Bluefield Solar Income Fund Limited

Annual Report and Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Company Registration Number: 56708

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General Information

Board of Directors (all non-executive)
John Rennocks (Chairman)
John Scott (Senior Independent Director)
Paul Le Page (Chairman of Audit Committee)
Laurence McNairn
Meriel Lenfestey (appointed 1 April 2019)

Registered Office
PO Box 286
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey, GY1 4LY[1]

Administrator, Company Secretary and Designated Manager
Estera International Fund Managers (Guernsey) Limited
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey, GY1 4LY[2]

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

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

Receiving Agent and UK Transfer Agent
Link Asset Services Limited
The Registry
34 Beckenham Road, Beckenham
Kent, BR3 4TU

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

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

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

1. On 29 April 2019, the registered office address of Bluefield Solar Income Fund Limited changed from Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY
2. On 29 April 2019, the registered office address of Estera International Fund Managers (Guernsey) Limited changed from Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY

Highlights

As at 30 June 2019 / *30 June 2018*

Net Asset Value (NAV)
£436.4m ***£419.0m***

NAV per share
117.98p ***113.28p***

Total Dividend per Share
(Consisting of target dividend of 7.68pps and additional dividend of 0.63pps)
8.31pps ***7.43pps***

Underlying Earnings[1]
(pre amortisation of debt)
£40.7m ***£35.8m***

Underlying Earnings[1]
(pre amortisation of debt)
11.01p ***9.67p***

Underlying Earnings[1]
(post amortisation of debt)
8.91p ***7.72p***

Total return to Shareholders[2]
19.12% ***11.68%***

Total return to Shareholders since IPO
73.48% ***50.35%***

MWh Generated per MWp
1,030 ***965***

Environmental, Social and Governance (ESG)
Achieved Guernsey Green Fund status
Delivered Carbon Savings of 162,320 tonnes of CO_2

Forward Focus
Increased access to funding to support asset growth
Extended leases and planning permissions
Kept a watchful eye on market changes and new technologies

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by definitively linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 7.
2. Total return to shareholders is based on share price movement and dividends paid in the year.

Highlights (continued)

Results Summary:

	As at / year ended 30 June 2019
Total operating income	**£46,892,156**
Total comprehensive income	**£44,925,088**
Total underlying earnings[1]	**£40,722,508**
Earnings per share	**12.15**
Underlying EPS available for distribution[2]	**8.91p**
Total declared dividends per share for year	**8.31p**
Earnings per share carried forward (See Page 44)	**0.60p**
NAV per share	**117.98p**
Share price at 30 June 2019	**136.50p**
Total return[3]	**10.89%**
Total return to shareholders[4]	**19.12%**
Total return to shareholders since inception[5]	**73.48%**
Dividends per share paid since inception	**36.98p**

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the shareholders by definitively linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 43.
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 return to shareholders is based on share price movement and dividends paid in the year.
5. Total Return to shareholders 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 investing in a portfolio of UK based solar energy infrastructure assets.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it 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 has the ability to use long term and short term debt at the holding company level as well as having long term, non-recourse debt at the SPV level.

Investment Adviser

The Investment Adviser to the Company during the year was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 BSL, a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by BSIFIL. In August 2017 BOL, a company with the same ownership as the Investment Adviser, commenced providing O&M services to the Company and now provides services to 23 of the investment SPVs held by BSIFIL as at year end.

Chairman's Statement

Introduction

The performance of the Company in the year ended 30 June 2019 has been excellent, in recognition of which your Board is declaring an additional dividend.

We have delivered earnings, net of debt amortisation, which significantly exceed our target dividend of 7.68pps; in the previous year we paid out our target dividend level and retained all earnings as a reserve for future distribution, but for 2018/19 your Board has decided to make an additional payment to shareholders in recognition of the outstanding performance achieved.

In addition to a fourth interim dividend of 1.98pps – which brings total dividends for 2018/19 to the target level of 7.68pps – we are declaring an additional dividend of 0.63pps. This still allows us to add 0.30pps to reserves, resulting in carried forward surplus earnings of 0.60pps, enabling us to enter the 2019/20 financial year with robust distributable reserves.

Our dividend target for the financial year ending June 2020 is 7.90pps, reflecting the June 2019 RPI number of 2.88%, as applied to the previous target dividend of 7.68pps.

At the year end the Company's NAV was 117.98pps (113.28pps as at 30 June 2018); Total Return for the period was 10.89% and Total Return to Shareholders was 19.12%. The annualised average total return to shareholders since IPO in 2013 is 9.61%.

Key Events

The year has been outstanding with above target earnings and dividends, a satisfying result for a Company that has as its first priority the delivery of attractive levels of sterling income, covered by earnings.

The explanation for the outperformance is straightforward. The period had higher than average irradiation (+6.6%), favourable conditions which were effectively translated into high levels of actual generation (+7.5%), made possible by the quality of the operating portfolio and a credit to the work of BSL.

This increased generation was then converted into high levels of revenue, enhanced in the period by the Company being able to respond to, and capture, higher power prices.

The Company has also seen a modest increase in its NAV. The main driver for this is the significant progress the Company has made in lease extensions on the portfolio, which have offset the lower power price forecasts since December 2018. As detailed in the Investment Adviser's report, the Company has had several successful planning determinations on 15 year lease extensions (amounting to over 100MWp), with a further 64MWp still awaiting an outcome or under negotiation. Significantly, the Company has not had, at the time of writing, any planning rejections.

Acquisition activity has again been very limited, consistent with last year. However, the Investment Adviser has been working throughout the period on developing the next phase of growth for the Company, the non-subsidised investment programme, an investment theme that is arriving in the UK, as highlighted in earlier reports.

Underlying Earnings and Dividend Income

The underlying earnings for the year were £40.7m or 11.01pps (2017/18 numbers were £35.8m and 9.67pps respectively). After amortising our long term leverage, the available profits, including brought forward reserves, were £33.0m or 8.91pps (2018/19: £28.6m or 7.73pps)

The Board has elected to pay out our target dividend of 7.68pps and to add to this an additional dividend of 0.63pps, resulting in carried forward surplus earnings of 0.60pps. This adds to the Board's confidence that target dividends can continue to be increased in line with RPI for the year.

Valuation and Equity IRR

Valuation methodology remains consistent with previous reporting periods, with the Board receiving a valuation recommendation from the Investment Adviser, the product of a comprehensive DCF model. This valuation is then benchmarked, on a capacity basis, against comparable transactional activity for basis for UK based solar assets.

As a result of successful asset extension activity by the Investment Adviser over the past 12 months, the Directors' Valuation as at 30 June 2019 now includes 107MWp being valued on the basis of an additional 15 years of operational life, and a weighted average life of the portfolio of 24.2 years (up from 21.4 years in June 18).

Reflecting short term expectations from leading forecasters (including the OBR), the Directors' Valuation also includes a change in the short-term rate of inflation to 3.0% until 2024 (up from 2.75% in June 2018), before reverting to the Company's unchanged long-term rate of 2.75% (2.75% in June 2018).

Incorporating these principal changes within the DCF model as well as benchmarking the valuation of the Company's portfolio to precedent market transactions (which range between £1.27m/MWp to £1.42m/MWp) results, as at 30 June 2019, in an Enterprise Value for the portfolio of £1.30m/MWp and a weighted average discount rate of 7.18% (7.26% in June 2018).

Beyond the changes to short term inflation rates and asset life of a subset of the portfolio, the other main change in the valuation is the reduction in power price forecasts from December 2018.

Investment Strategy

The investment strategy is unchanged since IPO - to buy high quality UK based solar assets that are accretive to the Company's NAV and dividend paying capacity. This approach has delivered an annualised return for our shareholders in excess of 9.6% since 2013. The strategy has had two very distinct stages. The first stage saw the asset base built out between 2013-16 when the Investment Adviser could execute its preferred acquisition approach of working with developers and contractors and funding investments through construction during the high growth phase of the UK market. The second phase, from 2016-19, has seen very few acquisitions due to high asset valuations and/or poor quality sites in the secondary market. In this second phase the Company has focused on optimising the value of the portfolio via the active management strategies of the Investment Adviser and technical service provider BSL. This combination of investing in an efficient way through the primary phase of the market and then optimising the Company's assets has been responsible for the returns that we have been able to deliver.

The Investment Adviser has continued to bid on operational portfolios that have come to market and will continue to do so. However, the lack of acquisitions should be interpreted as a continuation of the pricing discipline seen in previous periods as opposed to a lack of ambition.

Non-Subsidised Solar

As highlighted over the past twelve months, the subsidy free market in the UK is now with us. The Investment Adviser has been preparing for its arrival and, as highlighted in its report, good progress has been made as it develops this important next phase of primary growth for the Company. A select number of agreements have been made and a viable pipeline of potential opportunities is being worked through with our chosen developer or contractor partners.

This new market is well suited to the Investment Adviser's approach of working with developers and contractors in order to control the quality and scale of the new pipeline. This new market also puts a higher emphasis on the management of the power revenues as all the revenues will be derived from the sale of electricity, with no regulated revenues. The Investment Adviser's skill in managing power revenues, highlighted so tangibly in these results, will also benefit our shareholders as we develop this next phase of growth. We believe the conditions are in place for this market to be scalable in the coming years and, if so, for the Company to be a beneficiary.

The Board will continue to ensure that these potential new projects are capable of enhancing the dividend opportunity for shareholders by a judicious use of debt and equity financing that leads to the expectation of higher earnings per share.

Debt Strategy

The Group has used the period to continue to amortise its debt and we have paid down £8.8m of debt, equivalent to 2.40pps of earnings. Overall leverage is now at the low end of where we think is optimal for the Company.

With the debt markets currently in a price range that we last saw in 2016 when we introduced our long term finance, we think it is prudent to look at the potential for increasing the overall leverage level of the Company, from its current level of 33% of GAV, if the opportunity arises.

Power Prices

The power sale strategy has been a significant contributor to the overall outperformance of the Company in the period. The Company was able to capture the significant increase in the power markets in the first half of the Company's financial year. This ability to respond to a rapidly inflating power contract market was not achieved by chance. The Company's capital structure was designed, from IPO, to avoid leverage at the asset level and to make acquisitions, where possible on an all equity basis. The Company then introduced, in 2016, relatively low levels of long term leverage at the holding company level to replace a short term facility that had been used to acquire a portfolio of assets creating the capital structure the Company has today.

This approach is worth highlighting as it has resulted in two significant and long term benefits to our shareholders. The first was the low levels of leverage with security over a diversified operational portfolio, which enabled our debt provider to deliver an extremely well-priced and well-structured long term facility. The other primary benefit, which relates directly to the Company's power strategy, is that the avoidance of asset level financing has resulted in the Company not having financing structures that required individual assets entering into long term power contracts. By avoiding this, it has created flexibility in respect of the tenor of the power and ROC contracts and flexibility in the choice of the provider of the contract. The flexibility resulted in the successful switch to higher priced contracts in the period.

Longer term independent power price forecasts have weakened and are now below previous expectations; and mitigating this by using this expertise in structuring and negotiating power contracts will remain an important part of future activities.

Technical Asset Management

A period of above-average irradiation puts into sharp focus a solar portfolio's ability to convert that natural resource into electrical energy. What is particularly pleasing about the performance is that the high levels of irradiation we experienced were captured and converted into electricity by the portfolio. BSL, the Bristol based technical asset management business that looks after all aspects of the portfolio's services, from monitoring through to contract enforcement, has again delivered above budget performance. I do not tire of repeating the reasons for this consistently strong performance. We have a highly skilled and aligned team of asset management professionals working diligently and expertly on the portfolio that benefits the Company every year.

Environmental, Social and Governance

Environmental, Social and Governance responsibilities have always been at the centre of the Company. Beyond the obvious starting point of solar power as an asset class supporting broad environmental and social objectives, the Investment Adviser is engaging in increased activities on the solar farms that are expected to enhance the environmental standards surrounding the farms. Whether it be following the UN principles of Responsible Investing, the community programmes, or to building bug hotels on the solar farms, each activity aims to benefit the environmental credentials. The Company was the first London listed investment company to achieve Guernsey Green Fund Status.

From IPO, the Company set itself the challenge of the highest levels of transparency and disclosure when reporting to our shareholders, an approach which I hope shareholders will continue to see in this report.

However, there is always more to do and between the Board and the Investment Adviser we look forward to updating you on our environmental, social and governance initiatives over the coming periods.

Governance

I am delighted that Meriel Lenfestey has joined the board. She brings excellent and complementary experience to the board and I have no doubt she will be a great asset in the next phase of growth for the Company.

Summary

The performance for the Company in this report is very pleasing and consolidates an above average performance since IPO. This strength of the financial performance, the valuation and debt levels mean that the Company is in a position to look at growing the asset base through either secondary or primary acquisitions, whilst continuing the focus on the optimisation of the current portfolio. The backdrop to any new investments will remain our commitment to our shareholder return objectives.

John Rennocks
Chairman
18 September 2019

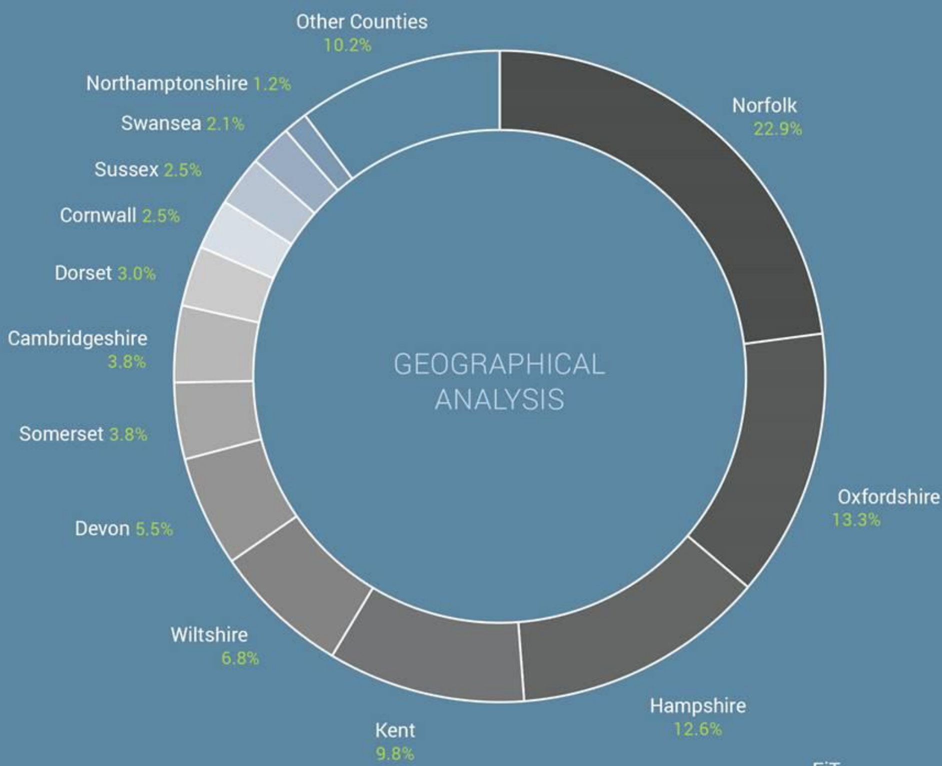
The Company's Investment Portfolio

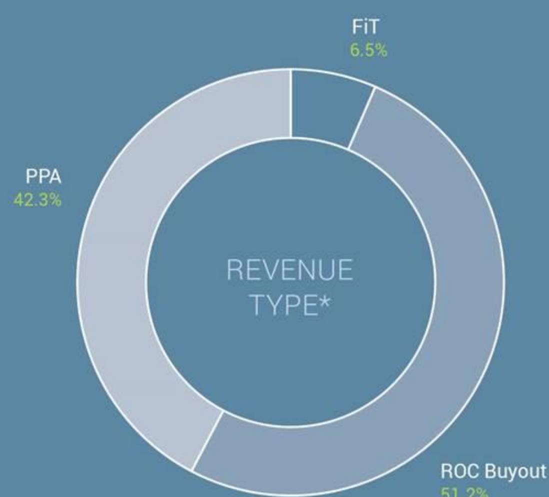
Analysis of the Company’s Investment Portfolio

Analysis of the Company's Investment Portfolio (continued)

Analysis of the Company's Investment Portfolio

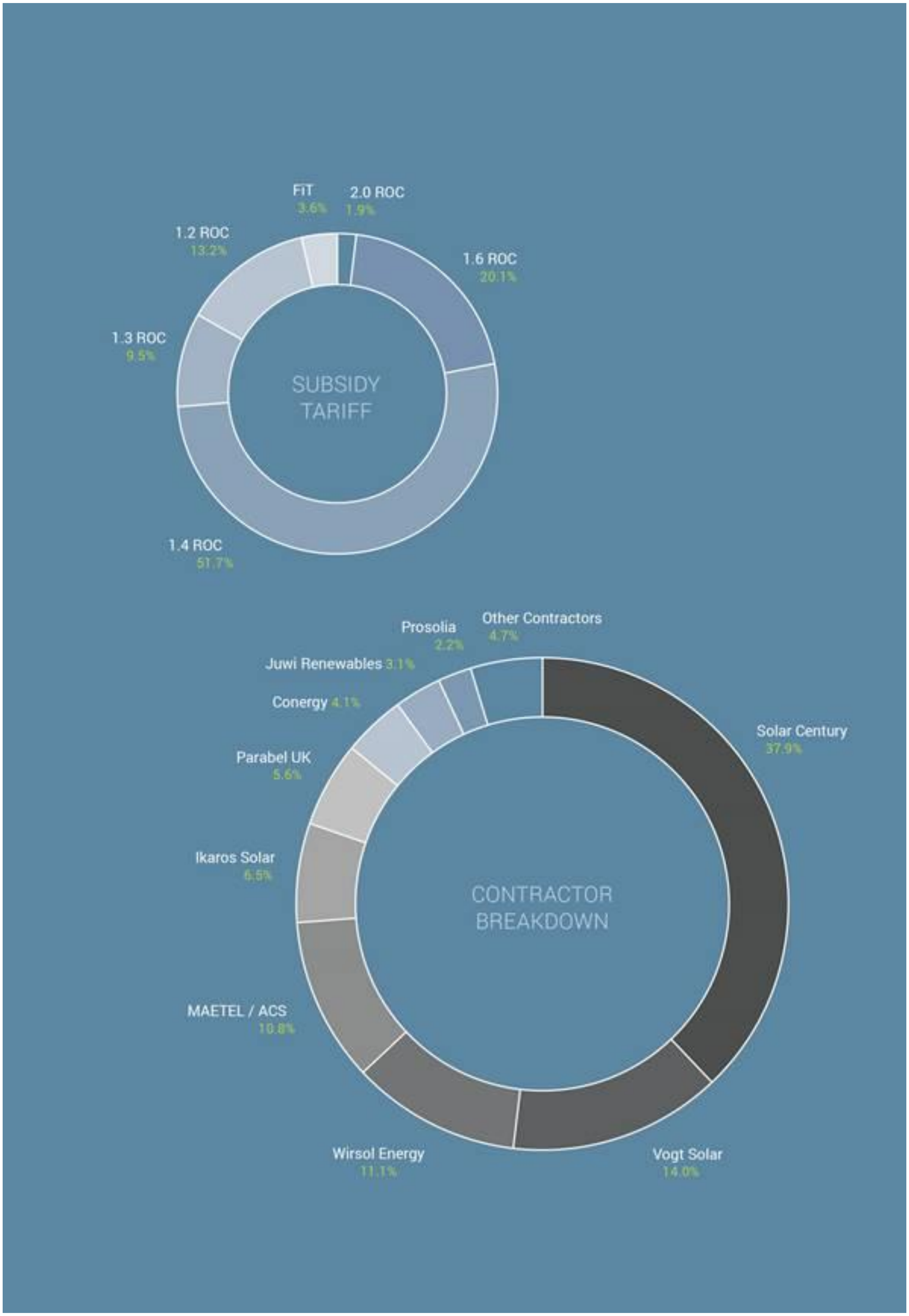
The Company's investment portfolio, analysed by geography, revenue type, subsidy tariff and contractor, as at 30 June 2019 is as follows:





