June 2022: £230,608) of which £112,325 related to audit and audit related services to the Company (30 June 2022: £97,975) and £45,000 in respect of non-audit services (30 June 2022: £132,633). The increase in fees paid by subsidiaries to KPMG is due to the completion of the phased two-year programme transitioning the audit work to KPMG in order to further enhance audit efficiency, this saw an increased scope from 92 subsidiary entities to 174 subsidiary entities audited by KPMG.

Notwithstanding such services, which have arisen in connection with review of the interim financial statements, the Audit and Risk 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 and Risk 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 and challenged:

- 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 and Risk Committee is satisfied with KPMG's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them.

In line with the FRCs recommendations on audit tendering and in particular the requirement to put the external audit out to tender at least every ten years, the Audit and Risk Committee sought to conduct a tender exercise for the external audit of the Company, as previously communicated. This is the tenth year of KPMG's appointment as the Company's auditor. The competitive audit tender exercise actioned by the Audit and Risk Committee concluded within the year. The tender exercise allowed sufficient time such that any potential new audit firm appointed could benefit from a cooling-off period before their appointment (should they already be providing services to the Company and/or Group that require such a cooling-off period).

The tender process took into consideration best practice in line with the AIC Code and the FRC Minimum Standard for Audit Committees. This ensured a fair, robust and independent tender process could be commenced to ensure the Company appointed the most suitable firm. The Audit and Risk Committee issued a request for an introductory meeting to five firms in December 2022, which included two smaller firms. The two smaller firms did not wish to tender and one big four firm that has historically provided tax advice to the group declined to tender. Following a review by the Audit and Risk Committee, a request for proposal was issued to two of those firms and the current auditors KPMG in March 2023 to invite them to tender for the external audit of the Company.

The two challenger firms were given access to a shared data room containing information about the Company and were also given equal amounts of exclusive time with the current and future Audit and Risk Committee chair (Paul Le Page and Elizabeth Burne, respectively) as well as representatives of the Investment Adviser and Administrator to aid them in their submissions.

Following this, members of the Audit and Risk Committee, together with representatives of the Investment Adviser and Administrator, who were key stakeholders in the process, reviewed the tender submissions. The Audit and Risk Committee invited KPMG and a challenger firm to present their submissions in person in May 2023. After the Audit and Risk Committee review of submissions, the Committee members resolved to recommend the continuing appointment of KPMG as auditors because KPMG offered the best case for the provision of a high-quality audit, while representing best value to Shareholders. Having satisfied itself that the Auditor remains independent and effective, and having concluded a full audit tender process, the Audit and Risk Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2024.

The Company notes that it received some votes against KPMG's appointment and remuneration at the AGM held on 29 November 2022 and confirms that it has consulted with the majority of these shareholders and determined that the issues raised related to a limited list of approved auditors preferred by one proxy agency and the ratio of non-audit to audit fees in 2022 when the Company incurred corporate finance fees for its most recent capital raises.

The incoming Chair of the Audit and Risk Committee will be available at the AGM to answer any questions about the work of the Committee.

On behalf of the Audit and Risk Committee

Paul Le Page
Chair of the Audit and Risk Committee
27 September 2023

Independent Auditor's Report

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

Our opinion is unmodified

We have audited the financial statements of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2023, the statements of comprehensive income, changes in equity and 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 2023, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards 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 the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. 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 2022):

Valuation of financial assets held at fair value through profit or loss £852,844,000 (2022: £856,380,000)

Refer to Report of the Audit Committee on pages 76 to 79, note 2(j) accounting policy and note 8 disclosures.

THE RISK	OUR RESPONSE
Basis: 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 (2023: 99.8%; 2022: 99.8%). The fair value of the immediate subsidiary, which reflects its net asset value, predominantly comprises of the fair value (£1,018,350,000) of underlying special purpose vehicle renewable project investments ("SPVs") and the immediate subsidiary level debt (see note 8). The fair value of the SPVs has been determined using the income approach, discounting the future cash flows of underlying renewable projects (the "Valuations"), for which there is no liquid market. The Valuations incorporate certain assumptions including discount rate, power price forecasts, inflation, useful economic life and other macro-economic assumptions. The non-operational renewable asset SPVs are valued at their costs as an approximation of their fair value. In determining the discount rate used in the Valuations, the relevant long term government bond yields, cost of debt, specific 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 Valuations represent both a risk of fraud and error associated with estimating the timing and amounts of long term forecast cash flows alongside the significant judgement involved in the selection, and application, of appropriate assumptions. Changes to long term forecast 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. We therefore determined that the Valuations have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 8 the sensitivities estimated by the Company.	Our audit procedures included, but were not limited to: **Control evaluation:** We assessed the design and implementation of the control over the Valuation of financial assets held at fair value through profit or loss. **Valuation model integrity and model inputs:** • We tested the valuation model for mathematical accuracy including, but not limited to, material formulae errors; • We verified key inputs into the valuation model, such as power price forecasts, contracted revenue and operating costs to supporting documentation; • We agreed a value driven sample of balances within the residual net asset amounts at subsidiary level to supporting documentation, such as independent bank confirmations and other source documentation; • We obtained and vouched significant additions to non operational renewable assets during the year to supporting documentation; and • In order to assess the reliability of management's forecasts, for a risk based selection, we assessed the historical accuracy of the cash flow forecasts against actual results. **Benchmarking the valuation assumptions:** With support from our KPMG valuation specialist, we challenged the appropriateness of the Company's valuation methodology and key assumptions including discount rate, power price forecasts, inflation, and other macro-economic assumptions applied, by: • assessing the appropriateness of the valuation methodology applied by the Investment Adviser; • benchmarking against independent market data and relevant peer group companies; and • using our KPMG valuation specialist's experience in valuing similar investments. **Assessing transparency:** We considered the appropriateness of the Company's investment valuation policies and the adequacy of the Company's disclosures in relation to the use of estimates and judgements in arriving at fair value (see note 3). We assessed whether the disclosures around the sensitivities to changes in key assumptions reflect the risks inherent in the valuation of the underlying investment portfolio (see note 8).

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

Materiality for the financial statements as a whole was set at £17,400,000, determined with reference to a benchmark of net assets of £854,189,000, of which it represents approximately 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £13,000,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £870,000, 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and

- The outcome of the upcoming continuation vote.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We also considered the risk that the outcome of the continuation vote could affect the Company over the going concern period, by considering outcomes of previous votes held by the Company, inspecting summaries of discussions held with the broker, and considering key financial metrics including discount of the Company's share price against its reported net asset value per share, over the past 12 months.

We considered whether the going concern disclosure in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.
Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and

- we have nothing material to add or draw attention to in relation to the directors' statement in the notes 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 the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;

- reading minutes of meetings of those charged with governance; and

- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as the valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;

- incorporating an element of unpredictability in our audit procedures; and

- assessing significant accounting estimates for bias.

- Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 58 and 59) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;

- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;

- the directors' explanation in the viability statement (page 58 and 59) as to how they have assessed the prospects of the Company, 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 Company 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.

We are also required to review the viability statement, set out on page 58 and 59 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;

- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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 page 68, 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.

Barry Ryan

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

27 September 2023

Statement of Financial Position

As at 30 June 2023

These financial statements were approved and authorised for issue by the Board of Directors on 27 September 2023 and signed on their behalf by:

Paul Le Page
Director
27 September 2023

Elizabeth Burne
Director
27 September 2023

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

Assets	Note	30 June 2023 £'000	30 June 2022 £'000
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	8	852,844	856,380
Total non-current assets		**852,844**	**856,380**
CURRENT ASSETS			
Trade and other receivables	9	910	882
Cash and cash equivalents	10	969	1,619
Total current assets		**1,879**	**2,501**
TOTAL ASSETS		**854,723**	**858,881**
Liabilities			
CURRENT LIABILITIES			
Other payables and accrued expenses	11	534	490
Total current liabilities		**534**	**490**
TOTAL LIABILITIES		**534**	**490**
NET ASSETS		**854,189**	**858,391**
Equity			
Share capital		663,809	663,809
Retained earnings		190,380	194,582
TOTAL EQUITY	13	**854,189**	**858,391**
Number of Ordinary Shares in issue at year end	13	611,452,217	611,452,217
Net Asset Value per Ordinary Share (pence)	7	139.70	140.39

Statement of Comprehensive Income

For the year ended 30 June 2023

Income	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Income from investments	4	900	834
Bank interest		6	-
		906	**834**
Net gains on financial assets held at fair value through profit or loss	8	48,164	175,308
Operating income		**49,070**	**176,142**
Expenses			
Administrative expenses	5	2,277	1,569
Operating expenses		**2,277**	**1,569**
Operating profit		**46,793**	**174,573**
Profit and total comprehensive income for the year		**46,793**	**174,573**
Earnings per share: Basic and diluted (pence)	12	7.65	34.91

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 2023

	Note	Number of Ordinary Shares	Share capital £'000	Retained earnings £'000	Total equity £'000
Shareholders' equity at 1 July 2022		**611,452,217**	**663,809**	**194,582**	**858,391**
Dividends paid	13,14	-	-	(50,995)	(50,995)
Total comprehensive income for the period		**-**	**-**	**46,793**	**46,793**
Shareholders' equity at 30 June 2023		**611,452,217**	**663,809**	**190,380**	**854,189**

For the year ended 30 June 2022

	Note	Number of Ordinary Shares	Share capital £'000	Retained earnings £'000	Total equity £'000
Shareholders' equity at 1 July 2021		**406,999,622**	**413,215**	**58,210**	**471,425**
SHARES ISSUED DURING THE PERIOD:					
Ordinary Shares issued via placing	13	204,452,595	255,100	-	255,100
Share issue costs		-	(4,506)	-	(4,506)
Dividends paid	13,14	-	-	(38,201)	(38,201)
Total comprehensive income for the period		**-**	**-**	**174,573**	**174,573**
Shareholders' equity at 30 June 2022		**611,452,217**	**663,809**	**194,582**	**858,391**

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

Statement of Cash Flows

For the year ended 30 June 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Cash flows from operating activities			
Total comprehensive income for the year		46,793	174,573
Adjustments:			
Increase in trade and other receivables		(28)	(109)
Increase in other payables and accrued expenses		44	85
Net gains on financial assets held at fair value through profit or loss	8	(48,164)	(175,308)
Net cash used in operating activities*		**(1,355)**	**(759)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss	8	-	(250,282)
Receipts from investments held at fair value through profit or loss**	8	51,700	39,492
Net cash generated from/(used in) investing activities		**51,700**	**(210,790)**
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares		-	251,410
Issue costs paid		-	(816)
Dividends paid	14	(50,995)	(38,201)
Net cash generated from/(used in) investing activities		**(50,995)**	**212,393**
Net increase / (decrease) in cash and cash equivalents		(650)	844
Cash and cash equivalents at the start of the year		1,619	775
Cash and cash equivalents at the end of the year	**10**	**969**	**1,619**

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

* Net cash used in operating activities includes £900,000 (2022: £833,887) of investment income.

** Receipts from investments held at fair value through profit or loss includes £21.8 million (2022: £14.1 million) of interest.

Notes

to the Financial Statements for the year ended 30 June 2023

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 2023 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 quarterly income distributions, by being invested primarily in solar energy assets located in the UK. It also has the ability to invest a minority of its capital into wind, hydro and energy storage 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 presented on a true and fair basis and 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 Law.

Standards, interpretations and amendments to published standards adopted in the period

New and Revised Standards

The Company has not adopted any new standards, amendments or interpretations to existing standards because none applicable to the Company have been published in the accounting period.

The Company has not adopted early any standards, amendments or interpretations to existing standards that have been published and will be mandatory for the Company's accounting periods beginning after 1 July 2023 or later periods.

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 Board expects 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

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, as well as the performance of the solar and wind plants currently in operation. The conflict in Ukraine continues to have a significant impact on the macro-economic environment in which the Company operates. The Board and Investment Adviser have been closely monitoring this and it has been considered as part of the going concern assessment.

The Board has also consulted with its broker on the likelihood of the Company receiving support from Shareholders to allow it to continue operations in its mandatory five year continuation vote that is due at the 2023 AGM and regards this as very likely, given the strong performance of the Company and the support which it has received from its major shareholders.

In the light of these enquiries, at the time of approving these accounts the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing the financial statements and does not consider there to be any material threat to the viability of the Company. The Board has therefore concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) Accounting for subsidiaries

The Company makes its investments in the SPVs through its wholly owned subsidiary, BR1 (previously BSIFIL).

In light of the December 2014 amendments to IFRS 10 (the Consolidation Exception Amendments), which clarified the scope of the exceptions to mandatory non-consolidation amendments, the Board considered the investment entity status of BR1 and concluded that it is, like the Company, an investment entity. As such the Company is not permitted to consolidate BR1 in the preparation of its financial statements and all subsidiaries are recognised at fair value through profit or loss.

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. All amounts are stated to the nearest thousand unless otherwise stated. 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 in UK renewable energy infrastructure assets via its holding company and SPVs, and therefore the Company has only a single operating segment.

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 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 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

Classification and measurement of financial assets and financial liabilities

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.

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

Classification

The Company's investment in BR1 is accounted for as a financial asset rather than consolidated as the Company qualifies as an investment entity under IFRS 10, therefore the Company's investment is held at fair value through profit or loss in accordance with the requirements of IFRS 9.

Recognition and de-recognition

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. A financial asset is de-recognised either when the Company has transferred all the risks and rewards of ownership; or 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 the contractual right to receive cash flow has expired.

Measurement

Subsequent to initial recognition, investment in BR1 is measured at each subsequent reporting date at fair value. The Company holds all of the shares in the subsidiary, BR1, 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 which is benchmarked against market transactions.

Gains or losses, through profit or loss, are made up of BR1's profit or loss, which comprises mainly cash receipts from its SPVs, the fair value movement of BR1's SPV portfolio and cash received in respect of Eurobond instrument interest. Furthermore, cash receipts made to the Company by BR1 are accounted for as a repayment of loans and not reflected in the Company's income, apart from monitoring fees (see Note 4).

ii) 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.

iii) 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.

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

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..

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.

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.

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 and/or complexity and/or area where assumptions and estimates are significant to the financial statements has been identified as the valuation of the Company's investment in BR1 which is estimated predominantly on the valuation of the portfolio of investments held by BR1 (see Note 8).

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, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m/MW basis against comparable portfolio transactions and on this basis a weighted average discount rate of 8.00% (6.75% as at 30 June 2022) has been utilised.

Use of a blended power forecast is unchanged, but the inflation assumption has been increased to 7.0% in 2023 and 3.5% in 2024 to reflect market forecasts, after this a medium-term rate at 3% (June 2022: 3%) has been extended to June 2029 before reverting to a reduced long term assumption of 2.25% (June 2022: 2.25%) thereafter.

The Directors' Valuation as at 30 June 2023 is based on a weighted average life of the portfolio of 28 years (vs. 25 years in June 2022), reflecting both new acquisitions and asset life extensions.

4.Income from investments

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Monitoring fee in relation to loans supplied (Note 16)	900	834
	900	**834**

The Company provides monitoring and loan administration services to BR1 (previously BSIFIL) for which an annual fee is charged, payable in arrears.

5. Administrative expenses

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Investment advisory base fee * (see Note 16)	729	491
Legal and professional fees	300	166
Administration fees	542	395
Directors' remuneration	272	241
Audit fees	112	98
Non-audit fees	45	40
Broker fees	50	52
Regulatory Fees	58	50
Registrar fees	88	35
Insurance	12	11
Listing fees	45	37
Other expenses	24	(47)
	2,277	**1,569**

* The Investment advisory base fee is paid by both the Company (10%) and BR1 (90%). The amount shown above reflects the amount paid by the Company only. Note 16 shows the full fee paid to the Investment Adviser.