* Revenue is based on the Company's operating portfolio of 465.3 MWp and does not include estimated ROC Recycle Revenue

Analysis of the Company’s Investment Portfolio (continued)



Strategic Report

1. Company's Objectives and Strategy

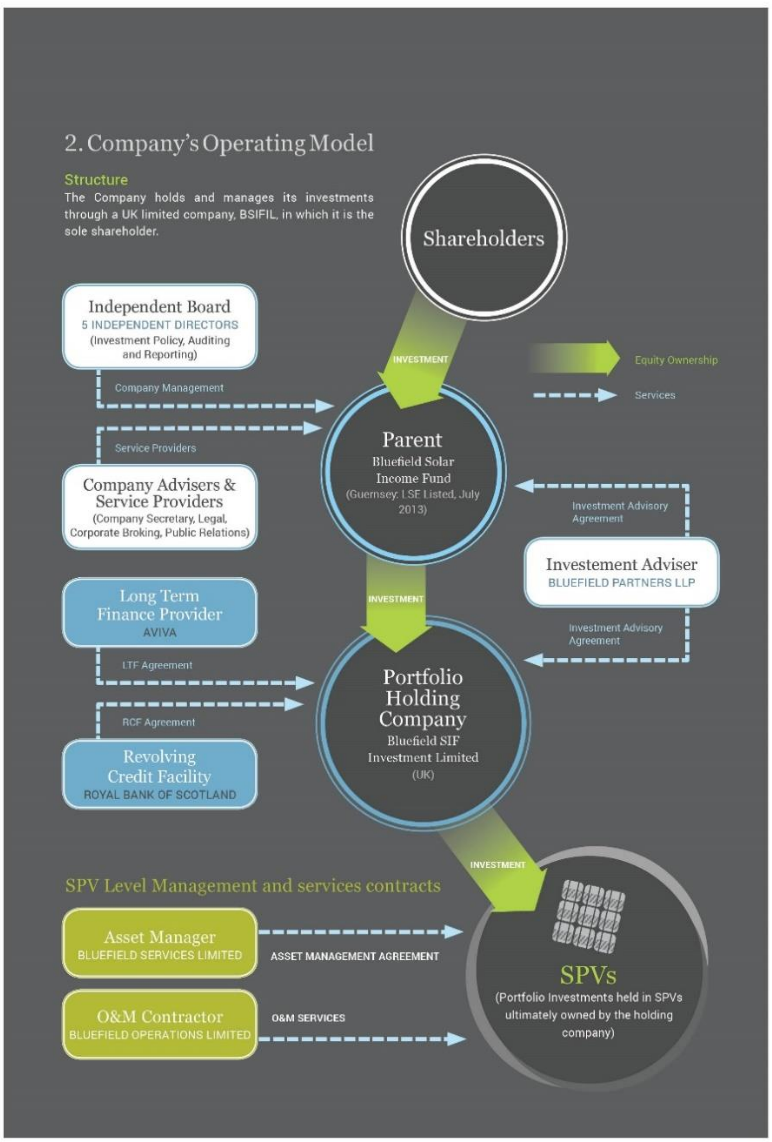
The Company seeks to provide shareholders with an attractive, sustainable return, principally in the form of quarterly income distributions, by investing in a portfolio of large scale UK based solar energy infrastructure assets. The Company has a dividend target that is increased at the end of each financial year in line with RPI. Subject to maintaining a prudent level of reserves, the Company aims to achieve this through optimisation of asset performance, acquisitions and the use of gearing. The Company's dividend target for the financial year ended 30 June 2019 is 7.68pps and the Company has declared dividends of this amount, as well as an additional dividend of 0.63pps.

The Operational and Financial Review section on page 20 provides further information relating to performance during the year.

2. Company's Operating Model

Structure

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



2. Company's Operating Model (continued)

Management

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

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

During the year the Investment Adviser has been paid a base fee of 0.7% of NAV at 30 June 2019 and will receive a further variable fee, paid in shares, equivalent to 0.2% of NAV at 30 June 2019 in relation to the additional dividend of 0.63pps

A summary of the fees paid to the Investment Adviser is given in Note 16 of the financial statements. The fees paid to BSL and BOL, the Solar Asset Management and Operations and Maintenance businesses under common ownership with the Investment Adviser are also detailed in Note 16.

Post year end, following the declaration of an above target total dividend by the Company for 2019, the Investment Adviser is also entitled to a variable fee which is triggered when actual dividends in relation to a full financial year exceed targets. In the financial year the variable fee, which will be paid in shares, equated to 0.2% of NAV.

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 pages 64 to 65.

Investment Process

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

2. Company's Operating Model (continued)

Investment Process (continued)

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 market 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 concept review fixes a project evaluation budget as well as confirming the project proposal is in line with the Company's investment policy and strategy.

(3) Due diligence
In addition to applying its direct commercial experience in executing solar PV project acquisitions and managing operational solar plants, the Investment Adviser engages legal, technical and, where required, insurance and accounting advisers 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 BSIFIL. The boards undertake detailed review meetings with the Investment Adviser to assess the recommended projects. If the boards of both the Company and BSIFIL 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.

2. Company's Operating Model (continued)

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

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

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

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

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

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

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

3. Company's Operating Model (continued)

The Company's investment policy has the flexibility to purchase assets pre or post construction in order to:

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

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

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

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

Listing Rule Investment Restrictions

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the 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 of investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

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

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

The Board and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts. The production of sustainable energy from the Company's portfolio is expected to save the emission of millions of tonnes of CO_2 throughout the life of the assets. In addition, the Company seeks to increase biodiversity at its sites by appropriate planting and landscaping of the land it manages, as detailed in the Environmental, Social and Governance report on pages 56 to 57. The Company was the first London listed investment company to achieve Guernsey Green Fund Status.

OPERATIONAL ISSUES

5. Operational & Financial Review for the period

Key Performance Indicators

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

	As at 30 June 2019	As at 30 June 2018
Market Capitalisation	£504,891,018	£447,559,071
Share price	136.50p	121.00p
Total dividends per share declared in relation to the year	8.31p	7.43p
NAV	£436,396,238	£418,995,484
NAV per share	117.98p	113.28p
Total Return to shareholders (based on share price and dividends paid in the year)	19.12%	11.68%

Acquisitions

Despite screening projects with a total capacity exceeding 500MWp, only one acquisition met the Company's return requirements. It was purchased for a consideration of £6.75m (2018: total £26.2m) and had been carefully selected to ensure the portfolio is well balanced geographically, with appropriate levels of diversification of construction and operation contractors and key equipment.

Portfolio Performance

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

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

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

Summary Statement of Comprehensive Income

	Year ended 30 June 2019 £ million	Year ended 30 June 2018 £ million
Total Income (Note 4 of the financial statements)	**0.7**	**0.7**
Change in fair value of assets (Note 8 of the financial statements)	**46.2**	**35.3**
Administrative expenses (Note 5 of the financial statements)	**(2.0)**	**(1.2)**
Total comprehensive income before tax	**44.9**	**34.8**
Tax	-	-
Total comprehensive income	**44.9**	**34.8**
Earnings per share	**12.14p**	**9.41p**

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

The total comprehensive income before tax of £45 million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on valuation movements of BSIFIL's portfolio is given in the Report of the Investment Adviser.

Ongoing Charges	**Year to 30 June 2019** The Company	BSIFIL	Total £	**Year to 30 June 2018** The Company	BSIFIL	Total £
Fees to Investment Adviser	312,925	2,901,098	3,214,023	310,783	2,774,083	3,168,721
Legal and professional fees	167,612	119,599	287,211	109,723	129,941	239,664
Administration fees	291,941	-	291,941	294,156	-	294,156
Directors' remuneration	189,375	10,400	199,775	165,200	10,400	175,600
Audit fees	94,562	21,250	115,812	90,460	31,062	121,522
Other ongoing expenses	211,573	392,063	675,137	230,243	309,320	455,708
Total expenses	**1,267,988**	**3,444,410**	**4,712,398**	**1,200,565**	**3,254,806**	**4,455,371**
Non-recurring expenses	(40,000)	(119,449)	(159,449)	(10,738)	(142,959)	(153,697)
Total ongoing expenses	1,227,988	3,324,961	4,552,949	1,189,827	3,111,847	4,301,674
Average NAV			424,040,834			411,877,763
Ongoing Charges (using AIC methodology)			1.07%			1.04%

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

6. Directors' Valuation* of Company's portfolio

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

Valuations are carried out bi-annually as at 31 December and 30 June each year with the Company committed to procuring a review of valuations by an independent expert at such times as the Board deems appropriate.

Such an external review of valuation was undertaken by an independent third party for June 2018.

The Directors' Valuation adopted for the portfolio as at 30 June 2019 was £622.1m (Note 8 of the financial statements), representing a cumulative 12.7% uplift on investment cost, derived from a combination of income generated within the investments and revaluation uplift under discounted cash-flow methodology.

The Board reviews and considers the recommendations of the Investment Adviser to form an opinion of the fair value of the Company's investments.

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

7. Principal Risks and Uncertainties

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

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

The Company's risk register covers four main areas of risk:

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

Each of these areas, together with the principal risks associated with that category, is summarised in the table below and include commentary on the mitigating factors. The list is a subset of a much larger set of risks which the Board review on a regular basis.

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

7. Principal Risks and Uncertainties (continued)

PORTFOLIO MANAGEMENT

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

7. Principal Risks and Uncertainties (continued)

OPERATIONAL

Risk	Potential impact	Mitigation
3. Valuation error	Valuations of the SPV investments are reliant on large and detailed financial models based on discounted cash flows. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and certain assumptions or methodologies applied may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited transactional data for solar PV generation against which the investment valuation can be benchmarked. Other inputs such as the price at which electricity and associated benefits can be sold are subject to government policies and support.	All papers supporting the GAV calculation and methodology used are presented to the Board for approval and adoption. Ongoing quarterly reconciliations are performed between the SPVs and BSIF. Additionally, the Board at its discretion, has the ability to obtain 3rd party valuations to corroborate calculations prepared by the Investment Adviser. To mitigate the impact of power price volatility on the Company's portfolio valuation blended power price curves from two leading forecasters are used in the portfolio cash flow model.
4. Depreciation of NAV	The portfolio NAV will depreciate towards the end of the Company's life.	The Investment Adviser has been requested to model how the portfolio NAV will move with time, producing long term scenario planning for the Boards' review. The Board has authorised the Investment Adviser to negotiate lease extensions on all active plants, as each successful extension increases the life of the Fund and reduces the depreciation of the NAV.

7. Principal Risks and Uncertainties (continued)

OPERATIONAL (continued)

EXTERNAL

Risk	Potential impact	Mitigation
5. Unfavourable Weather and Climate Conditions	Weather related risks: annual income generation of the Company is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year. Global warming could impact supply and demand for electricity.	The Company has diversified the locations of its plants across the UK. The Company uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is dispersed across the south of the UK. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight, limiting short term volatility when compared to other weather dependent electricity generation. The Company and other clean energy providers are doing their part to reduce the Earth's Carbon Footprint, however there are already damaging long term effects of climate change which may impact the Company. The management of such an outcome is largely out of the Company's control.

7. Principal Risks and Uncertainties (continued)

EXTERNAL (CONTINUED)

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

7. Principal Risks and Uncertainties (continued)

EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
7. Changes in tax regime	There may be unfavourable tax related changes including restrictions on renewables, or no relief on debt structuring. The UK Finance Bill enacted in December 2017 restricts tax relief on borrowing to 30% of EBITDA.	An independent taxation review of the Company was carried out as part of the long term debt financing procurement process. The Company makes regular debt repayments to reduce operating leverage and with the intention of ensuring that debt is repaid before regulatory revenues expire. The Board continues to monitor the situation and take advice from the Company's tax advisers as necessary.
8. Changes to Government Plans	Decisions affecting the wholesale supply of electricity through either i) a flooded market or ii) other available forms of energy sources.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers.
9. Political risk	The decision by the UK to exit the EU has elevated levels of political uncertainty and may have an adverse impact on the Company.	Since announcement of the EU referendum result there has been a weakening of Sterling's exchange rate against a number of major currencies, a downgrade of the UK's credit rating and a cut in interest rates. The Company has been favourably impacted by these changes to date. The Company has negligible foreign currency exposure and the reduction in yield on gilts has materially reduced the cost of the Company's long term debt. There are however other unknown risks which may or may not occur in the medium and longer term and which the Board will monitor closely should they arise.

7. Principal Risks and Uncertainties (continued)

Longer term viability statement

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

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 62, is taken into account.

The Board reviewed the impact of stress testing the quantifiable risks to the Company's cash flows in the previous pages as detailed in risk factors 1-9 and concluded that the Company, assuming current leverage levels, would be able to continue to produce distributable income in the event of the following scenarios:

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

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 cease to continue as presently constituted. The first such discontinuation vote was held at the 2018 AGM and resulted in a 99.46% vote in favour of 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 three year period ending 30 June 2022. Whilst the Board has no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved, the period over which the Board considers it possible to form a reasonable expectation as to the Company's longer term viability, based on the stress testing scenario planning discussed above, is the three year period to June 2022. This period is used for our mid-term business plans and has been selected because it presents the Board and therefore readers of the annual report with a reasonable degree of confidence whilst still providing an appropriate longer term outlook.

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

Based upon the robust assessment of the principal risks facing the Company and its stress testing based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to June 2022

7. Principal Risks and Uncertainties (continued)

Longer term viability statement (continued)

Confirmation of longer term viability (continued)

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

The Company's risks are mitigated and managed by the Board through continual review, policy setting and half yearly review of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out its last formal review of the risk matrix at the Audit Committee meeting held on 16 September 2019. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Paul Le Page
Director
18 September 2019

Laurence McNairn
Director
18 September 2019

Report of the Investment Adviser

1. About Bluefield Partners LLP

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in solar energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The management team has been involved in over £2.5 billion of solar PV funds and/or transactions since 2008.

Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives. As Investment Adviser, Bluefield takes responsibility, fully inclusive within its advisory fees, for selection, origination and execution of investment opportunities for the Company, having executed 50 individual SPV acquisitions on behalf of BSIF since flotation. Due to the strong expertise of the Investment Adviser, no additional transaction arrangement or origination service providers are employed by the Company and no investment transaction arrangement fees have been paid either to the Investment Adviser or any third parties.

Bluefield's Investment Committee has collective experience of over £20 billion of energy and infrastructure transactions.

2. Portfolio: Acquisitions, Performance and Value Enhancement

Portfolio

As at 30 June 2019, the Company held an operational portfolio of 87 PV plants (consisting of 46 large scale sites, 39 micro sites and 2 roof top sites) with a total capacity of 465.3MWp with the portfolio displaying strong diversity through; geographical variety (as shown by the map on page 12), a range of proven PV technologies and infrastructure (arising from the solar PV farms having been constructed by a number of experienced solar contractors), and a blend of asset sizes with capacities ranging from microsites to substantial, utility-scale solar farms (including two plants at c.50MWp).

Acquisitions

During the 12 month period to 30 June 2019, the Investment Adviser reviewed over 500MWp of acquisition opportunities, which included both subsidised (ROC and FiT) portfolios as well as a small number of ready to build subsidy-free assets. The Investment Adviser continued to apply its stringent acquisition criteria to these opportunities, and consequently only 6% of the projects assessed went on to be recommended to the BSIF board.

Out of this pipeline, the Company completed only one acquisition (Little Bear), with a capacity of 5MWp. The plant was constructed by Canadian Solar and accredited under the 1.2 ROC Scheme. It was funded using £5.9m from the Company's increased and extended £50m RCF (taking total drawings to £30.2m as at 30 June 2019), as well as utilising £0.9m of recycled working capital from previous acquisitions.

The asset commenced generation in March 2017.

In keeping with the Investment Adviser's objective to deliver value and return accretive acquisition opportunities to the Company, the Investment Adviser is currently assessing a range of transactions as it looks to continue its policy of securing high quality, return accretive acquisitions.

As a consequence of our strong pricing discipline, the focus continues to be primarily on the optimisation of performance of the excellent asset base already secured.

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

Performance

In the year to 30 June 2019 the portfolio, with a total installed capacity of 465.3MWp, achieved a net PR of 81.5% (2018: 82.1%), against a forecasted net PR of 80.8%, creating an 'asset management uplift effect' of +0.9%.