Investment Advisory Agreement

The Company, BR1 and the Investment Adviser have entered into an Investment Advisory Agreement, under which the Investment Adviser has overall responsibility for the non-discretionary management of the Company's assets and any of BR1's SPVs (including uninvested cash) in accordance with the Company's investment policies, restrictions and guidelines.

The Investment Adviser is entitled to a base fee, which is payable quarterly in arrears, on the following scale:

- NAV up to and including £750,000,000, 0.8% per annum
- NAV above £750,000,000> £1,000,000,000, 0.75% per annum
- NAV above £1,000,000,000, 0.65% per annum.

The fee is based on the NAV reported in the most recent quarterly NAV calculation

On 11 June 2014, BSIFIL (as the previous holding company) 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 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 the Technical Services Agreement.

The fees incurred for the Period and the amount outstanding at the Period end are shown 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 £7,500 and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

The Administrator is 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 Administrator also receives a fee of £5,000 per annum in relation to the administration of the Company's Guernsey Green Fund Status.

For the year ended 30 June 2023, the Company incurred fees to the Administrator of £542,176 (2022: £395,329), of which £135,992 (2022: £204,162) was outstanding at Period-end.

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 (2022: £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 25% (2022: 19%).

7. Net Asset Value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £854,189,487 (2022: £858,390,982) and the number of shares in issue at 30 June 2023 of 611,452,217 (2022: 611,452,217) 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 2023 Total £'000	30 June 2022 Total £'000
Opening balance (Level 3)	856,380	470,282
Additions – funds passed to BR1/BSIFIL	-	250,282
Change in fair value of financial assets held at fair value through profit or loss	(3,536)	135,816
Closing balance (Level 3)	**852,844**	**856,380**

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

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Unrealised change in fair value of financial assets held at fair value through profit or loss	(3,536)	135,816
Cash receipts from non-consolidated subsidiary*	51,700	39,492
Net gains on financial assets held at fair value through profit or loss	**48,164**	**175,308**

*Comprising of repayment of Loans and Eurobond interest

Investments at fair value through profit or loss comprise the fair value of the SPV investment portfolio held by BR1 and the fair value of BR1's cash, working capital and debt balances. BR1 is the Company's single direct subsidiary, which changed from BSIFIL to BR1 in May 2022 to facilitate arrangement of the new RCF. This is valued semi-annually by the Directors. 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 also shown on page 93.

	30 June 2023 Total £'000	30 June 2022 Total £'000
SPV investment portfolio, Directors' Valuation	1,018,350	939,948
Immediate Holding Company		
Cash	26,407	13,102
Working capital	(38,913)	(26,670)
Debt	(153,000)	(70,000)
	(165,506)	(83,568)
Financial assets at fair value through profit or loss	**852,844**	**856,380**

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 instrument carried at fair value is the investment held by the Company, BR1, which is fair valued at each reporting date. The Company's investment has been classified within Level 3 as BR1'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 2023. 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 assets is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2022.

Before planning has been achieved, no value is attributed (beyond costs incurred), to the Company's development pipeline.

However, once the projects receive planning permission they are then valued according to the following criteria:

- Projects purchased by the Company from developers are valued at investment cost (deemed to approximate fair value).
- Other projects in the Company's pipeline are valued on an asset-by-asset basis and benchmarked against values from wider market processes.

During the construction stages assets continue to be valued at investment cost (deemed to be approximate fair value). The Investment Adviser intends for newly built projects to be valued on a DCF basis shortly after they become operational.

Investments that are operational are valued on a DCF basis over the life of the asset (typically more than 25 years) and, under the 'willing buyer-willing seller' methodology, prudently benchmarked on a £/MW basis against comparable transactions for large scale portfolios.

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 Investment Adviser recommends the fair value on a semi-annual basis, subject to the Board's approval. The key inputs, as listed below, are derived from various internal and external sources. 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, asset life, irradiation forecasts, average wind speeds, 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 renewable acquisitions and those witnessed in the past twelve months.

This year sees the inclusion of the new Electricity Generator Levy ("the Levy") on excess profits produced by electricity generators as announced by the Chancellor of the Exchequer in the Autumn Statement in November 2022. The Levy is a temporary 45% tax on the extraordinary returns made by electricity generators late last year while European energy prices soared in the wake of Russia's invasion of Ukraine. The Levy will be in place from 1 January 2023 until 31 March 2028, with the benchmark price linked to UK Consumer Price Inflation. The Investment Adviser previously sought external advice from its legal and tax advisers on how to model the Levy within the valuation methodology.

Given discount rates are subjective, there is sensitivity within these to the interpretation of factors outlined above.

Judgement is used by the Board in increasing the weighted average discount rate to 8.00% as at 30 June 2023 (2022: 6.75%) with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values are currently c.£1.20-1.45/MW for large scale solar portfolios, which the Board have used to determine that an effective price of £1.35m/MW is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2023;

b. Inclusion of the latest long term power forecasts from the Company's three providers;

c. Increase of inflation assumptions;

d. Increase in the cost of debt.

In order to smooth the sensitivity of the valuation to forecast timing or opinion taken by a single forecast, the Board continues to adopt the application of blended power curves from three leading forecasters.

The fair values of operational SPVs are calculated on a 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.

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 range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

Input	Change in input	30 JUNE 2023 Change in fair value of Directors' Valuation £m	30 JUNE 2023 Change in NAV per share (pence)	30 JUNE 2022 Change in fair value of Directors' Valuation £m	30 JUNE 2022 Change in NAV per share (pence)
Discount rate	+ 0.5%	(18.8)	(3.07)	(21.8)	(3.57)
	- 0.5%	19.4	3.17	23.1	3.77
Power prices	+10%	54.2	8.86	62.2	10.17
	-10%	(56.9)	(9.31)	(63.8)	(10.43)
Inflation rate	+ 0.5%	31.7	5.19	25.0	4.09
	- 0.5%	(30.2)	(4.94)	(26.1)	(4.28)
Energy yield	10 year P90	(105.0)	(17.17)	(100.2)	(16.39)
	10 year P10	111.9	18.30	100.5	16.43
Operational costs	+10%	(9.1)	(1.49)	(10.5)	(1.72)
	-10%	9.1	1.49	10.5	1.72

Subsidiaries and Associates

The Company holds investments through subsidiary companies which have not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. Below is the legal entity name and ownership percentage for the SPVs which are all incorporated in the UK except for Bluefield Durrants GmBH which is incorporated in Germany.

Name	Ownership percentage
Bluefield Renewables 1 Limited	100
Bluefield Renewables 2 Limited	100
Bluefield SIF Investments Limited	100
Bunns Hill Solar Limited	100
HF Solar Limited	100
Hoback Solar Limited	100
Littlebourne Solar Farm Limited	100
Molehill PV Farm Limited	100
Pashley Solar Farm Limited	100
ISP (UK) 1 Limited	100
Solar Power Surge Limited	100
West Raynham Solar Limited	100
Sheppey Solar Limited	100
Capelands Solar Farm Limited	100
North Beer Solar Limited	100
WEL Solar Park 2 Limited	100
Hardingham Solar Limited	100
Redlands Solar Farm Limited	100
WEL Solar Park 1 Limited	100
Saxley Solar Limited	100
Frogs LakeLoke Solar Limited	100
Old Stone Farm Solar Park Limited	100
Bradenstoke Solar Park Limited	100
GPP Langstone LLP	100
Ashlawn Solar Limited	100
Betingau Solar Limited	100

Name	Ownership percentage
Grange Solar Limited	100
Hall Farm Solar Limited	100
Oulton Solar Limited	100
Romsey Solar Limited	100
Salhouse Solar Limited	100
Tollgate Solar Limited	100
Trethosa Solar Limited	100
Welbourne LLP	100
Barvills Solar Limited	100
Clapton Farm Solar Park Limited	100
Court Farm Solar Limited	100
East Farm Solar Park Limited	100
Galton Manor Solar Park Limited	100
Gypsum Solar Farm Limited	100
Holly Farm Solar Park Limited	100
Kellingley Solar Farm Limited	100
Little Bear Solar Limited	100
Place Barton Farm Solar Park Limited	100
Willows Farm Solar Limited	100
Southwick Solar Limited	100
Butteriss Down Solar Farm Limited	100
Goshawk Solar Limited	100
Kite Solar Limited	100
Peregrine Solar Limited	100
Promothames 1 LTD	100
Rookery Solar Limited	100
Mikado Solar Projects (2) Limited	100
Mikado Solar Projects (1) Limited	100
KS SPV 5 Limited	100
Eagle Solar Limited	100
Kislingbury Solar Limited	100

Name	Ownership percentage
Thornton Lane Solar Farm Limited	100
Gretton Solar Farm Limited	100
Wormit Solar Farm Limited	100
Langlands Solar Limited	100
Bluefield Merlin LTD	100
Harrier Solar Limited	100
Rhydy Pandy Solar Limited	100
New Energy Business Solar Ltd	100
Corby Solar Limited	100
Falcon Solar Farm Limited	100
Folly Lane Solar Limited	100
New Road Solar Limited	100
Blossom 1 Solar Limited	100
Blossom 2 Solar Limited	100
New Road 2 Solar Limited	100
GPP Eastcott LLP	100
GPP Blackbush LLP	100
GPP Big Field LLP	100
WSE Hartford Wood Limited	100
Oak Renewables 2 Limited	100
Oak Renewables Limited	100
Good Energy Creathorne Farm Solar Park (003) Limited	100
Good Energy Lower End Farm Solar Park (026)	100
Good Energy Woolbridge Solar Park (010) Limited	100
Good Energy Rook Wood Solar Park (057) Limited	100
Good Energy Carloggas Solar Park (009) Limited	100
Good Energy Cross Road Plantation Solar Park (028) Limited	100
Good Energy Delabole Windfarm Limited	100
Good Energy Hampole Windfarm Limited	100

Name	Ownership percentage
Good Energy Generating Assets No.1 Limited	100
Good Energy Holding Company No.1 Limited	100
Aisling Renewables LTD	100
Wind Energy 3 Hold Co	100
Wind Energy (NI) Limited	100
Ash Renewables No 3 Limited	100
Ash Renewables No 4 Limited	100
Ash Renewables No 5 Limited	100
Ash Renewables No 6 Limited	100
Wind Beragh Limited	100
Wind Camlough Limited	100
Wind Cullybackey Limited	100
Wind Dungorman Limited	100
Wind Killeenan Limited	100
Wind Mowhan Limited	100
Wind Mullanmore Limited	100
Carmoney Energy Limited	100
Errigal Energy Limited	100
Galley Energy Limited	100
S&E Wind Energy Limited	100
Wind Energy 2 Hold Co	100
Boston RE Ltd	100
DC21 Earth SPV Limited	100
E5 Energy Limited	100
E6 Energy Limited	100
E7 Energy Limited	100
Hallmark Powergen 3 Limited	100
Warren Wind Limited	100
Wind Energy Three Limited	100
Wind Energy Holdings Limited	100
Wind Energy 1 Hold Co	100

Name	Ownership percentage
Wind Energy Scotland (Fourteen Arce Fields) Limited	100
Wind Energy Scotland (Birkwood Mains) Limited	100
Wind Energy Scotland (Holmhead) Limited	100
Moscliff Power 5 Limited	100
Mosscliff Power 10 Limited	100
Mosscliff Power 2 Limited	100
Mosscliff Power 3 Limited	100
Mosscliff Power 4 Limited	100
Mosscliff Power 6 Limited	100
Mosscliff Power 7 Limited	100
Mosscliff Power Limited	100
E2 Energy PLC	100
Wind Energy One Limited	100
Wind Energy Two Limited	100
New Road Wind Limited	100
Yelvertoft Solar Farm Limited	100
Peradon Solar Farm Limited	100
Lower Tean Leys Solar Farm Limited	60
Lower Mays Solar Farm Limited	100
Longpasture Solar Farm Limited	60
Leeming Solar Farm Limited	60
Wallace Wood Solar Farm Limited	60
LEO1B Energy Park Limited	60
LH DNO Grid Services Limited	60
Sweet Briar Solar Farm Limited	60
BF31 WHF Solar Limited	60
BF27 BF Solar Limited	60
BF13A TF Solar Limited	60
HW Solar Farm Limited	100
AR108 Bolt Solar Farm Limited	100
BF33C LHF Solar Limited	60
AR006 GF Solar Farm Limited	100

Name	Ownership percentage
Mauxhall Farm Energy Park Limited	100
BF16D BHF Solar Limited	100
BF33E BHF Solar Limited	60
BF58 Hunts Airfield Solar Ltd under	60
Lightning 1 Energy Park Limited	100
Abbots Ann Farm Solar Park Limited	100
Canada Farm Solar Park Limited	100
Crockbaravally Wind Holdco Limited	100
Crockbaravally Wind Farm Limited	100
Dayfields Solar Limited	100
Farm Power Apollo Limited	100
Freathy Solar Park Limited	100
IREEL FIT TopCo Limited	100
IREEL FIT HoldCo Limited	100
IREEL Wind TopCo Limited	100
IREEL Solar HoldCo Limited	100
IREL Solar HoldCo Limited	100
Ladyhole Solar Limited	100
Morton Wood Solar Limited	100
Nanteague Solar Limited	100
Newton Down Wind HoldCo Limited	100
Newton Down Windfarm Limited	100
Padley Wood Solar Limited	100
Peel Wind Farm (Sheerness) Limited	100
Port of Sheerness Wind Farm Limited	100
Sandys Moor Solar Limited	100
St Johns Hill Wind Holdco Limited	100
St Johns Hill Wind Limited	100
Trickey Warren Solar Limited	100
Whitton Solar Limited	100
LPF UK Equityco Limited	100
LPF UK Solar Limited	100

Name	Ownership percentage
LPF Kinetica UK Limited	100
Kinetica 846 Limited	100
Kinetica 868 Limited	100
Twineham Energy Limited	60
Sheepwash Lane Energy Barn Limited	100
Whitehouse Farm Energy Barn Limited	100
Bluefield Durrants GmBH	100

9.Trade and other receivables

	30 June 2023 £'000	30 June 2022 £'000
CURRENT ASSETS		
Income from investments	900	834
Other receivables	10	43
Prepayments	-	5
	910	**882**

There are no 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 2023 was £968,878 (2022: £1,619,313) and approximated their fair value. Cash held by BR1, the Company's immediate wholly owned subsidiary, as at 30 June 2023 is shown in Note 8.

11. Other payables and accrued expenses

	30 June 2023 £'000	30 June 2022 £'000
CURRENT LIABILITIES		
Investment advisory fees	164	121
Administration fees	136	204
Audit fees	109	95
Directors' Fees	72	60
Other payables	53	10
	534	**490**

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 amounts of all payables approximate to their fair value.