Table 1. Summary of BSIF Portfolio Performance for 2018/19:

	Actual 2018/19	Forecast 2018/19	% change	Actual 2017/18	% change
Weighted Average Irradiation (Hrs)[1,2]	**1,264**	**1,186**	**+6.6%**	**1,175**	**+7.6%**
Net Performance Ratio (%)[1,2]	**81.5%**	**80.8%**	**+0.9%**	**82.1%**	**-0.9%**
Generation Yield (MWh/MWp)[1,2]	**1,030**	**958**	**+7.5%**	**965**	**+6.7%**
Total unit Price: Power + ROCs +LDs[3] (GBP 000's/MWh)	**£133.6**	**£126.3**	**+5.8%**	**£126.7**	**+5.4%**
Total Revenue: inc LDs (GBP 000's/MWp)	**£137.6k**	**£121.1k**	**+13.6%**	**£122.3k**	**+12.5%**

Notes to table 1.

1. Excluding grid outages and significant periods of constraint or curtailment that were outside of the Company's control (for example, DNO-led outages and curtailments).

2 Table excludes assets with a collective capacity of 18.8MWp, which were acquired during H2 2017/18 reporting period and therefore do not offer 12 month comparisons with FY 2018/19. The table also excludes the 5MWp Little Bear plant, acquired in October 2018.

3. Actual and forecast revenue figures include ROC recycle estimates in line with standard forecasts and LDs of £0.44m (FY2017/18 £1.7m) and business rate rebates & insurance of £0.33k (FY 2017/18 nil).

As shown in the table above, irradiation levels during the reporting period were 6.6% higher than the Company expected, as 5 months during the year (July, September, October, March and April) all experienced levels significantly above expectations, and also when compared to the same period in 2017/18 reporting year.

Operational outperformance (assisted by the Net PR being 0.9% above forecast levels) across the portfolio, when combined with the high irradiation levels, gave rise to significantly higher than forecast generation (+7.5%) and +6.7% when compared to the previous financial year, with a total generation of 480.21GWh (vs. 441.40 GWh FY2017/18).

When combined with an increase in Total Unit Price (materially due to rising power prices feeding into PPA fixes over the period) to £133.6/MWh, Total Revenue (inc.£0.8m of LDs and rebates) was considerably higher than both expectations (+13.6%) and FY 2017/18 (+12.5%).

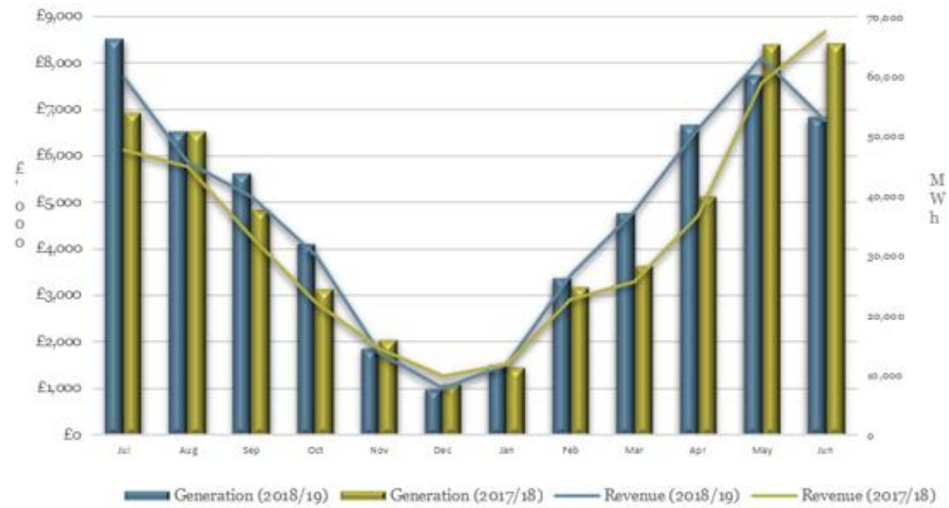
The portfolio's 'availability' (the total time the plant was operating, as a percentage of the maximum possible) was 98.4%, marginally lower than the forecasted level of 99%. This was largely due to the Investment Adviser's decision to complete the replacement of several items of high voltage equipment on various sites (including transformers and inverters). During these works, some assets were required to be fully or partly de-energised until component parts could be delivered and installed.

Report of the Investment Adviser (continued)

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

Performance (continued)

Figure 1. FY 2018/19 vs FY 2017/18 – Actual generation and Revenue

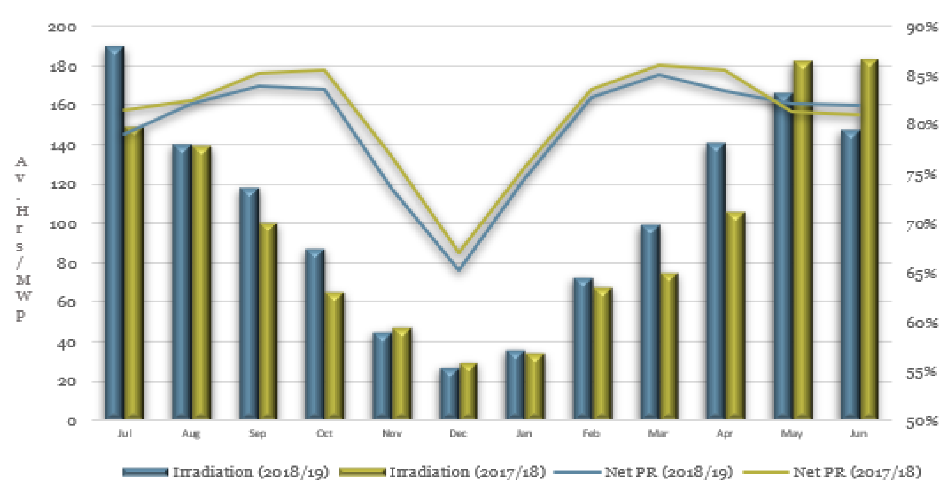


Note: The figure excludes assets with a collective capacity of 23MWp, which were acquired during the reporting period and/or the 2017/18 reporting year therefore do not yet offer 12 months of performance data.

Although the portfolio's net performance was higher than forecast (+0.9%), it was lower than the equivalent period from the previous reporting year by -0.9%; a result of both expected and unexpected factors.

First, a fall in year on year performance will always be expected as the effects of degradation impact the PV modules' performance (e.g. an industry standard rate of degradation is c.-0.4%per annum); however, as Figure 2 below illustrates, higher irradiation levels result in higher operating temperatures that cause a slight reduction in overall plant's efficiency and some loss of power due to some inverters' saturation during periods of exceptionally high irradiation levels. Although as the performance table on page 31 shows, this restriction is overwhelmingly compensated for by outperformance in absolute power generation.

Figure 2 - 2018/19 vs 2017/18 actual Net PR and irradiation



Note: Figure 2 excludes assets with a collective capacity of 23MWp, which were acquired during the reporting period and/or the 2017/18 reporting year and therefore do not yet offer 12 months of performance data.

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

Performance (continued)

The reason behind this fall in efficiency is a result of the plants experiencing inverter saturation, commonly referred to as ‘clipping’, during periods of unexpectedly high irradiation. Inverter saturation is an event which occurs when the Direct Current (“DC”) power from the PV array exceeds the maximum input level for the inverter which converts the power into Alternating Current (“AC”).

In the UK, due to lower average irradiation levels (e.g. when compared to Southern Europe) it is common to ‘oversize’ the generating capacity by a factor of 1.2 to 1.4 (i.e. building more module capacity than inverter capacity) to ensure that the AC exported is maximised at times when irradiation is below peak levels.

An example might be a plant which is licensed to deliver 5MWp to the grid being built with a generating capacity of 6MWp; whilst 1MW will be ‘clipped’ at times of peak irradiation, the plant will be able to deliver 5MW for significantly more hours in the year than is the case where 5MW is the peak output available from the panels.

The consequence of this is that during periods of high irradiation the output from the modules will exceed the permitted input of the inverter. At this point, whilst the plant will be generating above forecast expectations, since the inverter is not capturing all of the available DC generation the performance ratio of the plant (i.e. conversion efficiency) reduces.

This is a design feature of most of our plants and has no correlation to the underlying operational stability of the plant.

The geographical and equipment diversity within the Company’s portfolio allows the effects of both ‘Outage Risk’ (whereby a higher proportion of large capacity assets would hold increased exposure to material losses due to curtailments and periods of outage, as directed by a specific DNO) and ‘Defect Risk’ (where over reliance on limited equipment manufacturers could lead to large proportions of the portfolio suffering similar defects) to be mitigated.

This diversification, combined with the considerable efforts of the Company’s asset manager, BSL, is demonstrated by the fact that the outages experienced by the portfolio (those events both outside and inside the Company’s control) allowed the higher irradiation levels experienced during the Reporting Period to be directly converted into higher generation and, consequently, higher revenues being collected.

The impact of outages resulting from events within the control of the Company (for example, periods when a plant, or part of a plant, were shut to conduct essential maintenance or repairs) accounted for a loss of 1.29% (6.19GWh) of the Portfolio’s total generation.

Outages and curtailments which were outside the control of the Company (for example, where these events are initiated by a DNO for them to undertake upgrade works in the local area) accounted for 4,924MWh of lost generation (0.99% of total generation), an increase from the 3,200MWh of lost generation during the same period during the 2017/18 year.

This increase reflects more DNO led events for essential repair and upgrade works within the proximity of the BSIF assets and is not symptomatic of any long term outage trend from DNO activity.

The combined impact of both sets of outages was an effective decrease of 2.28% to total generation across the portfolio and a combined loss of c.£1.65m of revenues.

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

Performance (continued)

Of the outages resulting from events outside of the Company's control, the most significant periods were recorded at Southwick, a 47.9MWp plant in Hampshire, which experienced a complete outage for 121 hours in July, as a result of failure on the DNO cable which connects the site to the local grid as well as a further DNO led outage in September, lasting 85 hours.

Following these events, the Investment Adviser and the Company's asset manager have been working closely with the DNO, SSE, to mitigate the occurrence of future cabling issues. The combined impact of these outages gave rise to generation and revenue losses of 1,799.44MWh and £207.7k, respectively.

Regarding outages and curtailments due to planned maintenance or repairs by the Company, the most significant curtailment was recorded at Molehill in Kent where the plant experienced a transformer failure in October 2018. Given the timing of the failure, the decision was taken by the Company to replace all three transformers on site to avoid similar future issues and as the resulting works required an outage over late October and early December 2018 lasting 1,368 hours, only 1,177.08 MWh of generation losses (equal to £131.37k) were suffered compared to a significantly higher value if the works had been deferred and completed during the spring or summer months.

Other, more minor, curtailments were experienced at Sheppey Solar Farm in Kent and the Durrants plant on the Isle of Wight. Sheppey experienced a transformer failure concurrently with an inverter failure, which led to part of the plant being shut down during April and May, over a period of 1,464 hours, resulting in the loss of c.473MWh (equal to £61.15k of revenue). Durrants experienced a switchgear failure in March 2019 which required a replacement unit to be purchased, delivered and installed. The plant resumed operating at full capacity in May, with the loss of c.914MWh of generation. The lost revenues, equating to £392.74k are subject to an ongoing insurance claim.

During the financial year to date, the Company received £0.44m in LDs (£1.7m in FY17/18) for underperformance, revenue losses and the rectification of minor equipment defects. The reduction in LDs collected during the year demonstrates that those plants which passed through the final acceptance process were performing as expected, or better than forecasted.

In addition, the Company also received £0.33m from insurance claims and business rates rebates.

The ability of the Company to collect LDs in the year, notwithstanding that the portfolio overall has performed in line with expectations, reflects the fact that the Company benefits from strong enforceable contractual protections and warranties across its portfolio and that the Investment Adviser has been disciplined in enforcing the Company's rights to deliver the optimal outcome for its investors.

During the period, 15 plants (combined capacity of 102.04MWp, representing 21.9% of the portfolio) completed and passed final acceptance testing.

Final acceptance occurs following at least two years of rigorous testing, which these plants passed, as well as a comprehensive audit of the site for defects by BSL, all of which have been remedied or provided for before such acceptance is passed. Following this rigorous acceptance procedure and completion of final acceptance, the EPC is released from its obligations, though some warranties remain for full statute of limitations periods.

As assets pass their final acceptance dates, the plants enter new availability and/or performance guarantees with their respective O&M providers, whilst also benefitting from comprehensive insurance coverage with respect to damage, theft, equipment failure and business interruption.

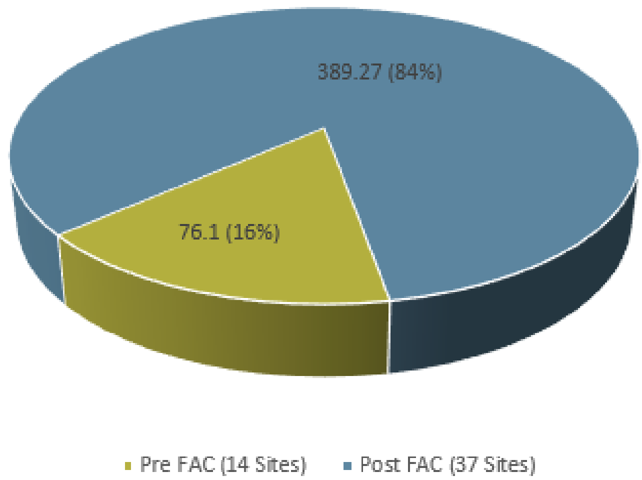
2. Portfolio: Acquisitions, Performance and Value Enhancement (continued)

Performance (continued)

14 of the portfolio's PV plants (equivalent to 76.1MWp or 15.4% of the total installed capacity) remain protected by performance warranties provided by the EPC contractors (in addition to equipment manufacturers' warranties), backed by retentions or warranty bank bonds, applicable from each asset's provisional acceptance date. These warranties provide a contractual entitlement to the recovery of damages because of operational underperformance against a contracted level of performance, or as a result of defects.

As at 30 June 2019, 37 PV plants, with a combined installed capacity of 389.27MWp, had successfully passed their warranty periods and achieved final acceptance, equating to 84% of the portfolio; an increase of 102MWp (15 assets) since 30 June 2018. The remaining 14 sites, equating to 76.1MWp of capacity, are expected to achieve final acceptance by 30 June 2020.

Figure 3. BSIF Portfolio Assets Under EPC Warranty ('pre-FAC') and post-FAC, as at 30 June 2019



At the end of the 2018/19 Reporting Year, the O&M contracts for a further 17 assets (totalling 215.6MWp) were transferred to the subsidiary, BOL. BOL now provides these services on a total of 23 plants with a combined capacity of 292.6MWp, 62.89% of the portfolio.

The transfer of these 23 assets has provided operational cost savings of c.£204.5k, in addition to the tangible operational benefits from increased contractual service levels and, faster response times through a close operational working relationship with the asset manager, BSL.

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

Performance (continued)

The Company's operating portfolio as at 30 June 2019 and the electricity generated in the 2018/19 financial year is shown below:

Table 2. BSIF Portfolio Generation for 2018/19 by Asset:

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2019 (Actual, MW/h)
West Raynham	55.9	50.0	53,891,389
Southwick	61.0	47.9	47,002,587
Elms	32.8	28.9	30,354,320
Hardingham	22.7	20.1	20,954,162
Pentylands	21.4	19.2	18,820,485
Molehill	23.1	18.0	18,872,178
Hoback	19.0	17.5	18,413,682
Littlebourne	22.0	17.0	17,641,405
Goosewillow	19.0	16.9	18,075,719
Hill Farm	17.3	15.2	16,213,859
Roves	14.0	12.7	12,736,074
Pashley	15.4	11.5	12,929,270
Hall Farm	13.4	11.4	12,164,860
Sheppey	12.0	10.6	11,076,220
Betingau	11.2	10.0	9,268,357
Capelands	8.6	8.4	8,108,841
North Beer	9.3	6.9	6,730,163
Ashlawn	7.6	6.6	6,579,602
Redlands	6.4	6.2	6,679,314
Saxley	7.0	5.9	5,725,387
Holly Farm	7.2	5.0	5,634,950
East Farm	7.2	5.0	5,517,710
Durrants	6.4	5.0	4,418,548
Clapton	6.3	5.0	5,189,415
Romsey	5.8	5.0	5,318,994
Old Stone	5.7	5.0	5,115,139
Salhouse	5.6	5.0	5,305,879
Frogs Loke	5.6	5.0	5,268,392
Place Barton	5.5	5.0	4,971,271
Court Farm	5.5	5.0	5,285,648
The Grange	5.4	5.0	5,006,807

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2019 (Actual, MW/h)
Bunns Hill	5.3	5.0	5,262,764
Oulton	5.3	5.0	5,281,358
Rookery	5.2	5.0	5,212,021
Kellingley	5.0	5.0	5,120,468
Kislingbury	5.0	5.0	5,138,966
Willows	4.6	5.0	4,774,545
Trethosa	5.8	4.8	4,806,512
Folly Lane	5.3	4.8	4,989,187
Gypsum	4.4	4.5	4,638,962
Tollgate Farm	4.6	4.3	4,299,839
Burnaston	14.4	4.1	3,969,292
Galton Manor	5.5	3.8	4,055,231
Barvills	3.3	3.2	3,542,776
Langlands	3.1	2.1	2,054,270
Goshawk (10 micro sites)	2.0	1.1	1,081,990
Butteriss (20 micro sites)	2.3	0.8	691,242
Corby	2.3	0.5	445,396
Promothames (9 micro sites)	1.3	0.4	389,252
SUB-TOTAL	**550.0**	**460.3**	**475,024,698**
Assets acquired during the reporting period			
Little Bear	6.8	5.0	5,183,020
SUB-TOTAL	**6.8**	**5.0**	**5,183,020**
GRAND TOTAL	**556.8**	**465.3**	**480,207,718**

Value Enhancement Initiatives

As previously reported, the Investment Adviser continues to focus on initiatives that seek to enhance and create additional value for the portfolio, through the optimisation of both operations and revenues.

The most significant of these initiatives is a wide ranging asset life extension programme, which seeks to allow the SPVs to extend the available tenor of the PV plants (above 2MWp of installed capacity) up to 40 years (with the majority of the assets' leases and planning approvals currently envisaging an average term of c.25 years).