12. Earnings per share

	Year ended 30 June 2023	Year ended 30 June 2022
Profit attributable to Shareholders of the Company	£46,793,621	£174,572,832
Weighted average number of Ordinary Shares in issue	611,452,217	500,110,688
Basic and diluted earnings from continuing operations and profit for the year (pence per share)	**7.65**	**34.91**

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 2023 Number	Year ended 30 June 2022 Number
Opening balance	**611,452,217**	**406,999,622**
Shares issued for cash	-	204,452,595
Closing balance	**611,452,217**	**611,452,217**

Shareholders' Equity	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Opening balance	**858,391**	**471,425**
Ordinary Shares issued for cash	-	255,100
Share issue costs	-	(4,506)
Dividends paid	(50,995)	(38,201)
Retained earnings	46,793	174,573
Closing balance	**854,189**	**858,391**

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 2 August 2022, the Board declared a third interim dividend of £12,534,770, in respect of the year ended 30 June 2022, equating to 2.05pps (third interim dividend in respect of the year ended 30 June 2021: 2.00pps), which was paid on 31 August 2022 to Shareholders on the register on 12 August 2022.

On 30 September 2022, the Board declared a fourth interim dividend of £12,779,351 in respect of the year ended 30 June 2022, equating to 2.09pps (fourth interim dividend in respect of the year ended 30 June 2021: 2.00pps), which was paid on 4 November 2022 to Shareholders on the register on 14 October 2022.

On 23 January 2023, the Board declared its first interim dividend of £12,840,497, in respect of the year ended 30 June 2023, equating to 2.10pps (first interim dividend in respect of the year ended 30 June 2022: 2.03pps), which was paid on 3 March 2023 to Shareholders on the register on 3 February 2023.

On 11 May 2023, the Board declared a second interim dividend of £12,840,497, in respect of the year ended 30 June 2023, equating to 2.10pps (second interim dividend in respect of the year ended 30 June 2022: 2.03pps), which was paid on 12 June 2023 to Shareholders on the register on 19 May 2023.

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 and Emerging Risks section in the Strategic Report.

The Board is ultimately responsible for the overall risk management approach within the Company. The Board 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, BR1, 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.

BR1's future SPV investments are subject to fluctuations in the price of secondary assets which could have a material adverse effect on the BR1'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, borrowings and other transactions are in Sterling. The Company is however indirectly exposed to currency risk on future equipment purchases, made through BR1'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 BR1, to interest rate risk on drawings under its RCF. Please see page 23 in the Investment Adviser's report for details of the third party debt within the Company's subsidiaries.

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 2023 (£'000)
Floating rate		
RBSI	1.70%	753
Fixed rate		
Lloyds	0.00%	216
		969

	Interest rate	Total as at 30 June 2022 (£'000)
Floating rate		
RBSI	0.00%	1,508
Fixed rate		
Lloyds	0.00%	111
		1,619

The valuation of BR1'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 semi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. The Group is exposed to interest rate risk on the Directors' Valuation of £1,018.4m (2022: £939.9m).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. At the reporting date BR1's SPVs held performance bonds totalling £nil (2022: £1,830,000) with banks that have a credit rating which is of investment grade.

The underlying SPVs are contracted only with investment grade counter parties, mitigating PPA counterparty risk. The Directors do not have any concerns around the continuing purchasing of power through its current PPAs.

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 2023, the maximum credit risk exposure in relation to cash and cash equivalents held by the Company was £968,878 (2022: £1,619,313). If the cash and cash equivalents held by BR1 are included, this increases to £27,375,878 (2022: £14,721,105). All cash and cash equivalents held by the Company and BR1 is with banks that have a credit rating which is of investment grade.

	Cash £'000)	Fixed deposit £'000)	Total as at 30 June 2023 (£'000)
RBSI	753	-	753
Lloyds	-	216	216
	753	**216**	**969**

	Cash £'000)	Fixed deposit £'000)	Total as at 30 June 2022 (£'000)
RBSI	1,508	-	1,508
Lloyds	-	111	111
	1,508	**111**	**1,619**

The carrying amount of these assets approximates their fair value.


RAINBOW AT LITTLE BEAR

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 BR1, 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 renewable energy infrastructure assets by the SPVs and will take time to realise.

The Company, through BR1, expects to comply with the covenants of its revolving credit facility.

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

	Less than one year (£'000)	Between one and five years (£'000)	After five years (£'000)	Total as at 30 June 2023 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	454,460	**454,460**
Trade and other receivables**	910	-	-	**910**
Cash and cash equivalents	969	-	-	**969**
LIABILITIES				
Other payables and accrued expenses	(534)	-	-	**(534)**
	1,345	-	454,460	**455,805**

* the Company passes debt to BR1 under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above in addition to the interest income

** excluding prepayments

As part of the financing terms provided by all third party leaders to companies within the Group, lenders have security packages which include charges over the shares of the borrower entity and any wholly owned subsidiaries.

	Less than one year (£'000)	Between one and five years (£'000)	After five years (£'000)	Total as at 30 June 2022 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	484,322	**484,322**
Trade and other receivables**	877	-	-	**877**
Cash and cash equivalents	1,619	-	-	**1,619**
LIABILITIES				
Other payables and accrued expenses	(490)	-	-	**(490)**
	2,006	-	484,322	**486,328**

* the Company passes debt to BR1 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 renewable energy infrastructure 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 assets by geography, construction contractor and revenue type are shown on page 10. 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 any share issuance and loan facilities) is to fund BR1's projects, as well as expenses related to fundraising, the share issues, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.

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

The Chair was entitled to an annual remuneration of £68,906 (2022: £62,500). The other Directors were entitled to an annual remuneration of £43,050 (2022: £39,000). Paul Le Page received an additional annual fee of £8,768 (2022: £8,000) for acting as Chair of the Audit and Risk Committee. Meriel Lenfestey received an additional annual fee of £5,250 (2022: N/A) for acting as Chair of the Environmental, Social and Governance Committee. Elizabeth Burne received an additional annual fee of £3,150 (2022: N/A) for acting as Chair of the Management Engagement and Service Providers Committee.

The total Directors' fees expense for the period amounted to £271,634 (2022: £240,818) of which £71,517 was outstanding at 30 June 2023 (2022: £59,750).

At 30 June 2023, the number of Ordinary Shares held by each Director is as follows:

	2023 Number of Ordinary Shares	2022 Number of Ordinary Shares
John Scott*	625,619	543,312
Elizabeth Burne	15,000	15,000
Michael Gibbons	-	N/A
Meriel Lenfestey	7,693	7,693
Paul Le Page	35,000	35,000
John Rennocks*	N/A	290,388
	683,312	**891,393**

*Including shares held by PCAs

John Scott and Michael Gibbons are Directors of BR1. They received an annual fee of £6,565 (2022: £6,250) each for their services to this company. Neil Wood and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL and BR1.

The Company and BR1's investment advisory fees for the year amounted to £7,052,064 (2022: £5,131,527) of which £554,919 (2022: £494,485) was outstanding at the year end. James Armstrong, Giovanni Terranova and Neil Wood, who are partners of the Investment Adviser, hold a 0.03%, 0.06% and 0.01% interest in the Company as at 30 June 2023, respectively.

Fees paid during the period by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £4,456,173 (2022: £3,199,594). BSL provides asset management and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the period by SPVs to BOL, a company which has the same ownership as that of the Investment Adviser totalled £10,156,959 (2022: £5,788,585). BOL provides O&M and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the period by SPVs to BRD, a company which has the same ownership as that of the Investment Adviser, totalled £1,624,024 (2022: £691,280). BRD locates and manages a pipeline of development projects for the Company and the amount includes £966,681 for BRD's share in the development project, Brick House Lane.

The Company's monitoring fee income received from BR1 amounted to £900,000 (2022: £833,887) of which £900,257 was outstanding at the year end (2022: £833,887).

17. Subsequent events

The following events happened after the end of the Company's reporting period on 30th June

Post year end, on 7 August 2023, the Board declared a third interim dividend of £12,840,497, in respect of the year ended 30 June 2023, equating to 2.10pps (third interim dividend in respect of the year ended 30 June 2022: 2.05pps), which was paid on 1 September 2023 to Shareholders on the register on 18 August 2023.

Post year end, John Scott bought an additional 18,310 Ordinary Shares and Michael Gibbons bought an additional 17,800 Ordinary Shares in the Company.