In addition to extending the tenor and inserting battery storage optionality, each SPV is also including options around the future optimisation of each plant. Examples of this include rights to repowering, reconfiguring, or permitting the laying of additional conducting media (primarily cables to support the installation of batteries).

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

Value Enhancement Initiatives (continued)

The discussions on lease extensions also present an opportunity for landowners to request variations and where these do not materially affect the operation of the plants or adversely impact the economics of its investment, the Company makes every effort to be sympathetic to the landowner's wishes (such as rights to graze livestock on the sites).

Over the last 12 months the project has progressed well, with negotiations concluded and lease variations exercised (through option agreements) on 20 assets with a combined total of 193MWp, representing 41.3% of the portfolio.

As at 30 June 2019, 142MWp had been submitted to planning, with the remaining 51MWp submitted or due to be submitted during Q3 2019.

As a reflection of the successful progress made regarding negotiations with landlords as at the period end, and as outlined in further detail within the Valuation section, the Directors believe it appropriate to recognise a prudent uplift within the Directors' valuation with respect to asset extensions of 15 years on a subset (106.5 MWp) of the portfolio.

Further activity in the period post year end has meant, at the time of writing, the Company has submitted 167MWp to local planning authorities, received positive confirmations on 104MWp (a success rate of 100%) and is waiting on determinations of 63MWp, as well as the continuing to progress negotiations on a further 15 assets with a combined capacity of 153MWp (a further 33% of the portfolio).

Looking ahead, should the Company be successful in achieving positive planning determinations on the remaining set of assets submitted but not yet determined (63MWp), or ready to be submitted (26MWp), the prospective additional valuation impact would be c.£8.8m or c.2.4pps, but perhaps more significant is the fact that this would extend the life of the company to 2054-7 (on a portfolio of 193MWp), and reduce the rate of NAV depreciation.

Beyond life extensions, the Investment Adviser is continuing to discuss opportunities within the UK's burgeoning long term corporate and direct wire PPA market, as both routes have the potential to provide predictable and reliable income streams over the long term (in some cases up to 25 years).

To ensure that the Company is in the best position to be active in the next phase of solar deployment in the UK the Investment Adviser has entered into discussions with a select group of developers and contractors and is actively reviewing a pipeline of c.300MWp covering development, ready to build and storage opportunities.

The Company's strategy remains the same, however, and it will continue to apply stringent capital discipline to ensure that only assets that are accretive to shareholders' returns are acquired. However, it is confident that this can be achieved through a mix of carefully selected development investment, private wire or corporate PPA backed new build installations and return adjusted additions from co-located storage and solar.

A further discipline the Investment Adviser is progressing is the review of previous business rates levied on each asset holding SPV. On occasion, the rateable amounts are miscalculated by the local Ratings Offices and, if these can be identified then formally accepted as being incorrect, rebates are issued.

Following the period end, £266k of savings are due in relation to historical overpayments on a combined 52.2MWp of the portfolio. Continuing efforts by the IA's portfolio team mean further rebates are expected to be received during the course of FY19/20.

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

PPA Strategy

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

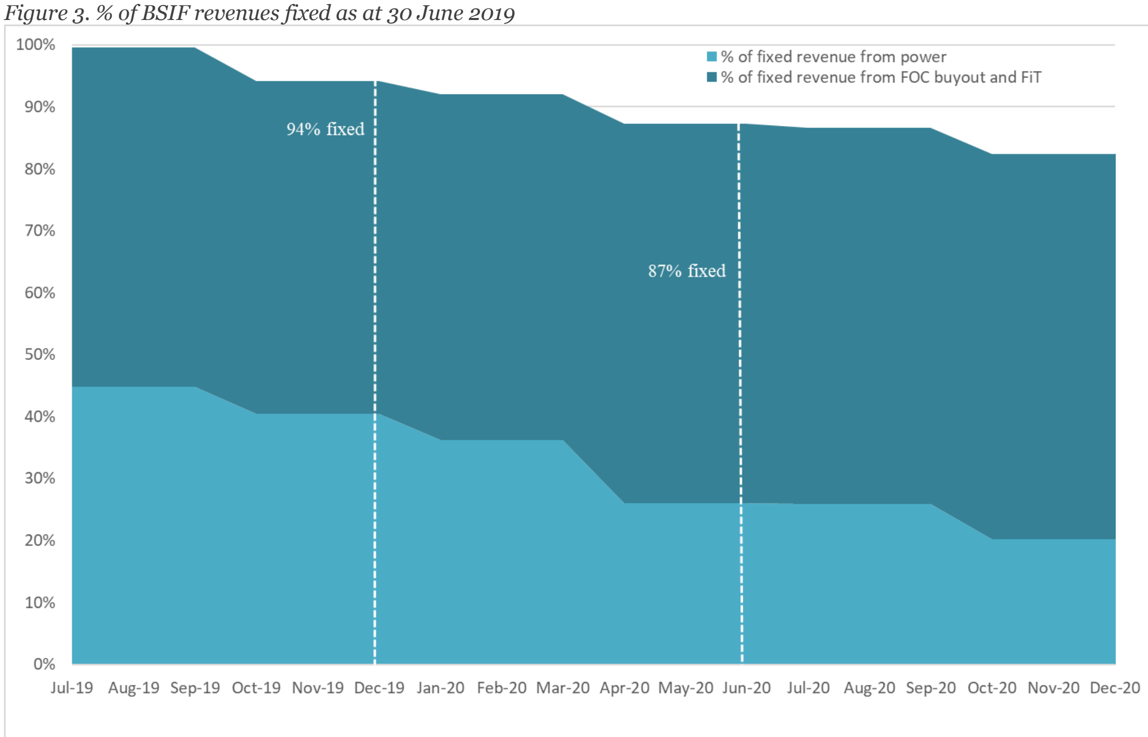
The Company has continued to implement the approach of fixing power prices evenly throughout the year, in order to mitigate the Company's exposure to seasonal fluctuations and short term events which have the potential to increase volatility in the price of electricity in the UK.

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

The combination of the PPA renewal strategy applied during the period, and c.95MWp of plants (some 20% of the portfolio) benefitting from 15 year PPAs with floor prices, means the Company, in the unlikely scenario of power prices falling to nil, has c.64.6% of its revenue guaranteed over the next 15 years as revenues are generated from a combination of floor prices and the guaranteed renewable electricity support schemes.

The graph below shows that as at 30 June 2019 the Company has a price confidence level of c.94% to December 2019 and c.87% to June 2020 over its power and subsidy revenue streams.

Figure 3. % of BSIF revenues fixed as at 30 June 2019



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

The Company's strategy of fixing prices over periods of 12-36 months means the portfolio retains the flexibility to capitalise on periods of above forecasted power prices, as it successfully did during September 2018 when power prices rose to their highest level for 8 years. This flexibility was made possible by the Board and Investment Adviser's strategy of securing leverage at the portfolio, rather than asset level.

This also gives the Company the flexibility to explore value enhancing options such as negotiating corporate PPA offtakes, as well as maximising potential economies of scale by taking advantage of opportunities available only to owners who can commit significant volumes of generating capacity.

Revenues and Power Price

The portfolio's revenue streams in the reporting period, excluding ROC recycle estimates, show that the sale of electricity accounted for 42.3% of the Company's income. Regulated revenues from the sale of FiTs and ROCs accounted for 57.7%.

Looking back over the Company's financial year, wholesale power market movements has been a tale of two halves.

Initially, as a result of rising global commodity prices during 2018, UK power prices hit an 8 year high in September 2018, with an average price of £67MW/h. However, since the beginning of 2019 the rising trend of 2018 has been replaced by one of decline as power has fallen from day ahead pricing of £62.4mw/h in January 2019 to £39.4mw/h in June 2019. The consequence for forward-looking seasonal pricing is that as rates for Summer 2020 show a reduction from £51.3MW/h to £48.0MW/h.

The two key drivers behind the changes in UK power prices over the last 12 months were:

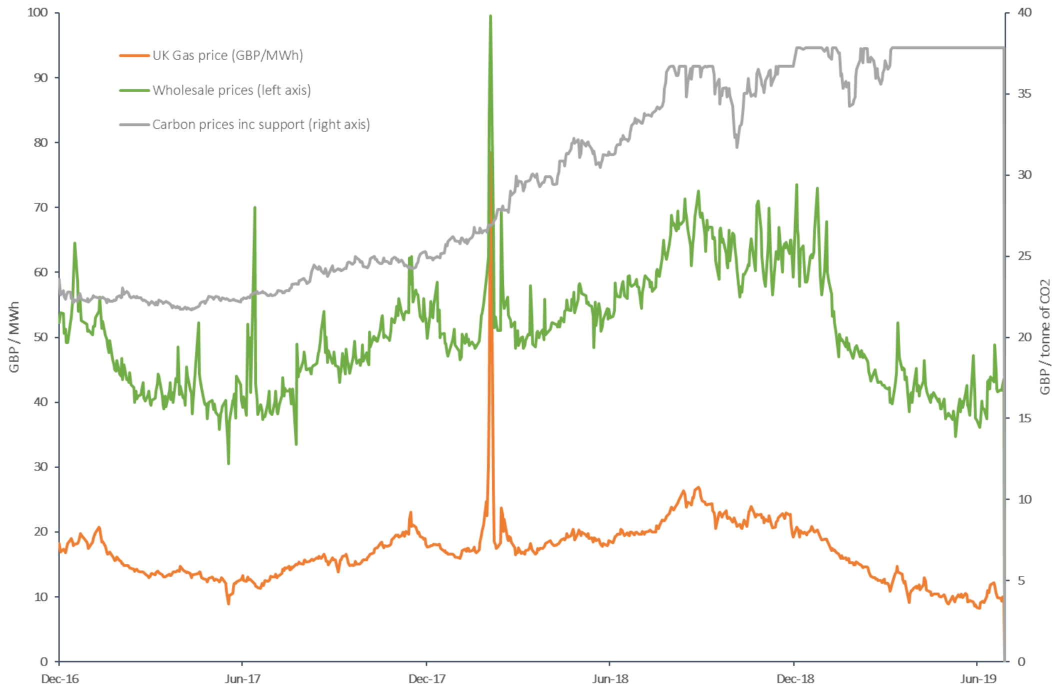
1. Rising carbon prices – Since the beginning of 2018 European Emission Allowance (EUA) prices have jumped 150% as speculators have entered the market predicting future scarcity and price increases. Despite coal prices peaking at over US$100 per tonne in September 2018 and subsequently falling to c.US$70 per tonne in June 2019, EUA prices (as shown by the graph below) have remained in line with pricing in Q4 2018.

2. Higher gas prices – gas prices rose by over 30% during 2018, but in the first half of 2019 there has been a reversal of pricing, as the factors that drove prices higher throughout 2018 (exceptionally cold FY17/18 winter, increased demand and restriction in storage and production) have been unwound by mild seasonal weather, oversupply of gas and saturation of storage facilities.

These factors have meant short term electricity prices have de-coupled from recent curves released by power forecasters, who present figures on an average weather year basis and do not attempt to accommodate short term weather effects.

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

As illustration of the points mentioned above, please see below a chart comparing the wholesale electricity prices versus gas and carbon over the last 30 months.



Source data from Bloomberg. Carbon price EU ETS from Bloomberg, effective GB price based on IA calculations

The upward movement shown in H2 2018 has been reflected in PPA fixes completed by the Company during the period, with 12-36 month fixed contracts replaced in the period benefitting from an increase to the average seasonal weighted power price previously achieved (from £45.46 per MWh the 12 months ending 30 June 2018, compared to £50.18 per MWh to 30 June 2019, a 10.4% increase).

This compares to a day ahead market base load power price of £49.16 per MWh for the 12 months to 30 June 2018 and £55.42 per MWh to 30 June 2019, a 12.7% increase.

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

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

Targeted Charging Review - Potential Changes to the treatment of BSUoS

Background

In August 2017 Ofgem launched a Targeted Charging Review (TCR): Significant Code Review (SCR) to investigate the way in which residual network charges are applied across the electricity network.

The main objectives of this review were to: consider the reform of charging arrangements so that the network can operate efficiently in the future; ensure costs are shared fairly amongst all users; and prevent any adverse impacts on consumers.

Whilst the scope of the TCR is very wide ranging, the pertinent point for the Company, and indeed all solar plant owners, is that Ofgem's 'minded to' decision is that there should be changes in the way that BSUoS charges – how the electricity system operator recovers its costs for grid balancing services – are allocated.

The scope of the proposed changes, and the reasons for their relevance to the Company, are as follows:

- Currently, embedded generators receive a benefit (c.£2/MWh) within the price secured under PPAs, as an avoided BSUoS benefit. It is expected this benefit will be removed under the current proposals.
- Embedded generators do not currently pay BSUoS. The proposal states that embedded generators could be charged to help align charging with transmission connected generators, however it is possible this will not be implemented.
- The proposals are likely to take effect from April 2022 but could be as late as April 2023.

Potential future impact on the Company's valuations and earnings

As the Company recognises only embedded benefits from BSUoS within its fixed PPAs, the potential removal of this benefit has no impact on the Company's future forecasts or portfolio valuations.

Were the reform to conclude that BSUoS be applied as a charge, which some estimates suggest could be at c.£2MW/h from April 2023, then the BSIF valuation could be reduced by c.£10m (c.2.8pps) based on the blended forecast power curve adopted for the Company's 30 June 2019 valuation.

However, given the proposal is under consultation and the outcome has not yet been finalised, neither the Investment Adviser nor the Directors believe it appropriate that any speculative assumptions on the outcome of the review should be included in the Company's 30 June 2019 valuation.

3. Analysis of underlying earnings

The total generation and revenue earned in 2018/19 by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	15,802	0.6	4.3
2.0 ROC	8,784	0.5	0.9
1.6 ROC	95,802	5.1	8.1
1.4 ROC	249,706	12.8	18.3
1.3 ROC	45,945	2.5	3.2
1.2 ROC	62,017	3.4	3.9
Total	**478,056**	**24.9**	**38.7**

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.

In October 2018, Ofgem announced that the final value for ROC recycle for the period April 2017 to March 2018 (CP16) was £5.42 per MWh (equivalent to 11.9% of CP16 ROC buyout prices). This was in line with the ROC Recycle estimate the Company had recognised in its 30 June 2018 Financial Statements.

The table below demonstrates that the portfolio generated underlying earnings, pre debt amortisation, of £40.7m (11.01pps) and underlying earnings for distribution, post debt repayments of £8.8m (2.40pps) of £31.9m (8.61pps).

As result, the Company has been able to double its dividend reserves from 0.30pps to 0.60pps, after meeting the FY18/19 dividend target of 7.68pps and payment of an additional dividend of 0.63pps, and a variable fee to the Investment Adviser of 0.19pps.

Underlying Portfolio Earnings

	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)	Full year to 30 June 17 (£m)	Full year to 30 June 16 (£m)
Portfolio Revenue	63.6	56.2	47.9	35.6
Liquidated damages and Other Revenue*	0.8	1.7	1.3	0.9
Portfolio Income	**64.4**	**57.9**	**49.2**	**36.5**
Portfolio Costs	-13.1	-12.9	-11.4	-7.1
Project Finance Interest Costs	-0.6	-0.7	-0.7	-0.7
Total Portfolio Income Earned	**50.7**	**44.3**	**37.1**	**28.7**
Group Operating Costs#**	-5.4	-4.3	-4.2	-3.9
Group Debt Costs	-4.6	-4.2	-4.4	-3.2
Underlying Earnings	**40.7**	**35.8**	**28.5**	**21.6**
Group Debt Repayments	-8.8	-8.3	-3.4	-0.7
Underlying Earnings available for distribution	**31.9**	**27.5**	**25.1**	**20.9**

3. Analysis of underlying earnings (continued)

Underlying Portfolio Earnings (continued)

	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)	Full year to 30 June 17 (£m)	Full year to 30 June 16 (£m)
Bought forward reserves	1.1	1.1	0.8	1.3
Total funds available for distribution -1	**33.0**	**28.6**	**25.9**	**22.2**
Target distribution* **	**28.4**	**27.5**	**24.6**	**20.9**

Actual Distribution -2	**30.7**	**27.5**	**24.8**	**21.4**
Underlying Earnings carried forward (1-2)	**2.3**	**1.1**	**1.1**	**0.8**

*Other Revenue includes insurance proceeds, O&M settlement agreements and rebates received
#Includes the Company and BSIFIL (within BSIFIL a group tax charge of £284k is included)
**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'.

	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)	Full year to 30 June 17 (£m)	Full year to 30 June 16 (£m)
Target Distribution (RPI dividend)	28.4	27.5	24.6	20.9
Total funds available for distribution (inc reserves)	**33.0**	**28.6**	**25.9**	**22.2**
Average Number of shares in year*	369,883,530	369,866,027	342,735,213	295,282,786
Target Dividend (pps)	7.68	7.43	7.18	7.07
Total funds available for distribution (pps) - 1	**8.91**	**7.73**	**7.55**	**7.55**
Total Dividend Declared & Paid (pps) - 2	8.31	7.43	7.25	7.25
Reserves carried forward (pps) ** - 1-2	0.60	0.30	0.30	0.30

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

4. NAV and Valuation of the Portfolio

The Investment Adviser is responsible for advising the Board in determining the Directors' Valuation and, when required, carrying out the fair market valuation of the Company's investments.

Valuations are carried out on a six-monthly basis as at 31 December and 30 June each year with the Company committed to conducting independent reviews as and when the Board believes it benefits the shareholders to do so (in the period 2013-2018 two independent valuation reviews were commissioned).

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines as adopted by Invest Europe (formerly known as the European Venture Capital Association), application of which is considered consistent with the requirements of compliance with IFRS 9 and IFRS 13.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2019 was £622.1m (30 June 2018, £604.2m).

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

Valuation Component (£m)	**June 2019**	**June 2018**	**June 2017**
Enterprise Portfolio DCF value (EV)	605.2	592.5	558.6
Deduction of Project Co debt	-11.7	-12.5	-13.2
Projects valued at cost (amount invested)	0.0	0.0	5.0
Project Net Current Assets	28.6	24.2	23.0
Directors' Valuation	**622.1**	**604.2**	**573.4**

Detail of core drivers behind the period end valuation are outlined in the portfolio valuation movement section below.

4. NAV and Valuation of the Portfolio (continued)

Key factors impacting the Directors' Valuation methodology

During the reporting period there have been a number of key factors that have been considered in the Investment Adviser's recommendation to the Directors' Valuation:

(i) Competition for operational assets continues to be high, driven in part by the significant slowdown in the number of large scale portfolios coming to market compared to the previous 18 months. Whilst buyers continue to be a mix of private and public funds, pricing for solar assets remain between £1.27m/MWp and £1.42m/MWp;

(ii) A change to capital allowance rates, from April 2019, was announced in the 2018 Autumn Budget. The change sees a reduction in the rate, from 8% to 6%, applied to assets within the Special Rate pool;

(iii) In line with data from the Office of Budget Responsibility ("OBR"), as well as other leading forecasters, the Board has decided it is appropriate to increase the inflation assumption for the period to June 2024 to 3.0%, before reverting to the standard long term assumption of 2.75%;

(iv) As mentioned in the Power Price section above, UK power prices reached an 8 year high in September 2018 of £67MW/h before trending down during 2019 to £39.4MW/h in June 2019. These short term changes have driven a flattening in the shape of forecast power curves compared to June 2018, with prices marginally higher in the period to 2030 but thereafter continuing to have been revised down;

(v) As a result of material progress with the Company's asset life extension programme (as outlined in the Portfolio section), the Board believes it appropriate to prudently value a subset of the portfolio (107MWp) on the basis of an additional 15 years of operational life. To reflect the level of uncertainty over performance of the assets and the costs of re-powering in 20 years' time, the Board has decided the most suitable method to value the additional cash flows from these assets is to apply a combination of prudent assumptions on performance and maintenance reserve as well as an increased discount rate of 8.5% over the final 10 years of extended operating life. This change to c.25% of the Company's portfolio means the weighted average portfolio life is now 24.2 years (21.7 years as at 30 June 2018).

Discounting Methodology and Discount Rate

The Directors' Valuation is based upon the discounting of the post-tax, project cash flows of each investment, based on the Company's current capital structure, with the result then benchmarked against comparable market multiples. The discount rate applied on the post-tax 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 on £/MWp basis against comparable portfolio transactions.

4. NAV and Valuation of the Portfolio (continued)

Discounting Methodology and Discount Rate (continued)

As the period to 30 June 2019 has continued to see high levels of competition for large scale portfolios, within a pricing range of £1.27m/MWp - £1.42m/MWp, the Board believes it appropriate to maintain a prudent benchmarking approach to market activity, on £/MWp basis, in respect of the valuation of the BSIF portfolio.

By valuing the portfolio at an EV of £605.2m (2018: £592.5m), and an effective price of £1.30m/MWp (2018: £1.29m/MWp), the Board has conservatively achieved this aim.

As in the June 2018 valuation the Company continues to apply the assumption that 70% (£21.1m) of the amounts drawn under the RCF (£30.2m as at 30 June 2019) will be converted into long term fully amortising debt on maturity in September 2021, at an interest rate of 3.50%.

The average EBITDA interest tax shield from third party long term debt (£186.2m) and inter-company debt (£80m) equates to 16.1% over the life of the long term debt, being 26% (14% from external shielding and 12% from internal shielding) in 2019 and falling thereafter with amortisation of the debt, and remains conservative with respect to the 30% level permitted under the fixed ratio test of the corporate interest restriction rules.

With a subset of the portfolio valued on the basis of a further 15 years of operational life, the Directors' Valuation is now based on a weighted average discount rate, based on the Company's current capital structure, of 7.18% (7.26% June 2018).

The slight reduction in discount rate compared to June 18 is a product of the June 19 EV of £1.30m/MWp being based off a higher weighted average portfolio life (24.2 years) than the equivalent figure (£1.29m/MWp) in June 18 (21.7 years).

Power Price

As with Directors' Valuations since 31 December 2016, the Directors have continued to adopt an equal blend of the forecasts from two leading independent forecasters.

As stated in previous reports, the reason for this is to prevent the valuation of the portfolio being unduly influenced by one forecaster's set of assumptions and to reduce the timing risk inherent in valuing the portfolio shortly before curve updates are released.

However, as the depth of available forecast data deepens and the assumptions around renewable penetration increase, the Board took the decision in H1 2019 to subscribe, on a 12 month trial basis, to a third power price forecaster.

4. NAV and Valuation of the Portfolio (continued)

Power Price (continued)

Following this trial period, and subject to the Board and Investment Adviser's satisfaction with the third party provider, it is possible the Company may look to blend a further curve into future Directors' Valuations, or perhaps replace one of its existing forecasters.

The blended forecast used within the latest Directors' Valuation is based on forecasts released in April and June 2019 and implies a compounded annual growth rate, in real terms from 2019, over the 30 year forecast of -0.2% per annum from a starting point in the low £50s / MWh to final life price post 2050 of c.£50/MWh.

This fall in real term pricing is a consequence of the lower gas prices in the long term, higher renewable penetration driving down prices post 2030, and higher levels of interconnection capacity to European markets (where prices are forecast to be lower).

The DCF for each project applies the contractually fixed power price applicable to each solar PV asset until the end of the fixed period and, thereafter, the blended independent forecast price.

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

Plant Performance

During the period, a further 15 plants (combined capacity 102MWp) underwent and passed FAC testing.

This process triggers the end of performance related EPC warranties and, in the context of the valuation approach, marks the first point at which long term operational performance can be potentially adopted within the future cash flows of the project.

The percentage of the Company's portfolio now being valued using PR from operational or final acceptance (this covers a minimum of 2 years of operational data) is 88% or 38 assets (59% and 19 assets in June 2018) with the weighted average PR for these plants, including the effects of degradation, 82.6% (June 2018: 83.3%).

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

Other Cash flow Assumptions

No material changes have been made regarding regulatory revenue or cost assumptions.

NAV movement

In the period, the Company paid total dividends of £28.2m, being 3.83pps in total for the third and fourth interim dividends in respect of the year ended 30 June 2018; as well as 3.80pps in total for the first and second interim dividends for the 2018/19 financial year.

4. NAV and Valuation of the Portfolio (continued)

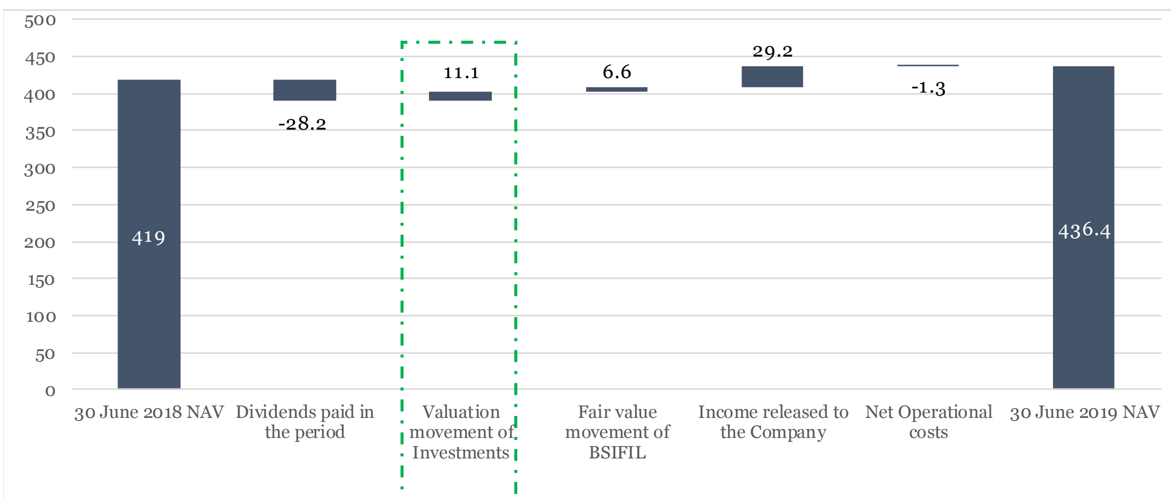
NAV movement (continued)

Over the period the Company's NAV has increased by £17.4m, from £419.0m as at 30 June 2018, to £436.4m as at 30 June 2019. Adjusting the 30 June 2018 NAV of £419.0m for the dividends paid in the period (£28.2m) results in an uplift in the NAV of the Company during the period of £45.6m.

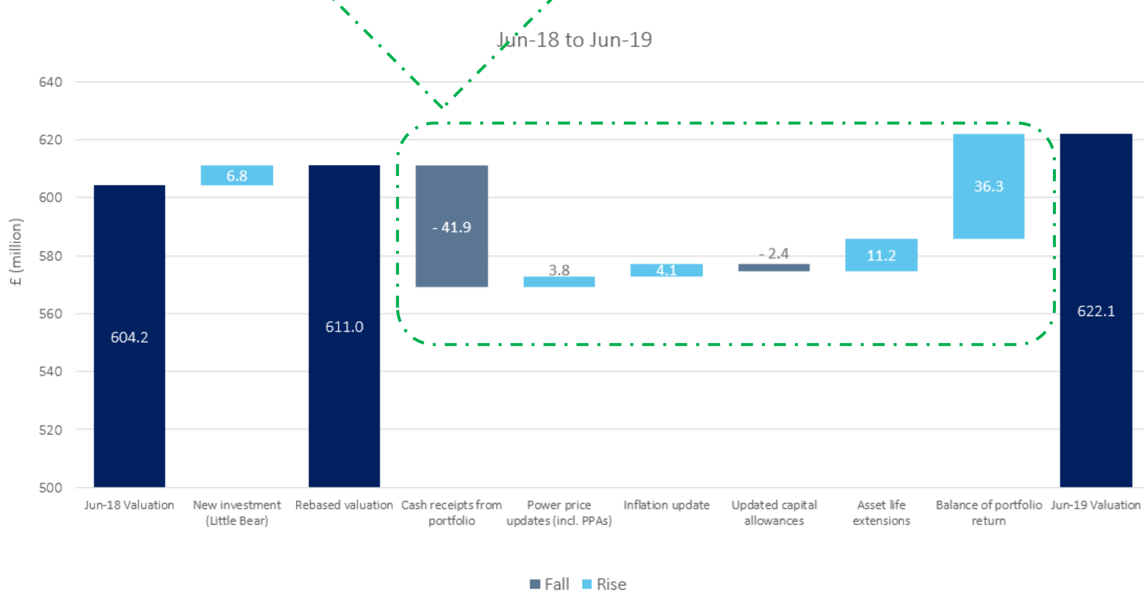
A breakdown in the movement of the NAV (£m) of the Company over the period and how this interacts with the movement in the valuation of the portfolio is illustrated in the charts below.

Post period end, in August 2019, the Company paid the third interim dividend for the 2018/19 financial year of 1.90pps, and declared a final dividend of 1.98pps to be paid in October 2019, achieving the targeted dividend of 7.68pps for the financial year 2018/19, as well as declaring an additional dividend of 0.63 pps. These amounts bring the total dividend for the period to 8.31pps.

NAV Movement Graph



Portfolio Value Movement Graph



4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement

		(£million)	As % of re-based valuation
30 June 2018 Valuation		**604.2**	
Addition in the period#	6.8		
Re-based Valuation		**611.0**	
Cash receipts from portfolio	(41.9)		(6.9)%
Power price movement	3.8		0.6%
Inflation update	4.1		0.7%
Capital allowances update	(2.4)		(0.4)%
Asset life extensions	11.2		1.8%
Balance of portfolio return	36.3		5.9%
30 June 2019 Valuation		**622.1**	**1.7%**

#Addition in the period reflects acquisition of one 5MWp project, Little Bear.

Each movement between the re-based valuation and the 30 June 2018 valuation is considered in turn below:

Cash receipts from the Portfolio

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

Power price movement

The Company's two independent forecasters released updated forecasts in April and June 2019 and these have been applied to the Directors' Valuation. The impact of adopting an equal blend of two independent forecasters as well as the latest power price fixes, against power price expectations applied in the 30 June 2018 valuation, results in a valuation increase of £3.8m.

The discounted cash flow for each project applies the contractually fixed power price applicable to each solar PV asset until the end of the fixed period, and thereafter the equal blend of two independent forecasters' prices.

Inflation update

As a result of recent periods of inflation being above 2.75% and the latest forecasts from the OBR showing short term inflation around 3%, the Company has decided to change its inflation assumption between 2019 and 2024 to 3.00% (compared to 2.75% in June 18 and December 18). The long-term inflation assumption, effective from 2025, remains at 2.75%. The impact of this has led to an uplift in valuation of £4.1m.

4. NAV and Valuation of the Portfolio (continued)

NAV movement (continued)

Directors' Valuation movement (continued)

Capital allowance update

In the 2018 Autumn Statement, the UK Government announced that the capital allowances special rate pool would decrease from 8% to 6% in April 2019. The change results in a reduction of £2.4m compared to the 30 June 2018 valuation.

Asset life update

As at 30 June 2019, the Company is confident that 15 year asset life extensions will be secured on at least 107 MWp of projects (bringing the total operational life of the assets to 40 years for c.25% of the portfolio). To reflect the increased uncertainty in the latter period of each asset's lifetime, a discount rate of 8.50% has been applied to all cash flows after a 30 year asset life. The £11.2m increase in valuation compared to 30 June 2018 reflects the progress of the Company's asset life extension programme to date. As further asset life extensions are secured, these will be applied to subsequent portfolio valuations.

Balance of Portfolio Return

The balance of portfolio return is the result of the unwinding of the discount rate over the period, as well as minor operational and financial assumption changes.

Other assumptions

Consistent with previous Directors' Valuations, the valuation assumes a terminal value of zero for all projects within the portfolio c.25 years after their commencement of operation, or 40 years for those with asset life extensions.

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 2018.

On the basis of these key assumptions, the Board believes there remains further potential for NAV enhancement from the potential extensions of asset life for further projects in the portfolio, through increasing lease and planning permissions, and subject to reaching agreement with the respective landlords.

The assumptions set out in this section will 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 2019 (£m)	30 June 2018 (£m)	30 June 2017 (£m)
Directors' Valuation	622.1	604.2	573.4
BSIFIL Working Capital	19.5	18.8	15.9
BSIFIL Debt*	(205.9)	(204.9)	(186.0)
Financial Assets at Fair Value per Balance sheet	**435.7**	**418.1**	**403.3**

*30 June 2019 includes c.£1M of upstream Intercompany Loans.

4. NAV and Valuation of the Portfolio (continued)

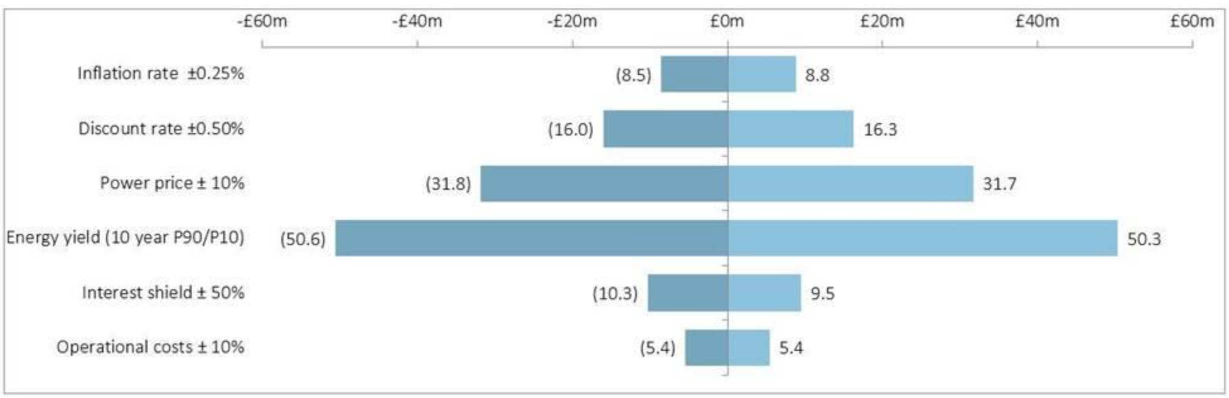
NAV movement (continued)

Directors' Valuation movement (continued)

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

Directors' Valuation sensitivities

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



5. Financing

Aviva Investors Long Term Facility

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

Loan	**Original Amount (Sept 16)**	**Current Amount (Jun 19)**	**Tenor**	**Cost**	**Average Loan Life at drawdown**
Fixed	£121.5m	£109.9m	Fully amortising over 18 years to 2034, sculpted to cash flows	All in cost of 287.5bps	10.6
Index-Linked	£65.5m	£64.6m	Fully amortising over 18 years to 2034, sculpted to cash flows	RPI plus 70bps	11.3

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

During the period principal repayments of £7.8m, combined with indexation increases of £1.9m, resulted in a total outstanding balance to Aviva Investors as at 30 June 2019 of £174.5m (Fixed £109.9m, Index linked £64.6m).

The LTF is held by the Company's wholly-owned subsidiary, BSIFIL, and is the result of a deliberate structuring approach to maximise both transparency and portfolio management flexibility, whilst also delivering one of the lowest costs of capital in our sector (as at 30 June 2019, the blended all in debt cost of the facilities was 3.1%).

Thanks to the prudent leverage (33% of GAV* as at 30 June 2019), on the Company's base case projections the average DSCR remains close to 3 times, with the lowest point of coverage over the entire tenor projected to be in excess of 2.5 times.

RBSI Revolving Credit Facility

On 23 October 2018 the Company's RCF, provided by RBSI to BSIFIL, was increased from £30m to £50m and extended by a further two years to 30 September 2021. The re-stated and amended facility also includes the option for BSIFIL to request a further one year extension to 30 September 2022

The terms of the facility have not changed, with a constant margin of 2.0% over LIBOR.

As at 30 June 2019 the Company had drawn £30.2m, out of £50m, from its RCF.

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

*GAV is the aggregation to the portfolio's DCF value, Durrants' outstanding debt and the working capital balances from the portfolio and BSIFIL. As at 30 June 2019 the Company's GAV is £653.3m.

5. Financing (continued)

Project level debt

In addition to the LTF and the three year RCF, the Company also has a small project finance loan of £11.7m secured against Durrants, a 5 MWp FiT plant located on the Isle of Wight.