Post year end, on 27 September 2023, the Board approved a fourth interim dividend of £14,063,401 in respect of the year ended 30 June 2023, equating to 2.30pps (fourth interim dividend in respect of the year ended 30 June 2022: 2.09pps), which will be declared on 28 September 2023 and paid on or around 6 November 2023 to Shareholders on the register on 6 October 2023.

MORNING FROST AT ASHLAWN

Glossary
of Defined Terms

Administrator	Ocorian Administration (Guernsey) Limited
AGM	The Annual General Meeting
AIC	The Association of Investment Companies
AIC Code	The Association of Investment Companies Code of Corporate Governance
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	The Alternative Investment Fund Management Directive
Articles	The Memorandum of 29 May 2013 as amended and Articles of Incorporation as adopted by special resolution on 7 November 2016
Auditor	KPMG Channel Islands Limited (see KPMG)
Aviva Investors	Aviva Investors Limited
BEIS	The Department for Business, Energy and Industrial Strategy
BEPS	Base erosion and profit shifting
Bluefield	Bluefield Partners LLP
Bluefield Group	Bluefield Partners LLP and Bluefield Companies
BOL	Bluefield Operations Limited
Board	The Directors of the Company
BR1	Bluefield Renewables 1 Ltd being the only direct subsidiary of the Company
BRD	Bluefield Renewable Developments Ltd
Brexit	Departure of the UK from the EU
BSIF	Bluefield Solar Income Fund Limited
BSIFIL	Bluefield SIF Investments Limited being the only direct subsidiary of the Company
BSL	Bluefield Asset Management Services Limited
BSUoS	Balancing Services Use of System charges: costs set to ensure that network companies can recover their allowed revenue under Ofgem price controls
Business days	Every official working day of the week, generally Monday to Friday excluding public holidays

CAGR	Compound annual growth rate
Calculation Time	The Calculation Time as set out in the Articles of Incorporation
CCC	Committee on Climate Change
CfD	Contract for Difference
Company	Bluefield Solar Income Fund Limited
Companies Law	The Companies (Guernsey) Law 2008, as amended (see Law)
Consolidation Exception Amendments	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	The blended cost of debt reflecting fixed and index-linked elements
CO_2e	Carbon Dioxide emissions
CRS	Common Reporting Standard
C shares	Ordinary Shares approved for issue at no par value in the Company
CSR	Corporate Social Responsibility

DCF	Discounted Cash Flow
DECC	Department of Energy and Climate Change
Defect Risk	An over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects
Directors' Valuation	Gross value of the SPV investments held by BR1, including their holding companies.
DNO	Distribution Network Operator
DSCR	Debt service cover ratio
DTR	The Disclosure Guidance and Transparency Rules of the UK's FCA

EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
EIS	Enterprise Investment Scheme
EPC	Engineering, Procurement & Construction
EPS	Earning per share
ESG	Environmental, Social & Governance
EU	The European Union
EV	Enterprise valuation

FAC	Final Acceptance Certificate
FATCA	The Foreign Account Tax Compliance Act
Financial Statements	The audited annual financial statements
FiT	Feed-in Tariff

GAV	Gross Asset Value
GDPR	General Data Protection Regulation
GFSC	The Guernsey Financial Services Commission
GHG	Greenhouse gas
GHG Protocol	Supplies the world's most widely used greenhouse gas accounting standards
Group	Bluefield Solar Income Fund Limited and Bluefield SIF Investments Limited
Guernsey Code	The Guernsey Financial Services Commission Finance Sector Code of Corporate Governance
GWh	Gigawatt hour
GW	Gigawatt peak

IAS	International Accounting Standard
IASB	The International Accounting Standards Board
IFRS	International Financial Reporting Standards as adopted by the EU
Investment Adviser	Bluefield Partners LLP
IPEV Valuation Guidelines	The International Private Equity and Venture Capital Valuation Guidelines
IPO	Initial public offering
IRR	Internal Rate of Return
IVSC	International Valuation Standards Council

KID	Key Information Document
KPI	Key Performance Indicators
KPMG	KPMG Channel Islands Limited (see Auditor)
kWh	Kilowatt hour
kW	Kilowatt peak

Law	Companies (Guernsey) Law, 2008 as amended (see Companies Law)
LD	Liquidated damages
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK

Lloyds	Lloyds Bank Group plc
LSE	London Stock Exchange plc
LTF	Long term facility provided by Aviva Investors Limited
Main Market	The main securities market of the LSE
MW	Megawatt (a unit of power equal to one million watts)
MWh	Megawatt hour
NatWest	NatWest International plc
NAV	Net Asset Value as defined in the prospectus
NMPI	Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion
NPPR	The AIFMD National Private Placement Regime
O&M	Operation and Maintenance
OECD	The Organisation for Economic Cooperation and Development
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class
Outage Risk	A higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage
P10	Irradiation estimate exceeded with 10% probability
P90	Irradiation estimate exceeded with 90% probability
PCA	Persons Closely Associated
PPA	Power Purchase Agreement
pps	Pence per share
PR	Performance ratio (the ratio of the actual and theoretically possible energy outputs)
PRIIPS	Packaged Retail and Insurance-Based Investment Products
PV	Photovoltaic
RBSI	Royal Bank of Scotland International Limited
RCF	Revolving Credit Facility
RO Scheme	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	Renewable Obligation Certificates
ROC recycle	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	The Retail Price Index
Santander UK	Santander UK plc
SASB	Sustainability Accounting Standards Board
SDG	The United Nations Sustainable Development Goals
SFDR	The Sustainable Finance Disclosure Regulation
SONIA	Sterling Overnight Index Average
SPA	Share Purchase Agreement
SPVs	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
Sterling	The Great British pound currency
TCFD	Task Force for Climate-related Financial Disclosures
TISE	The International Stock Exchange (based in the Channel Islands)
UK	The United Kingdom of Great Britain and Northern Ireland
UK Code	The United Kingdom Corporate Governance Code
UK FCA	The UK Financial Conduct Authority
UNGC	The United Nations Global Compact
United Nations Principles for Responsible Investment	An approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long term returns

Alternative Performance Measures

Unaudited

APM	DEFINITION	PURPOSE	CALCULATION
Total return	The percentage increase/(decrease) in NAV, inclusive of dividends paid, in the reporting period.	A key measure of the success of the Investment Adviser's investment strategy.	The change in NAV for the period plus any dividends paid divided by the initial NAV. (139.70-140.39+2.05+2.09+2.10+2.10)/140.39=5.45%
Total Shareholder Return	The percentage increase/(decrease) in share price, inclusive of dividends paid, in the reporting period.	A measure of the return that could have been obtained by holding a share over the reporting period.	The change in share price for the period plus any dividends paid divided by the initial share price. (120.00-131.00+2.05+2.09+2.10+2.10)/131.00=(2.03)% The measure excludes transaction costs.
Total Dividends Declared in Period	This is the sum of the dividends that the Board has declared relating to the reporting period.	A measure of the income that the company has paid to shareholders that can be compared to the Company's target dividend.	The linear sum of each dividend declared in the reporting period
Underlying Earnings	Total net income of the Company's investment portfolio.	A measure to link the underlying financial performance of the operational projects to the dividends declared and paid by the Company.	Total income of the Company's portfolio minus Group operating costs minus Group debt costs.
Market Capitalisation	The total value of the Company's issued share capital.	This is a key indicator of the Company's liquidity.	The price per share multiplied by the number of shares in issue.
NAV per Ordinary Share	The Company's closing NAV per share at the period end.	A measure of the value of one Ordinary Share.	The net assets attributable to Ordinary Shares on the statement of financial position (£854.2m) divided by the number of ordinary shares in issue (611,452,217) as at the calculation date.
Sale of Electricity	The total proportion of revenue generated by the Company's portfolio that is attributable to electricity sales.	A measure to understand the proportion of revenue attributable to sales of electricity.	The amount of revenue attributable to electricity sales divided by the total revenue generated by the Company's portfolio, expressed as a percentage.
Total Revenue	Total net income of the Company's investment portfolio.	A measure to outline the Total revenue of the portfolio on per MW basis.	Total income of the Company's portfolio owned for a full 12 months.
PPA Revenue	Revenue generated through PPAs.	A measure to outline the revenue earned by the portfolio from power sales.	Total revenue from all power price sales during the period from the Company's portfolio.
Regulated Revenue	Revenue generated from the sale of FiTs and ROCs.	A measure to outline the revenue earned by the portfolio from government subsidies.	Total revenue from all subsidy income earned during the period from the Company's portfolio.
Ongoing charges ratio	The recurring costs that the Company and its Immediate Holding Company has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the period.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for Shareholders.	Calculated in accordance with the AIC methodology detailed in the table below.