This facility is provided by BayernLB and is fully amortising with a final maturity of 2029.

6. Market Developments

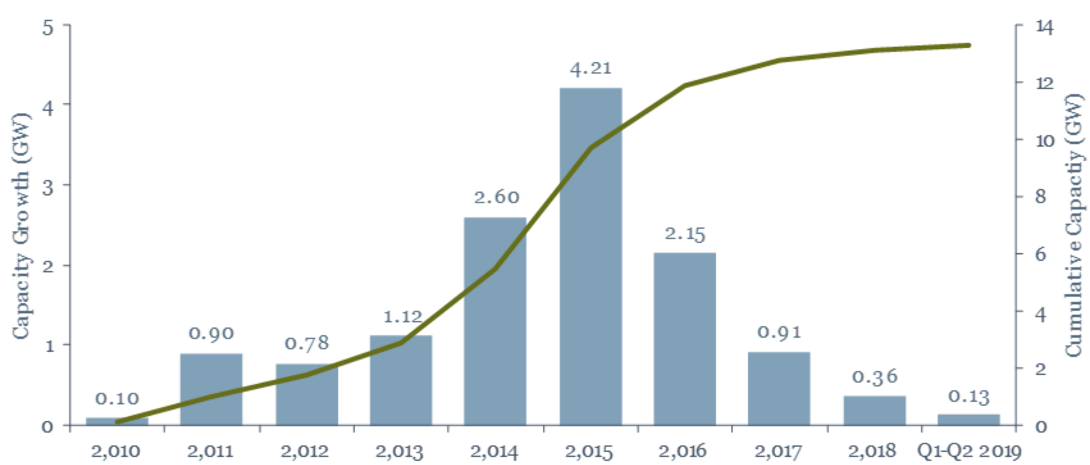
The first six months of the year have been characterised by the resignation of the UK Prime Minister following a number of battles inside her own party, whilst sterling reached six-year lows after the new Prime Minister, Boris Johnson, indicated his readiness to exit the EU without a deal and perhaps bypass the House of Commons.

After a period of financial markets volatility in the last quarter of 2018, UK equities recovered most of 2018's losses in the first half of 2019. Between 1 July 2018 and 30 June 2019, the Company generated a total return to shareholders of 19.1% compared to 1.5% for the FTSE100 index. This compares to the previous twelve month period, when the Company yielded 11.7% compared to 7.74% for the FTSE100 index.

Capacity accredited nationally under the RO Scheme remains unchanged at 7.2GWp, representing 55% of the total solar capacity in the UK, but constituting only 2.3% of the number of installations, implying a high concentration of generation from industrial scale sites.

About 26% of all operational capacity is projects sized 50kWp to 5MWp and one third are larger than 5MWp but smaller than 25MWp. Capacity accredited under the FiT scheme was 4.9GWp according to the latest data from BEIS released on 31 May 2019. This equates to about 38% of total solar capacity and 85% of all installations.

According to BEIS, the UK's total installed solar capacity has increased to 13.2GWp and the number of solar PV installations in the country reached 1 million by the end of May 2019. Expansion over the period, of 224MWp, has been driven predominantly from small unaccredited operating PV plants with capacities often below 50kWp.



*Source; Bloomberg comparative return tool

6. Market Developments (continued)

The activity in the UK secondary solar PV market continues to slow down relative to previous years. According to the most recent figures from Bloomberg New Energy Finance (BNEF), 200MWp has changed hands between January and June 2019. For reference, c.800MWp of solar PV capacity changed hands in 2018.

In contrast, activity in the subsidy free market has quickly gathered pace and significant development activity is now being carried out within the UK.

For example, Solar Power Portal has reported that there is now a c.5 GW pipeline of large-scale solar projects in the development phase, over 50% more than at the beginning of 2019 (3.3 GW). This has been driven by falling PV module prices following the European Commission's decision in September 2018 to end both the minimum import price and volume measures imposed on Chinese panel manufacturers.

However, despite the accelerated development activity, only a limited number of larger-scale unsubsidised projects have been constructed, illustrating the challenging economics and higher risk nature of these projects.

Furthermore, many of the projects that have been announced have unique characteristics (such as being local council funded, having a direct wire offtake agreement, being co-located with energy storage assets, or are small extensions on the same site as existing ROC projects). Uncertainty in the market due to Ofgem's ongoing Targeted Charging Review and the potential revenue implications are likely to have also delayed decisions to start the construction of unsubsidised projects.

Considering these factors it is clear that innovative business models will be important in the initial stages of subsidy free deployment, but the Investment Adviser remains optimistic that a positive environment for subsidy free projects is emerging.

For example, various corporates have launched tenders for PPA agreements over the period, signalling their increased desire to procure electricity from renewable sources. This demand provides another potential route to market for subsidy free projects, if mutually beneficial offtake agreements can be reached whilst another theme is the colocation of unsubsidised solar assets with battery storage facilities, which have the potential to bring efficiencies to construction costs and opportunities to optimise use of the grid connection.

With 465MWp under management, the Company continues to maintain a strong position within the UK solar market, as it maintains and operates about 4% of the country's utility-scale solar PV capacity. As an established and experienced market participant, this will be a strong foundation as the Company assesses unsubsidised opportunities.

7. Regulatory Environment

UK Carbon Budgets

These are legally binding greenhouse-gas reduction targets, set for five-year periods, with the ultimate goal of reducing emissions to at least 80% below 1990 levels by 2050.

The main recommendations of the 5th Carbon Budget (2028-32) were to set the limit at 1,765MtCO2e, including international shipping, and to limit annual emissions to an average 57% below 1990 levels.

Without international shipping and aviation, the limit would be 1,725Mt and should be met without the use of international carbon credits (apart from the EU ETS).

For power, the CCC recommended that the government implement policies to reduce the sector's carbon intensity to below 100gCO2/kWh in 2030 compared with 450gCO2/kWh in 2014. This represents a target reduction of 78% with respect to 2014 levels.

7. Regulatory Environment (continued)

Update on Contracts for Differences

On 11 October 2017, the UK government announced new CfD rounds to be scheduled in 2019. The total budget of up to £557m in subsidies will again be restricted to offshore wind and other "less mature technologies". This means, in the immediate term, there are now no government support mechanisms for ground mounted solar power.

8. Environmental, Social and Governance

The Investment Adviser is committed to making a significant contribution towards the transition to clean energy, particularly considering the UK Government's National Energy and Climate Plan and recent commitment to end its contribution to global warming by 2050.

In April 2019, the Company was the first London listed investment company to achieve Guernsey Green Fund Status. The Guernsey Green Fund aims to provide a platform upon which investments into various green initiatives can be made and gives investors a trusted and transparent product that contributes to the internationally agreed objectives of mitigating environmental damage and climate change.

As a significant solar energy infrastructure investor, the Investment Adviser is therefore very conscious of the Company's environmental and social impact.

A major factor in this contribution is that the production of renewable energy equates to a significant amount of CO_2 emissions saved, representing a sustainable and ethical investment. However, the Investment Adviser also considers its impact on the biodiversity and the local community surrounding its assets.

Environmental Impact

Approximately 25 acres of land are required for every 5MWp of installation, enough to power 1,612 homes based on a medium Typical Domestic Consumption Value of 3,100 kWh of electricity for every 5 MWp installed; this is an annual saving of 1,744 tonnes of CO_2.

Based on these figures, the portfolio capacity of 465.3MWp as at 30 June 2019 will power the equivalent of 150,097 homes and save 162,320 tonnes of CO_2 in a year.

Biodiversity

The completed benchmarking study of the biodiversity enhancement measures implemented on the Company's large scale assets showed that across three major measures; wildflower meadow creation, native tree and hedgerow planting and creation of habitat to support local wildlife, the vast majority of plants had benefited from enhancements in at least two of these areas and that all plants had received enhancement in at least one area.

The Investment Adviser is working towards ensuring all remaining plants benefit from biodiversity enhancements covering at least two of the three major measures listed above. Some examples of the Company's biodiversity initiatives during the reporting year are:

- the seeding of wildflower meadows or strips in virtually all plants;
- the creation of 'bug hotels';
- the placing of beehives on various sites, with plans for the widespread deployment of hives across the portfolio;
- the installation of bat, owl and bird boxes; and
- the creation of 'wildlife corridors' through the plants, including the installation of 'mammal gates' (for small mammals, up to badgers in size).

8. Environmental, Social and Governance (continued)

In addition to this, the Company is collaborating with local wildlife trusts and insect and bird associations to further enhance the presence of native local species in and around the solar parks. During the reporting year, focus has been on the introduction of bee keeping to the portfolio, especially for assets where wildflower meadows have been previously planted.

Sheep Grazing

Many sites within the portfolio support sheep grazing, demonstrating that solar farms can support farming, and are also providing a cost-effective way of managing grassland in solar farms while increasing its conservation value. Where possible the Investment Adviser facilitates the introduction of sheep grazing on the existing and newly acquired assets.

Community Benefits

The Investment Adviser is focused on creating and maintaining strong relationships with communities within proximity to the solar plants and supports community benefit schemes across its portfolio. Over the year to 30 June 2019, the portfolio has made donations of £81k to community benefit schemes for local councils and parishes for charitable, educational, environmental, amenity or other appropriate purposes within the areas of the community.

In seeking to extend the planning consents of many of the plants to 40 years as part of the 'life extension programme', many SPVs are committing to further community contributions alongside continued and enhanced ecological commitments, such as further tree planting, continued promotion of wild-flower meadows and general, biodiversity-focussed environmental management.

Bluefield Partners LLP
18 September 2019

Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2019.

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 energy infrastructure assets.

The Company's objective was to target a dividend of 7pps in respect of its second financial year ended 30 June 2015, with the intention of the dividend rising annually in line with UK RPI thereafter. The dividend target for its sixth financial year ended 30 June 2019 is 7.68pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 7 to 10, Strategic Report on pages 15 to 29 and in the Report of the Investment Adviser on pages 30 to 57.

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 86 to 115.

The dividends for the year are set out in the financial statements in Note 14 on page 107.

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.

Shareholdings of the Directors

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2019 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2019	% holding at 30 June 2019	Ordinary Shares of £1 each held 30 June 2018	% holding at 30 June 2018
John Rennocks*	316,011	0.09	316,011	0.09
John Scott	452,436	0.12	452,436	0.12
Laurence McNairn	441,764	0.12	441,764	0.12
Meriel Lenfestey	-	-	N/A	N/A
Paul Le Page	70,000	0.02	137,839	0.04

*including shares held by PCAs

Directors' Authority to Buy Back Shares

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

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

On incorporation, the Company passed a written resolution granting the Board general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission. A resolution to renew such authority was passed by shareholders at the AGM held on 30 November 2018. 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 30 November 2018 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 26 November 2019.

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 2019.

Substantial Shareholdings

As at 13 September 2019, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights over 3% as shareholders of the Company.

Shareholder	Shareholding	% Holding
The Bank of New York (Nominees) Limited	48,619,113	13.14
Pershing International Nominees Limited DSCLT Acct	20,068,561	5.43
Roy Nominees Limited 180571 Acct	19,203,999	5.19
BNY (OCS) Nominees Limited	13,836,759	3.69
HSBC Global Custody Nominee (UK) Limited 921773 ACCT	12,026,291	3.25

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. There have been no changes that have been notified to the Company with respect to the substantial shareholdings since 30 June 2019.

Independent Auditor

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

The Audit Committee will periodically review the appointment of KPMG and the Board recommends their appointment. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 76 and 80.

Articles of Incorporation

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

Going Concern

At 30 June 2019, the Company had invested in 87 solar plants, committing £552.4 million to SPV investments. The Company through its direct subsidiary, BSIFIL, has access to a RCF which together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and RCF.

Going Concern (continued)

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

The Board has concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 22 to 29 of the strategic report and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors

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

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

Fair, Balanced and Understandable

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

Financial Risks Management Policies and Procedures

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

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Strategic Report on pages 22 to 29.

Subsequent Events

Post year end, on 22 July 2019, the Board declared a third interim dividend of £7,027,787, in respect of year ended 30 June 2019, equating to 1.90pps (third interim dividend in respect of the year ended 30 June 2018: 1.80pps), which was paid on 23 August 2019 to shareholders on the register on 2 August 2019.

Subsequent Events (continued)

Post year end, on 18 September 2019, the Board declared a fourth interim dividend of £7,323,694, in respect of the year ended 30 June 2019, equating to 1.98pps (fourth interim dividend in respect of the year ended 30 June 2018: 2.03pps), which will be paid on 1 November 2019 to shareholders on the register on 4 October 2019. In addition to the fourth interim dividend, an additional dividend of £2,330,266 (0.63pps) was declared which will be paid on the same date to shareholders on the register on 4 October 2019.

Declaration of the fourth interim dividend, as well as the additional dividend, brings total dividends in respect of 2019 to 8.31pps which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser. This is reflected in administrative expenses and other reserves.

Post year end Mr John Scott acquired a further 60,000 Ordinary Shares; following the transaction, Mr Scott's beneficial interest in the Company is 512,436 shares, representing 0.14% of the issued capital of the Company.

Annual General Meeting

The AGM of the Company will be held on 26 November 2019 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
18 September 2019

Laurence McNairn
Director
18 September 2019

Board of Directors

John Rennocks (Chairman)

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

John Scott (Senior Independent Director)

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

Paul Le Page (Chairman of the Audit Committee)

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

Laurence McNairn

Laurence McNairn was appointed as a non-executive director of the Company on 1 July 2013 and is a member of The Institute of Chartered Accountants of Scotland. He joined the Heritage Group in 2006 where, until late 2017, he was an executive director and prior to this worked for the Baring Financial Services Group in Guernsey from 1990.

Meriel Lenfestey

Meriel Lenfestey was appointed as a non-executive director of the Company on 1 April 2019. Ms Lenfestey founded Flow Interactive in 1997, a London based Customer Experience Consultancy providing creative strategic and tactical expertise across all 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, Investment, Technology, E-gaming, Retail Entrepreneurial Support and local charities. She is Chair of Gemserv, a provider of consultancy and governance services helping the Energy and Health markets embrace technology-driven change and deliver large programmes effectively; Senior Independent Director at Jersey Telecom who are leading the world in full fibre, delivering innovative global IOT (Internet of Things) services and providing local data and voice services; as well as holding non-executive director roles at Aurigny Air Services, Electronic Platform Solutions and the Guernsey Enterprise Agency. She has an MA in Computer Related Design from the Royal College of Art, a Financial Times Non-Executive Director Diploma and is a Fellow of the RSA.

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 are required to prepare the financial statements in accordance with IFRS as adopted by the EU and the DTRs of the UK FCA. Under the Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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, relevant and reliable;
- 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 are sufficient to show and explain the Company's transactions and 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 he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Law.

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

By order of the Board

Paul Le Page
Director
18 September 2019

Laurence McNairn
Director
18 September 2019

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on pages 64 and 65 in the Board of Directors section of the annual report, confirms that to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chairman's Statement, Strategic Report, Report of the Directors and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties faced on pages 22 to 29; and
- the Directors are responsible for preparing the annual report in accordance with applicable law and regulations.

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

By order of the Board

Paul Le Page
Director
18 September 2019

Laurence McNairn
Director
18 September 2019

Corporate Governance Report

The Board recognise the importance of sound corporate governance, particularly the requirements of the AIC Code. The Company is currently complying with the AIC code effective 1 January 2012, and intends to adhere with the new AIC code effective 1 January 2019 in its next financial year.

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

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

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

Throughout the year ended 30 June 2019, the Company has complied with the recommendations of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed, however, as an investment company, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors including the Chairman are non-executive and independent of the Investment Adviser, the Company has not established a nomination committee, remuneration committee or a management engagement committee, which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 5 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 79.

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

The Board

The Directors' biographies are provided on pages 64 and 65 which set out the range of investment, financial and business skills and experience represented.

John Rennocks, John Scott and Paul Le Page were appointed on 12 June 2013, Laurence McNairn was appointed 1 July 2013 and Meriel Lenfestey was appointed on 1 April 2019. The Board appointed John Scott as Senior Independent Director effective from 10 December 2013 to fulfil any function that is deemed inappropriate for the Chairman to perform.

All Directors shall retire and submit themselves for re-election at each AGM of the Company, the next AGM is due to take place on 26 November 2019. Each director retires and seeks re-election at each subsequent AGM of the Company.

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

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

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 EU Market Abuse Regulations.

Directors' Remuneration

The Chairman is entitled to an annual remuneration of £60,000, with effect from 1 July 2018 (2018: £56,900). The other Directors are entitled to an annual remuneration of £37,500, with effect from 1 July 2018 (2018: £34,200). Paul Le Page receives an additional annual fee of £7,500 (2018: £5,700) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

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

Director	**2019** **£**	**2018** **£**
John Rennocks	60,000	56,900
John Scott	37,500	34,200
Laurence McNairn	37,500	34,200
Meriel Lenfestey (appointed 1 April 2019)	9,375	N/A
Paul Le Page	45,000	39,900

The total Directors' fees expense for the year amounted to £189,375 (2018: £165,200). As disclosed in Note 16, John Rennocks and John Scott are Directors of BSIFIL, and have received remuneration in respect of BSIFIL.

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

Laurence McNairn also acted as a consultant to the Company's Administrator, Estera International Fund Managers (Guernsey) Limited. Mr McNairn acted as a consultant to the Administrator following the sale of Heritage International Fund Managers (Guernsey) Limited in November 2017. The purpose of the consultancy was to provide corporate knowledge primarily for the three months following sale to 31 January 2018. No remuneration was paid and he held no executive roles or functions. There has been no involvement with the Administrator under this arrangement concerning the Company's activities. Post year end, the consultancy role has now ended.

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

Duties and Responsibilities

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

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

Duties and Responsibilities (continued)

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

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

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

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 67. 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 2019 is set out below:

Director	**Scheduled Board Meetings (max 4)**	**Ad-hoc Board Meetings (max 6)**	**Audit Committee Meetings (max 6)**
John Rennocks	4	-	4
John Scott	4	-	4
Laurence McNairn	4	6	6
Meriel Lenfestey (appointed 1 April 2019)*	1	2	N/A
Paul Le Page	4	6	6

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

It should be noted that Mr Rennocks and Mr Scott are ordinarily resident in the United Kingdom and as a result are not permitted to participate in Board Meetings from the United Kingdom in accordance with the Article 29.2 of the Company's Articles of Incorporation. Mr Rennocks and Mr Scott have participated in all, or the majority of, formally scheduled meetings in Guernsey. It should be noted that Mr Rennocks and Mr Scott actively communicate their views on any matters to be discussed at ad-hoc Board Meetings to their fellow Directors, Mr Le Page, Mr McNairn and Ms Lenfestey, ahead of such meetings.

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

*Since appointment Ms Lenfestey has attended all scheduled and ad-hoc Board Meetings.

Duties and Responsibilities (continued)

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

Committees of the Board

Audit Committee

The Board established an Audit Committee in 2013. It is chaired by Paul Le Page and at the date of this report comprised all of the Directors set out on page 3. The report of the role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit Committee on pages 76 to 80. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Internal Control and Financial Reporting

The Board acknowledge 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 Board 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, as explained on page 79.

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

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

Investment Advisory Agreement

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

The Investment Adviser is led by its managing partners, James Armstrong, Mike Rand and Giovanni Terranova, who founded the Bluefield business in 2009 following their prior work together in European solar energy. The Investment Adviser's team have a combined record, prior to and including Bluefield Partners LLP, of investing more than £1 billion in solar PV projects. The Management team have been involved in over £1.5 billion of solar PV transactions in the UK and Europe since 2008. The Investment Adviser's non-executive team includes William Doughty, the founding CEO of Semperian; Dr. Anthony Williams, the former chair of the Risk Committee for the Fixed Income, Currencies & Commodities Division, and Partner at Goldman Sachs & Co; and Jon Moulton, the current chairman of Better Capital and former managing partner and founder of Alchemy Partners.

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

Dealings with Shareholders

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

Principal Risks and Uncertainties

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

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

The Company's principal risks and uncertainties are discussed in detail on pages 22 to 29 of the Strategic Report. The Company's financial instrument risks are discussed in Note 15 to the financial statements.

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

Changes in Regulation

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

AIFMD

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

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

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

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

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

FATCA and CRS

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

PRIIPs

The Company is in compliance with the requirements under PRIIPs to publish a KID. The KID is available on the Company's website.

NMPI

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

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

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, 2018 ('The Rules'):

- 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, 2018;
- 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 solar energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield sites. The Group targets long life solar energy infrastructure, expected to generate stable renewable energy output over a 25 year asset life. The Company incorporates Environmental Social & Governance policies into its investment processes and is conscious of 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
18 September 2019

Laurence McNairn
Director
18 September 2019

Report of the Audit Committee

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

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

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

Responsibilities

The main duties of the Audit Committee are:

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

Responsibilities (continued)

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

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

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

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

Meetings

The Committee has met formally on 6 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 Committee for approval by the Board;
- review of the Company's risk matrix;
- review of the accounting policies and format of the financial statements;

Meetings (continued)

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

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

Primary Area of Judgement

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

As outlined in Note 8 of the financial statements, the fair value of the BSIFIL's investments (Directors' Valuation) as at 30 June 2019 was £622,055,477 (2018: £604,235,581). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash flow methodology. The Directors have also considered transactions in similar assets and used these to infer the discount rate. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 8 in the financial statements.

The valuation of the BSIFIL's portfolio of solar assets (Directors' Valuation) as at 30 June 2019 has been determined by the Board based on information provided by the Investment Adviser.

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

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit Committee is driven primarily by the Company's assessment of its principal risks and uncertainties as set out on pages 22 to 29 of the Strategic Report, and it receives reports from the Investment Adviser and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

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

External Audit

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

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

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

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

External Audit (continued)

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was also engaged to provide a review of the Company's interim information and Guernsey Green Fund third party certification. Total fees paid amounted to £116,814 for the year ended 30 June 2019 (30 June 2018: £107,542) of which £94,406 related to audit and audit related services to the Company (30 June 2018: £91,500) and £22,253 in respect of non-audit services (30 June 2018: £16,042).

Notwithstanding such services, which have arisen in connection with review of the interim financial statements and Guernsey Green Fund third party certification, the Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

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

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

To assess the effectiveness of the Auditor, the Committee has reviewed 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 Committee is satisfied with KPMG's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2020.

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

On behalf of the Audit Committee

Paul Le Page
Chairman of the Audit Committee
18 September 2019

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

Our opinion is unmodified

We have audited the financial statements (the "Financial Statements") of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2019, 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 2019, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2018):

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

£435,736,488 (2018: £418,098,105)
Refer to page 78 of the Report of the Audit Committee, note 2 (j) accounting policy and note 8 disclosures

The risk

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 (2019: 99.8%; 2018: 99.8%). The fair value of the immediate subsidiary, which reflects its net asset value, predominantly comprises of the fair value (£622,055,477) of underlying special purpose vehicle solar project investments ("SPVs") and the immediate subsidiary level debt (see note 8).
The fair value of the SPVs is based on the discounted, unleveraged cash flows of the underlying solar projects (the 'Valuations'), for which there is no liquid market.
The Valuations are performed using forecast cash flows generated by each solar project over their useful economic life and by selecting key assumptions including the base energy yield assumptions, electricity price forecasts, operating costs, irradiation, leverage and macroeconomic assumptions such as inflation and tax rates (collectively "Key Assumptions").
In determining the discount rate, the relevant long term government bond yields, cost of debt, specific infrastructure asset risk and evidence of recent market transactions are considered.
The Valuations are adjusted for other specific assets and liabilities of the SPVs.

Risk:
The Valuations represent both a risk of fraud and error associated with estimating the timing and amounts of long term forecasted cash flows alongside the selection and application of appropriate assumptions. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation of financial assets held at fair value through profit or loss.

Our response

Our audit procedures included, but were not limited to:

Control evaluation:
We met with the Investment Advisor and Directors of the Company to observe the Board's challenge and approval process of the Key Assumptions made within the valuation model which was prepared by the Investment Advisor.

Model inputs:
We assessed the key project specific inputs into the cash flow projections, focusing on the significant changes for existing projects since the previous reporting period or from the date of acquisition for newly acquired projects, to corroborate key revenues and costs with reference to underlying contracts, agreements and management information.

Model integrity:
For a selection of data routines, we tested the valuation model for integrity, logic and for material formula errors.

Benchmarking the valuation assumptions:
We challenged, with the support of our internal valuation specialist, the discount rate and Key Assumptions applied in the valuation by benchmarking these to independent market data, including recent market transactions, and using our specialist's experience in valuing similar investments.
We further assessed the reasonableness of the discount rate by comparing it to that used by comparator companies.

Assessing transparency:
We have considered the adequacy of the Company's disclosures made in accordance with IFRS 13 (see note 8) including the use of estimates and judgments in arriving at fair value. We assessed whether the disclosures around the sensitivities to changes in key assumptions reflected the risks inherent in the valuation of the SPVs.

Independent Auditor’s Report (continued)

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

Materiality for the Financial Statements as a whole was set at £12,535,000, determined with reference to a benchmark of Net Assets of £436,396,238, of which it represents approximately 3% (2018: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £626,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

We have nothing to report on going concern

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

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

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

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

Disclosures of principal risks and longer-term viability

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

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

Corporate governance disclosures

We are required to report to you if:

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

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

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 66, 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.

Independent Auditor's Report (continued)

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

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

Rachid Frihmat

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

18 September 2019

Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 £	30 June 2018 £
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	**8**	435,736,488	418,098,105
Total non-current assets		**435,736,488**	**418,098,105**
Current assets			
Trade and other receivables	**9**	767,392	753,237
Cash and cash equivalents	**10**	277,876	501,751
Total current assets		**1,045,268**	**1,254,988**
TOTAL ASSETS		**436,781,756**	**419,353,093**
LIABILITIES			
Current liabilities			
Other payables and accrued expenses	**11**	385,518	357,609
Total current liabilities		**385,518**	**357,609**
TOTAL LIABILITIES		**385,518**	**357,609**
NET ASSETS		**436,396,238**	**418,995,484**
EQUITY			
Share capital		368,012,390	368,012,390
Other reserves		699,080	-
Retained earnings		67,684,768	50,983,094
TOTAL EQUITY	**13**	**436,396,238**	**418,995,484**
Ordinary Shares in issue at year end	**13**	**369,883,530**	**369,883,530**
Net asset value per Ordinary Share (pence)	7	**117.98**	**113.28**

These financial statements were approved and authorised for issue by the Board of Directors on 18 September 2019 and signed on their behalf by:

Paul Le Page
Director
18 September 2019

Laurence McNairn
Director
18 September 2019

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

Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Income			
Investment income	**4**	725,000	702,603
Interest income from cash and cash equivalents		868	2,600
		725,868	**705,203**
Net gains on financial assets held at fair value through profit or loss	**8**	46,166,288	35,291,437
Operating income		**46,892,156**	**35,996,640**
Expenses			
Administrative expenses	**5**	1,967,068	1,200,565
Operating expenses		**1,967,068**	**1,200,565**
Operating profit		**44,925,088**	**34,796,075**
Profit and total comprehensive income for the year		**44,925,088**	**34,796,075**
Earnings per share:			
Basic and diluted (pence)	**12**	**12.15**	**9.41**

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 2019

	Note	Number of Ordinary Shares	Share capital	Other reserves	Retained earnings	Total equity
			£	£	£	£
Shareholders' equity at 1 July 2018		**369,833,530**	**368,012,390**	**-**	**50,983,094**	**418,995,484**
Shares issued during the period:						
Ordinary Shares to be issued in settlement of variable fee	**16**	-	-	699,080	-	699,080
Dividends paid	**13,14**	-	-	-	(28,223,414)	(28,223,414)
Total comprehensive income for the period		-	-	-	44,925,088	44,925,088
Shareholders' equity at 30 June 2019		**369,883,530**	**368,012,390**	**699,080**	**67,684,768**	**436,396,238**

For the year ended 30 June 2018

	Note	Number of Ordinary Shares	Share capital	Other reserves	Retained earnings	Total equity
			£	£	£	£
Shareholders' equity at 1 July 2017		**369,811,281**	**367,934,730**	**77,660**	**40,595,865**	**408,608,255**
Shares issued during the period:						
Ordinary Shares issued in settlement of variable fee	**13**	72,249	77,660	(77,660)	-	-
Dividends paid	**13,14**	-	-	-	(24,408,846)	(24,408,846)
Total comprehensive income for the period		-	-	-	34,796,075	34,796,075
Shareholders' equity at 30 June 2018		**369,883,530**	**368,012,390**	**-**	**50,983,094**	**418,995,484**

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

Statement of Cash Flows

For the year ended 30 June 2019

	Note	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Cash flows from operating activities			
Total comprehensive income for the year		44,925,088	34,796,075
Adjustments:			
Increase in trade and other receivables		(14,155)	(127,520)
Increase in other payables and accrued expenses		27,909	20,519
Movement in other reserves relating to Investment Adviser shares	**16**	699,080	-
Net gains on financial assets held at fair value through profit or loss	**8**	(46,166,288)	(35,291,437)
Net cash used in operating activities		**(528,366)**	**(602,363)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss	**8**	-	(4,320,601)
Receipts from investments held at fair value through profit or loss	**8**	28,527,905	24,853,220
Net cash generated from investing activities		**28,527,905**	**20,532,619**
Cash flow from financing activities			
Dividends paid	**13**	(28,223,414)	(24,408,846)
Net cash used in financing activities		**(28,223,414)**	**(24,408,846)**
Net decrease in cash and cash equivalents		(223,875)	(4,478,590)
Cash and cash equivalents at the start of the year		501,751	4,980,341
Cash and cash equivalents at the end of the year	**10**	**277,876**	**501,751**

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

Notes to the Financial Statements for the year ended 30 June 2019

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 2019 comprise the financial statements of the Company only (see Note 2 (c)).

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

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

2. Accounting policies

a) Basis of preparation

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

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

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

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The nature and the impact of each new standard and amendment is described below:

IFRS 9:

The Company adopted IFRS 9 Financial Instruments on 1 July 2018, subsequent to it becoming effective on 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 July 2018, the date of initial application.

Classification and Measurement

The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

1. All financial assets previously held at fair value continue to be measured at fair value.
2. Investments in subsidiaries and associates are measured at fair value in accordance with IFRS 10 and IAS 28, respectively, as the Company is an investment entity.
3. Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.

2. Accounting policies (continued)

a) Basis of preparation (continued)

4. The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Company has not designated any financial liabilities at fair value through profit or loss. Therefore, this requirement has not had an impact on the Company.

Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Company to credit risk, this amendment has not had a material impact on the financial statements. At the reporting date BSIFIL's SPVs held performance bonds with banks that have a credit rating which is of investment grade, the Company does not expect any material impact of this amendment on the financial statements as a result of these performance bonds. The Company only holds cash and trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted the simplified approach to expected credit losses.

IFRS 15 Revenue from contracts with customers

The Company adopted IFRS 15 Revenue from contracts with customers on 1 July 2018, subsequent to it becoming effective on of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Company.

2. Accounting policies (continued)

a) Basis of preparation (continued)

New and Revised Standards

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective and are relevant to the financial statements of the Company:

IFRS 16: Leases comes into effect for accounting periods beginning on or after 1 January 2019. As the Company has no leases, there will be no impact from the adoption of IFRS 16.

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 2019 or later periods.

New Standards		IASB Effective Date
IFRS 16	Leases	1 January 2019
Revised and amended standards		
IFRS 3*	Business Combinations	1 January 2020
Annual Improvements Standards	Annual improvements to IFRS 2015 – 2017 cycle	1 January 2019

*Not yet endorsed by the EU

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

The 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

At 30 June 2019, the Company had invested in 87 solar plants, committing £552.4 million to SPV investments. The Company, through its direct subsidiary, BSIFIL, has access to a RCF which together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and RCF.

2. Accounting policies (continued)

b) Going concern (continued)

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

The Board has 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, 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 BSIFIL and concluded that it is, like the Company, an investment entity. As such the Company is not permitted to consolidate BSIFIL 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. 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.

2. Accounting policies (continued)

i) Segmental reporting

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

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

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. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies. The impact of IFRS 9 on the classification and measurement of financial assets is set out above (See note 2(a)).

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

Investments at fair value through profit or loss

Classification

The Company's investment in BSIFIL 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.

2. Accounting policies (continued)

j) Financial instruments (continued)

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

Measurement

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

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

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.

2. Accounting policies (continued)

j) Financial instruments (continued)

iii) Financial liabilities (continued)

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.

l) Share based payments

Investment Adviser's variable fee

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

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

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

The area involving a high degree of judgement 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 BSIFIL which is estimated predominantly on the valuation of the portfolio of investments held by BSIFIL (see Note 8).

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

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

As disclosed in Note 8, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m / MWp basis against comparable portfolio transactions and on this basis a weighted average discount rate of 7.18% (7.26% in June 2018) has been utilised.

It is assumed that future long term debt will increase slightly. The average EBITDA interest tax shield from a combination of third party long term debt and intercompany Eurobond debt equates to 16.5% over the life of the long term debt as at 30 June 2019.

Use of a blended power forecast is unchanged but the inflation assumption for the period to June 2024 has been increased to 3% before reverting to the standard long term assumption of 2.75% thereafter.

4. Investment income

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Monitoring fee in relation to loans supplied (Note 16)	725,000	702,603
	725,000	**702,603**

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

5. Administrative expenses

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Investment advisory base fee * (see Note 16)	312,925	310,783
Investment advisory variable fee (see Note 16)	699,080	-
Legal and professional fees**	145,359	93,681
Administration fees	291,941	294,156
Directors' remuneration	189,375	165,200
Audit fees	94,562	90,460
Non-audit fees	22,253	16,042
Broker fees	50,000	50,120
Regulatory Fees	43,195	42,365
Registrar fees	36,977	38,546
Insurance	8,023	8,727
Listing fees	15,475	22,021
Other expenses	57,903	68,464
	1,967,068	**1,200,565**

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

**The increase in legal and professional fees in the year ended 30 June 2019 was driven by one-off expenses.

Investment Advisory Agreement

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

(i) if in any year, the Company exceeds its distribution target (7.68pps for the year ended 30 June 2019 and increasing with the annual RPI), the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. In any year, the Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

5. Administrative expenses (continued)

Investment Advisory Agreement (continued)

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

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

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

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

Administration Agreement

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

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5.0 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 (2018: £6,000) and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

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

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

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

6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it paid an annual fee of £1,200 (2018: £1,200) (included within regulatory fees).

The income from the Company's investments is not subject to any further tax in Guernsey although the subsidiary and underlying SPVs, as UK based entities, are subject to the current prevailing UK corporation tax rate. The standard rate of UK corporation tax is 19%. This is due to decrease to 17% by 2020.

7. Net asset value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £436,396,238 (2018: £418,995,484) and the number of shares in issue at 30 June 2019 of 369,883,530 (2018: 369,883,530) 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 2019 Total £	30 June 2018 Total £
Opening balance (Level 3)	418,098,105	403,339,287
Additions – funds passed to BSIFIL	-	4,320,601
Additions – acquisition of Eurobonds*	-	76,565,712
Disposal – de-recognition of loans*	-	(76,565,712)
Change in fair value of financial assets held at fair value through profit or loss	17,638,383	10,438,217
Closing balance (Level 3)	**435,736,488**	**418,098,105**

*Non-cash transaction: On 12 July 2017, a number of loan facilities, totalling £76.6m, between the Company and BSIFIL were de-recognised and replaced with a Eurobond instrument listed on the TISE in prior year.

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

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Unrealised change in fair value of financial assets held at fair value through profit or loss	17,638,383	10,438,217
Cash receipts from non-consolidated subsidiary*	28,527,905	24,853,220
Net gains on financial assets held at fair value through profit or loss	**46,166,288**	**35,291,437**

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

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

		30 June 2019 Total £	30 June 2018 Total £
SPV investment portfolio, Directors' Valuation		622,055,477	604,235,581
BSIFIL			
	Cash	15,466,381	14,687,260
	Working capital	4,035,042	4,083,400
	Debt*	(205,820,412)	(204,908,136)
		(186,318,989)	(186,137,476)
Financial assets at fair value through profit or loss		**435,736,488**	**418,098,105**

*30 June 2019 includes c.£1M of upstream Intercompany Loans.