SUNSET AT PASHLEY

APM	DEFINITION	PURPOSE	CALCULATION
Weighted Average ROC	A relative indicator of the regulatory revenues within a renewable portfolio.	A measure of the Company's portfolio earnings as a proportion of its assets.	Total Regulated Revenue received by the portfolio divided by the product of the current market value of a ROC and the annual generation capacity of the portfolio.
Weighted Average Life	The average operational life of the Company's portfolio.	A measure of the Company's progress in extending the life of its portfolio beyond the end of the subsidy regime in 2036.	The sum of the product of each plant's operational capacity in MW and the plant's expected life divided by the total portfolio capacity in MW.
Directors' Valuation	The gross value of the SPV Investments held by BR1, including their holding companies minus Project level debt.	An estimate of the sum that would be realised if the Company's portfolio was sold on a willing buyer, willing seller basis.	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.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the total value of the Company's Assets.	The total assets attributable to Ordinary Shares on the Statement of Financial Position.
Total Outstanding Debt	The total outstanding balances of all debt held within the Company and its subsidiaries.	A measure that is used to establish the Company's level of gearing.	The sum of the Sterling equivalent values of all loans held within the Company.

Ongoing Charges	Year to 30 June 2023		
	The Company £'000s	Immediate Holding Company £'000s	Total £'000s
Fees to Investment Adviser	729	6,230	6,959
Legal and professional fees	240	106	346
Administration fees	542	-	542
Directors' remuneration	272	13	285
Audit fees	112	16	128
Other ongoing expenses	257	102	359
Total ongoing expenses	**2,150**	**6,467**	**8,617**
Average NAV			**863,508,987**
Ongoing Charges (using AIC methodology)			**1.00%**

SFDR Periodic Disclosures (Unaudited)

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Bluefield Solar Income Fund Limited (the Company)
Legal entity identifier: 2138004ATNLYEQKY4B30

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 97.39%[1] of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

As a renewable energy company, the Company's investment policy only allows investment into renewable energy assets and supporting technologies, such as energy storage. The environmental characteristics promoted by the Company are to reduce reliance on fossil fuels and facilitate the UK transition to renewable and sustainable methods of energy generation, which it achieves through investment in renewable energy assets and supporting technologies.

[1] As at 30 June 2023.

Given that the Company only invested in renewable energy assets during the reporting period (including development stage projects), it met the environmental characteristics described above. However, the Company recognises that it has broader environmental and social impacts, and that these must be considered alongside good governance as part of ensuring its long-term success. The Company's ESG strategy has been developed with a focus upon priority ESG risks and opportunities, considered as part of the Company's responsible investment approach. These have been integrated into a holistic framework through which the Company can deliver value for its stakeholders, and which will support delivery of long-term returns for shareholders. The Company communicates its ESG performance through a comprehensive set of commitments and KPIs. Please refer to the Company's 2023 ESG Report within its Annual Accounts for further information.

Please note that the Company updated its Article 23 pre-contractual disclosure on 28 September 2023. The % of sustainable investments made by the Company was reduced from 100% to 97.39%, to account for the Company's use of interest rate swaps. The Company's operational portflio remains 100% aligned with the EU Taxonomy.

How did the sustainability indicators perform?

The ESG commitments and KPIs which most closely relate to the Company's environmental characteristics are presented below, with the Company's performance during the reporting period presented in the fourth column:

Commitment	KPIs	As at 30 June 2022	As at 30 June 2023
We will report our renewable energy generation annually.	Renewable energy generated (MWh)	> 624,000 MWh	>836,231 MWh
	CO2e savings achieved (tCO2e)	>120,000 tonnes	>173,000 tonnes
	Equivalent houses powered (#)	215,000	288,000
	Additional solar infrastructure under construction (MW)	0 MW	93MW
	Estimated additional annual renewable energy generation (MWh)	N/A	91,000 MWh
	Battery assets under construction (MW)	0 MW	0 MW

'CO2e savings' are calculated using generation data and the appropriate greenhouse gas conversion factor from the UK Government. 'Equivalent number of homes powered' is calculated using UK Office of Gas and Electricity Markets' (Ofgem) Typical Domestic Consumption Values for a medium-sized household.

Please refer to the Company's ESG report within its 2023 Annual Accounts for the Company's performance against its full set of commitments and KPIs, which cover a broader spectrum of environmental, social and governance topics.

…and compared to previous periods?

Please see the table above.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Company's investments aim to contribute substantially to the environmental objective of climate change mitigation, as defined under the EU Taxonomy Regulation. The Company intends to achieve these objectives through its production of clean, renewable energy, and by investing in new renewable energy infrastructure and energy storage facilities. Such activities will help reduce the UK's reliance on fossil fuels and contribute to domestic energy security. Please refer to the 'Climate Change Mitigation' section of the Company's 2023 ESG report for additional information on the Company's contributions in this area.

During the reporting period, the Company engaged an external consultant to undertake a review to determine the portfolio's alignment to the EU Taxonomy. The assessment was conducted in four parts in order to follow the EU Taxonomy Regulation:

• Assessment of the Company's economic activities eligibility under the EU Taxonomy Regulation.

• Review of the Company's economic activities against the technical screening criteria (TSC), to determine whether they make a substantial contribution to the environmental objectives of climate change adaptation and climate change mitigation.

• A Do No Significant Harm (DNSH) assessment was carried out to confirm that the Company's activities do no significant harm to the environmental objectives considered under the EU Taxonomy. It is noted that the DNSH assessment was conducted based on the specific TSC defined and specific to the economic activity.

• Review of the Company's procedures to ensure minimum social safeguards, as well as compliance with the regulatory framework in which each economic activity operates.

The assessment was conducted in relation to the 2022 calendar year and included the following economic activities: Electricity generation using solar photovoltaic technology; Electricity generation from wind power; and Installation, maintenance, and repair of renewable energy technologies. The economic activity of 'Storage of electricity' was excluded from this assessment as the only constructed battery projects currently within the portfolio are offline and not in use (and, if operational, would not represent a material proportion of revenues). This economic activity will therefore form part of the Company's future pipeline of work.

A representative asset of each economic activity type was selected as a 'case study' for the assessment, to allow for an in-depth analysis and asset-specific evidence to be reviewed. In addition, to ensure that the information provided was as representative as possible, relevant documentation applicable to the wider portfolio was also considered.

The results of the assessment were provided as a report from the consultant, which deemed that the Company's portfolio was 100% aligned with the EU Taxonomy at the time of the

assessment. Since then, the only operational assets acquired by the Company have been two solar PV assets, which are deemed to meet the same sustainabilty standards as the other solar PV assets in the Company's portfolio. The Company therefore deems these newly acquired assets to be Taxonomy-aligned. During the reporting period, the Company also made investments into development projects and repowering activities associated with existing assets.