Fair value measurements

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

The fair value hierarchy has the following levels:

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

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

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

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2019. 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.

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

Directors' Valuation methodology and process

The same valuation methodology and process for operational solar plants is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2018. Solar plants under construction and not yet operational are valued at cost and exclude acquisition costs which are expensed in the period in which they are incurred, whilst investments that are operational are valued on a DCF basis over the life of the asset (typically 25 years though the Company is completing asset extensions on a subset of its portfolio) and, under the 'willing buyer-willing seller' methodology, prudently benchmarked on a £/MWp basis against comparable transactions for large scale portfolios. No assets were valued at cost as at year end.

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

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

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

Judgement is used by the Board in determining the decrease of the weighted average discount rate from 7.26%, as at 30 June 2018, to 7.18% with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values have remained consistent at ca. £1.28-1.35/MWp for large scale portfolios and which the Board have used to determine that an effective price of £1.30m/MWp is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2019;
b. Inclusion of the latest long term power forecasts from the Company's two providers.
c. Inclusion of a prudent uplift with respect to asset extensions of 15 years on a subset (106.5 MWp) of the portfolio.

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 a blended power curve from two leading forecasters.

It is only the SPVs of BSIFIL and their intermediate holding companies that the Directors fair value (see Note 2(j)(i)). Fair value of operational SPVs is 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. Previously, in every third year, the Board had an external valuation or benchmarking exercise performed by an independent expert. Based on the availability of market data, the Board does not intend to continue this practice and will ask for an external valuation to be carried out from time to time at its discretion. An external benchmarking exercise was undertaken for the year ended 30 June 2018.

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

Directors' Valuation methodology and process (continued)

Sensitivity analysis

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

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

		30 June 2019		30 June 2018	
Input	**Change in input**	**Change in fair value of Directors' Valuation £**	**Change in NAV per share (pence)**	**Change in fair value of Directors' Valuation £m**	**Change in NAV per share (pence)**
Discount rate	+ 0.5%	(16.0)	(4.33)	(23.0)	(6.22)
	- 0.5%	16.3	4.41	24.5	6.62
Power prices	+10%	31.7	8.57	28.9	7.81
	-10%	(31.8)	(8.60)	(29.0)	(7.84)
Inflation rate (3.00%)	+ 0.25%	8.8	2.38	8.4	2.27
	- 0.25%	(8.5)	(2.30)	(8.1)	(2.19)
Energy yield	10 year P90	(50.6)	(13.68)	(48.3)	(13.06)
	10 year P10	50.3	13.60	47.9	12.95
Operational costs	+10%	(5.4)	(1.46)	(11.4)	(3.08)
	-10%	5.4	1.46	10.9	2.95
Interest Shield	+50%	9.5	2.57	9.3	2.51
	-50%	(10.3)	(2.78)	(9.6)	(2.60)

9. Trade and other receivables

	30 June 2019	30 June 2018
	£	£
Current assets		
Income from investments	725,000	702,603
Other receivables	22,400	10,400
Prepayments	19,992	40,234
	767,392	**753,237**

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

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

10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits held with maturities of up to three months. The carrying amount of these assets as at 30 June 2019 was £277,876 (2018: £501,751) and approximated their fair value. Cash held by BSIFIL, the Company's wholly owned subsidiary, as at 30 June 2019 is shown in Note 8.

11. Other payables and accrued expenses

	30 June 2019	30 June 2018
	£	£
Current liabilities		
Investment advisory fees	77,725	77,379
Administration fees	73,254	70,716
Audit fees	94,406	70,800
Directors' fees	57,375	43,900
Other payables	82,758	94,814
	385,518	**357,609**

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 2019	Year ended 30 June 2018
Profit attributable to shareholders of the Company	£44,925,088	£34,796,075
Weighted average number of Ordinary shares	369,883,530	369,845,327
Basic and diluted earnings from continuing operations and profit for the year (pence per share)	**12.15**	**9.41**

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 2019 Number	Year ended 30 June 2018 Number
Opening balance	369,883,530	369,811,281
Shares issued as settlement of variable fee	-	72,249
Closing balance	**369,883,530**	**369,883,530**

13. Share capital (continued)

Shareholders' Equity	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Opening balance	418,995,484	408,608,255
Ordinary Shares to be issued in settlement of variable fee	699,080	-
Dividends paid	(28,223,414)	(24,408,846)
Retained earnings	44,925,088	34,796,075
Closing balance	**436,396,238**	**418,995,484**

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.

At year end, an amount of £699,080 is reflected in Other reserves in respect of shares due to the Investment Adviser in settlement of its variable fee for 2019. This totals 616,092 shares, not yet issued, at an issue price equal to the prevailing NAV per Ordinary Share. On issuance of these shares the amount shown in Other reserves of £699,080 will be reclassified to Share capital.

14. Dividends

On 31 July 2018, the Board declared a third interim dividend of £6,657,904, in respect of year ended 30 June 2018, equating to 1.80pps (third interim dividend in respect of the year ended 30 June 2017: 1.50pps), which was paid on 31 August 2018 to shareholders on the register on 10 August 2018.

On 26 September 2018, the Board declared a fourth interim dividend of £7,508,635, in respect of year ended 30 June 2018, equating 2.03pps (fourth interim dividend in respect of the year ended 30 June 2017: 1.50pps), which was paid on 26 October 2018 to shareholders on the register on 5 October 2018.

On 24 January 2019, the Board declared a first interim dividend of £7,027,787, in respect of year ended 30 June 2019, equating to 1.90pps (first interim dividend in respect of the year ended 30 June 2018: 1.80pps), which was paid on 22 February 2019 to shareholders on the register on 1 February 2019.

On 29 April 2019, the Board declared a second interim dividend of £7,027,787, in respect of year ended 30 June 2019, equating to 1.90pps (second interim dividend in respect of the year ended 30 June 2018: 1.80pps), which was paid on 31 May 2019 to shareholders on the register as at 10 May 2019.

Post year end, on 22 July 2019, the Board declared a third interim dividend of £7,027,787, in respect of year ended 30 June 2019, equating to 1.90pps (third interim dividend in respect of the year ended 30 June 2018: 1.80pps), which was paid on 23 August 2019 to shareholders on the register on 2 August 2019.

14. Dividends (Continued)

Post year end, on 18 September 2019, the Board declared a fourth interim dividend of £7,323,694, in respect of the year ended 30 June 2019, equating to 1.98pps (fourth interim dividend in respect of the year ended 30 June 2018: 2.03pps), which will be paid on 1 November 2019 to shareholders on the register on 4 October 2019. In addition to the fourth interim dividend, an additional dividend of £2,330,266 (0.63pps) was declared which will be paid on the same date to shareholders on the register on 4 October 2019.

Declaration of the fourth interim dividend and the additional dividend brings total dividends in respect of 2019 to 8.31pps, which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser that has been reflected in administrative expenses and other reserves.

15. Risk management policies and procedures

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

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

The Board 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, BSIFIL, will fluctuate because of changes in market prices.

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

15. Risk management policies and procedures (continued)

Market price risk (continued)

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

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

Currency risk

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

Interest rate risk

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

The Company is also exposed, through BSIFIL, to interest rate risk via BSIFIL's index-linked element of its long-term debt facility (£64.6 million at 70 bps plus RPI as at 30 June 2019).

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 2019 £**
Floating rate		
RBSI	0.00%	276,973
Fixed rate		
Lloyds	0.25%	903
		277,876

15. Risk management policies and procedures (continued)

Interest rate risk (continued)

	Interest rate	Total as at 30 June 2018 £
Floating rate		
RBSI	0.00%	501,268
Fixed rate		
Lloyds	0.10%	483
		501,751

The valuation of BSIFIL's SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash flow technique when valuing the investments. The Investment Adviser reviews the discount rates bi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. Total exposure to interest rate risk on the financial assets held at fair value through profit or loss at the year end is £622,055,477 (2018: £604,235,581), based on the Directors' Valuation (see Note 8).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. BSIFIL's SPVs have entered into turnkey EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date BSIFIL's SPVs held performance bonds totalling £10,446,168 (2018: £19,176,312) with banks that have a credit rating which is of investment grade.

The Company's credit risk exposure is due to a portion of the Company's assets being held as cash and cash equivalents and accrued interest. The Company maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2019, the maximum credit risk exposure in relation to cash and cash equivalents in the Company was £277,876 (2018: £501,751). If the cash and cash equivalents held by BSIFIL are included this increases to £15,744,257 (2018: £15,189,011). All cash and cash equivalents held by the Company and BSIFIL is with banks that have a credit rating which is of investment grade.

15. Risk management policies and procedures (continued)

Credit risk (continued)

	Cash £	Fixed deposit £	Total as at 30 June 2019 £
RBSI	276,973	-	276,973
Lloyds	-	903	903
	276,973	**903**	**277,876**

	Cash £	Fixed deposit £	Total as at 30 June 2018 £
RBSI	501,268	-	501,268
Lloyds	-	483	483
	501,268	**483**	**501,751**

The carrying amount of these assets approximates their fair value.

15. Risk management policies and procedures (continued)

Liquidity risk

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

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

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

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

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2019 £
Assets				
Financial assets held at fair value through profit or loss*	-	-	268,104,280	**268,104,280**
Trade and other receivables**	747,400	-	-	**747,400**
Cash and cash equivalents	277,876	-	-	**277,876**
Liabilities				
Other payables and accrued expenses	(385,518)	-	-	**(385,518)**
	639,758	-	268,104,280	**268,744,038**

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

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

15. Risk management policies and procedures (continued)

Liquidity risk (continued)

	Less than one year £	Between one and five years £	After five years £	Total as at 30 June 2018 £
Assets				
Financial assets held at fair value through profit or loss*	-	-	289,840,966	**289,840,966**
Trade and other receivables**	713,003	-	-	**713,003**
Cash and cash equivalents	501,751	-	-	**501,751**
Liabilities				
Other payables and accrued expenses	(357,609)	-	-	**(357,609)**
	857,145	-	289,840,966	**290,698,111**

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

Portfolio operational risk

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

Concentrations of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The concentrations of the Company's solar assets by geography, construction contractor and revenue type are shown on pages 11 to 14. This analysis forms an integral part of the financial statements.

Capital management policies and procedures

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

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

15. Risk management policies and procedures (continued)

Liquidity risk (continued)

Capital management policies and procedures (continued)

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

The Company has no imposed capital requirements.

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

16. Related party transactions and Directors' remuneration

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

The Chairman is entitled to an annual remuneration of £60,000, (2018: £56,900). The other Directors are entitled to an annual remuneration of £37,500, (2018: £34,200). Paul Le Page receives an additional annual fee of £7,500 (2018: £5,700) for acting as Chairman of the Audit Committee.

Laurence McNairn, Director of the Company, also acted as a consultant to the Company's Administrator, Estera International Fund Managers (Guernsey) Limited. Mr McNairn acted as a consultant to the Administrator following the sale of Heritage International Fund Managers (Guernsey) Limited in November 2017. The purpose of the consultancy was to provide corporate knowledge primarily for the three months following sale to 31 January 2018. No remuneration was paid and he held no executive roles or functions. There has been no involvement with the Administrator under this arrangement concerning the Company's activities. Post year end, the consultancy role has now ended.

Administration fees incurred during the period of £291,941 (2018: £294,156) relate to the fees of the Administrator, of which £73,254 (2018: £70,716) was outstanding at the year end.

The total Directors' fees expense for the period amounted to £189,375 (2018: £165,200) of which £57,375 was outstanding at 30 June 2019 (2018: £43,900).

At 30 June 2019, the number of Ordinary Shares held by each Director is as follows:

	2019 Number of Ordinary Shares	**2018 Number of Ordinary Shares**
John Rennocks*	316,011	316,011
John Scott*	452,436	452,436
Laurence McNairn	441,764	441,764
Meriel Lenfestey	-	N/A
Paul Le Page	70,000	137,839
	1,280,211	**1,348,050**

*Including shares held by PCAs

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

John Scott and John Rennocks are Directors of BSIFIL. They receive an annual fee of £6,000 (2018: £5,200) each for their services to this company. Mike Rand and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL.

The Company and BSIFIL's investment advisory fees for the year amounted to £3,214,023 (2018: £3,168,721) of which £256,236 (2018: £241,822) was outstanding at the year end. The fourth interim dividend of 1.98pps brings total dividends for 2018/19 to the target level of 7.68pps. In addition to this, a further additional dividend of 0.63pps was declared, resulting in a variable fee of £699,080 payable to the Investment Adviser in shares.

Fees paid to BSL during the period by SPVs, a company which has the same ownership as that of the Investment Adviser totalled £2,159,495 (2018: £2,293,384). BSL provides asset management and other services relating to the operation of daily management activities of the solar project companies.

Fees paid to BOL during the period by SPVs, a company which has the same ownership as that of the Investment Adviser totalled £1,486,408 (2018: £508,138). BOL provides O&M and other services relating to the operation of daily management activities of the solar project companies.

The Company's monitoring fee income received from BSIFIL amounted to £725,000 (2018: £702,603) of which £725,000 was outstanding at the year end (2018: £702,603).

17. Subsequent events

Post year end, on 22 July 2019, the Board declared a third interim dividend of £7,027,787, in respect of the year ended 30 June 2019, equating to 1.90pps (third interim dividend in respect of the year ended 30 June 2018: 1.80pps), which was paid on 23 August 2019 to shareholders on the register on 2 August 2019.

Post year end, on 18 September 2019, the Board declared a fourth interim dividend of £7,323,694, in respect of the year ended 30 June 2019, equating to 1.98pps (fourth interim dividend in respect of the year ended 30 June 2018: 2.03pps), which will be paid on 1 November 2019 to shareholders on the register on 4 October 2019. In addition to the fourth interim dividend, an additional dividend of £2,330,266 (0.63pps) was declared which will be paid on the same date to shareholders on the register on 4 October 2019.

Declaration of the fourth interim dividend, as well as the additional dividend, brings total dividends in respect of 2019 to 8.31pps, which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser. This is reflected in administrative expenses and other reserves.

Post year end Mr John Scott acquired a further 60,000 Ordinary Shares, following the transaction, Mr Scott's beneficial interest in the Company is 512,436 shares, representing 0.14% of the issued capital of the Company.

Glossary of Defined Terms

Administrator means Estera International Fund Managers (Guernsey) Limited

AGM means the Annual General Meeting

AIC means the Association of Investment Companies

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

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

AIF means Alternative Investment Fund

AIFM means Alternative Investment Fund Management

AIFMD means the Alternative Investment Fund Management Directive

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

Auditor means KPMG Channel Islands Limited (see KPMG)

Aviva Investors means Aviva Investors Limited

BEIS means The Department for Business, Energy and Industrial Strategy

BEPS means Base erosion and profit shifting

Bluefield means Bluefield Partners LLP

BOL means Bluefield Operations Limited

Board means the Directors of the Company

Brexit means departure of the UK from the EU

BSIF means Bluefield Solar Income Fund Limited

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

BSL means Bluefield Asset Management Services Limited

BSUoS means Balancing Services Use of System charges: costs set to ensure that network companies can recover their allowed revenue under Ofgem price controls

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

CAGR means compound annual growth rate

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

CCC means Committee on Climate Change

CfD means Contract for Difference

Company means Bluefield Solar Income Fund Limited

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

Glossary of Defined Terms (continued)

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

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

CP15 means Compliance Period 15 in respect of the RO Scheme (1 April 2016 to 31 March 2017)

CRS means Common Reporting Standard

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

CSR means Corporate Social Responsibility

DCF means Discounted Cash Flow

DECC means the Department of Energy and Climate Change

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

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

DNO means Distribution Network Operator

DSCR means debt service cover ratio

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

EBITDA means Earnings before interest, tax, depreciation and amortisation

EGM means Extraordinary General Meeting

EIS means Enterprise Investment Scheme

EPC means Engineering, Procurement & Construction

EU means the European Union

EV means enterprise valuation

FAC means Final Acceptance Certificate

FATCA means the Foreign Account Tax Compliance Act

Financial Statements means the audited annual financial statements

FiT means Feed-in Tariff

GAV means Gross Asset Value

GFSC means the Guernsey Financial Services Commission

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

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

GWh means Gigawatt hour

GWp means Gigawatt peak

IAS means International Accounting Standard

IASB means the International Accounting Standards Board

IFRS means International Financial Reporting Standards as adopted by the EU

Investment Adviser means Bluefield Partners LLP

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

IPO means initial public offering

IRR means Internal Rate of Return

IVSC The International Valuation Standards Council

KID means Key Information Document

KPI means Key Performance Indicators

KPMG means KPMG Channel Islands Limited (see Auditor)

kWh means Kilowatt hour

kWp means Kilowatt peak

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

LD means liquidated damages

LIBOR means London Interbank Offered Rate

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

Lloyds means Lloyds Bank Group plc

Lloyds International means Lloyds Bank International Limited

LSE means London Stock Exchange plc

LTF means long term facility provided by Aviva Investors Limited

Main Market means the main securities market of the LSE

MW means Megawatt (a unit of power equal to one million watts)

MWh means Megawatt hour

MWp means Megawatt peak

NAV means Net Asset Value as defined in the prospectus

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

NPPR means the AIFMD National Private Placement Regime

O&M means Operation and Maintenance

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

Ofgem means Office of Gas and Electricity Markets

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

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

P10 means Irradiation estimate exceeded with 10% probability

P90 means Irradiation estimate exceeded with 90% probability

PCA means Persons Closely Associated

PPA means Power Purchase Agreement

pps means pence per share

PR means Performance Ratio (the ratio of the actual and theoretically possible energy outputs)

PRIIPS means Packaged Retail and Insurance-Based Investment Products

PV means Photovoltaic

RBS means The Royal Bank of Scotland plc

RBSI means Royal Bank of Scotland International plc

RCF means Revolving Credit Facility

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

ROC means Renewable Obligation Certificates

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

RPI means the Retail Price Index

SPA means Share Purchase Agreement

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

Sterling means the Great British pound currency

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

UK means the United Kingdom of Great Britain and Northern Ireland

UK Code means the United Kingdom Corporate Governance Code

UK FCA means the UK Financial Conduct Authority

Glossary of Defined Terms (continued)

United Nations Principles for Responsible Investment means 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