A full breakdown of the methodology used to assess EU Taxonomy alignment is available on the Company's website, on the page titled 'Sustainability-related Disclosures'. The Company acknowledges that ongoing work will be required to maintain this level of alignment and is committed to continual improvement in its ESG approach, in line with the commitments made as part of its ESG strategy.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As part of the investment process, diligence is undertaken in relation to the requirements of the SFDR, including in relation to PAI indicators and climate risk screening, and the EU Taxonomy's DNSH criteria. This enables the Company to identify pre-investment any risks which may impact upon the Company's regulatory compliance, and helps maintain the Company's alignment with the EU Taxonomy criteria as it continues to grow its portfolio.

Once acquired into the portfolio, there is active management of sustainability issues over the operational lifetime of the assets, in line with the Company's ESG strategy. Each asset is subject to routine ESG data reporting to allow the remote monitoring of ESG performance and fulfilment of ESG reporting requirements.

Activities undertaken during the reporting period to support the Company's alignment with DNSH criteria include:

- Undertaking a Climate Risk and Vulnerability Assessment (CRVA) and physical and transitional scenario analysis. This work further supports the Company's aligment to DNSH criteria relating to 'Climate Change Adaptation'.
- Adopting a Sustainable Procurement Policy and identifying a potential partnership with a UK university to support the Company's approach to decommissioning. Such activities further support the Company's alignment with DNSH criteria relating to 'Transition to a Circular Economy'.
- Adopting a Waste Management Policy, further supporting the Company's alignment with DNSH criteria relating to 'Pollution Prevention and Control'.
- Undertaking independent biodiversity assessments and calculating Biodiversity Net Gain (BNG) across its operational portfolio, and enhancing land management activities to reduce the Company's environmental impact, supporting the Company's alignment with DNSH criteria relating to 'Protection and Restoration of Biodiversity and Ecosystems'.

Please refer to the Company's 2023 ESG and TCFD reports for further information on these activities and the broader ESG progress made by the Company during the reporting period. The Company will continue its work to ensure the ongoing compliance of its investments with the requirements of the Taxonomy Regulation.

How were the indicators for adverse impacts on sustainability factors taken into account?

As referenced, sustainability considerations are integrated into the Company's investment process (please refer to the Company's Sustainable Investment Policy for a full breakdown) and PAI indicators are included within the Company's investment ESG due diligence questionnaire.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

SFDR PAI's relating to the OECD Guidelines and UN Guiding Principles are included within the Company's investment ESG due diligence questionnaire. Human rights are also considered more broadly within this, including in relation to any O&M arrangements which may form part of the investment opportunity.

During the reporting period, the Company adopted a Human Rights Policy and Supplier Code of Conduct, both informed by global human rights frameworks (including the OECD Guidelines and UN Guiding Principles). Whilst human rights due diligence processes are already in place, these will be reviewed by the Company over the coming year as commitments made within the Human Rights Policy are embedded across the asset lifecycle for its investments. Please refer to the 'Generating Energy Responsibly' section of the Company's ESG report for further information.

How did this financial product consider principal adverse impacts on sustainability factors?

The Company takes into consideration the PAIs of its investment decisions on sustainability factors. On 30 June 2023, the Company published its first PAI report covering the reporting period of 1 January to 31 December 2022, available here in the 'Sustainability-related disclosures' section of the Company's website.

The Company diligently assessed and reported against all mandatory PAI indicators and chose two additional indicators based on their materiality to the Company's operations (comprised of those relating to natural species & protected areas, and human rights impacts). The Company took a detailed approach to its PAI statement, providing sufficient explanatory information to ensure stakeholders

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

could meaningfully interpret the PAI metrics and the approach taken by the Company to calculate these. The Company also disclosed details of any estimates or assumptions applied, to ensure appropriate transparency.

As an investment company, the Company has no employees and management of the portfolio is outsourced to key business partners and service providers. Through its Investment Adviser, the Company worked collaboratively with key service providers to establish processes for the collection of PAI data. However, PAI reporting requires a breadth and depth of data that has not been experienced across the industry to date, and as such data collection proved challenging in some circumstances. The Company is committed to working with and supporting its key service providers to ensure continual improvement in the availability and quality of sustainability-related data, which is expected to improve as data collection processes mature over time.

What were the top investments of this financial product?

Please note the below table relates to the top investments held by the Company during the reporting period.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **1 July 2022 – 30 June 2023**

Largest investments	Sector	% Assets[2]	Country
Solar Asset	Energy	7.63%	UK
Solar Asset	Energy	5.07%	UK
Wind Portfolio	Energy	4.88%	UK
Solar Asset	Energy	4.78%	UK
Solar Asset	Energy	3.68%	UK
Solar Asset	Energy	3.10%	UK
Solar Development	Energy	2.45%	UK
Wind Asset	Energy	2.10%	UK
Solar Asset	Energy	2.00%	UK
Solar Asset	Energy	2.00%	UK
Solar Asset	Energy	1.95%	UK
Solar Asset	Energy	1.91%	UK
Solar Asset	Energy	1.73%	UK
Solar Asset	Energy	1.72%	UK
Solar Asset	Energy	1.68%	UK

[2] Calculated using investment value as a proportion of the Company's enterprise, development, and construction portfolio value.

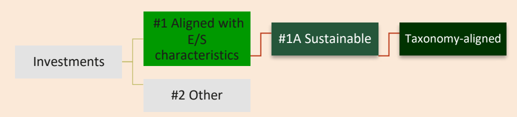
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments as at 30 June 2023 was 97.39%.This was calculated based on the Company's enterprise, development portfolio, and construction portfolio value. Cash holdings were not included. The proportion of non-sustainable investments was 2.61%, which related to the value of Interest Rate Swaps (IRS) as at 30 June 2023.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers environmentally sustainable investments.

In which economic sectors were the investments made?

The Company invests primarily in solar energy infrastructure assets, with minority exposure to other forms of renewable energy infrastructure (including wind assets) and supporting technologies, such as battery storage.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy? [3]

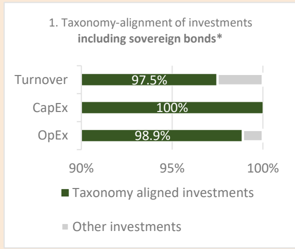
Asset allocation describes the share of investments in specific assets.

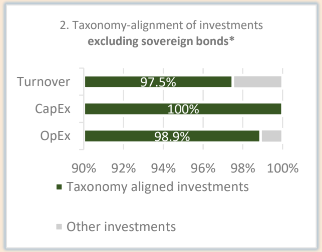
[3] % of OpEx was determined based on the costs of interest rate swaps as a proportion of total Company costs during the reporting period. % Turnover was determined based on the revenue obtained from interest rate swaps as a proportion of total Company revenue during the reporting period.

As at 30 June 2023

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What was the share of investments made in transitional and enabling activities?

The share of investments made in enabling activities was 0.61%[4] as at 30 June 2023, which related to the Company's battery investment value (based on operational and controlled pipeline). No investments were made in transitional activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A – this is the first reporting period.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The sustainable investments made by the Company align with an environmental objective specified by the EU Taxonomy.

What was the share of socially sustainable investments?

The Company does not hold investments that would be considered to be socially sustainable investments.

[4] Based on investment value of operational and controlled pipeline capacity as a proportion of the Company's enterprise, development portfolio, and construction portfolio value.

As at 30 June 2023

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The investments made by the Company that are classified as non-sustainable include hedging instruments, which are used by the Company to protect shareholders against voltaility in interest rates.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Given the nature of the Company's investments, shareholder engagement actions are not relevant to the Company's ESG strategy. However, on behalf of the Company, the Investment Adviser engages with external service providers on the collection of ESG data and the continued integration of ESG into portfolio-related activities. Such engagement enables the Company to monitor the ESG performance of its investments over time.

How did this financial product perform compared to the reference benchmark?

The Company has not designated an index as a reference benchmark to determine its alignment with the environmental and social characteristics that it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.

As at 30 June 2023