bluefield
Solar Income Fund

Interim Report

and Unaudited Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED

31 DECEMBER 2022

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COMPANY REGISTRATION NO: 56708

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bluefield Solar Income Fund

General Information

Board of Directors (all non-executive)

JOHN SCOTT
(Chair and Chair of Nomination Committee)

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

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

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

PAUL LE PAGE
(Chair of Audit and Risk Committee)

JOHN RENNOCKS
(retired 22 February 2023)

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

JAMES ARMSTRONG
Managing Partner

GIOVANNI TERRANOVA
Managing Partner

NEIL WOOD
Partner

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

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

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

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

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

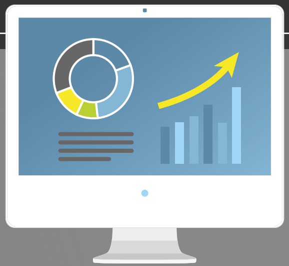
Sponsor, Broker & Financial Adviser
Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

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

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

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

Highlights



As at 31 December 2022 / *30 June 2022*

Net Asset Value (NAV)	NAV per Share	Dividend Target per Share
£870.7m *£858.4m*	142.40p *140.39p*	FY23 8.40pps *8.12pps*

Six month period to 31 December 2022 / *31 December 2021*

Underlying Earnings[1] (pre amortisation of debt)	Underlying Earnings per share[1] (pre amortisation of debt)	Underlying Earnings per share available for distribution[1] (post amortisation of debt)
£51.4m *£21.4m*	8.41p *4.31p*	6.26p *2.57p*

Total Shareholder Return[2]	Total return to Shareholders since IPO	Total Return[3]
6.98% *5.68%*	101.59% *81.69%*	4.38% *9.61%*

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 17.
2. Total Shareholder Return is based on share price movement and dividends paid in the period. It is defined in the Alternative Performance Measure appendix.
3. Total Return is based on the NAV movement and dividends paid in the period. It is defined in the Alternative Performance Measure appendix.

Environmental, Social and Governance (ESG)

GUERNSEY GREEN FUND

GREEN ECONOMY LONDON STOCK EXCHANGE

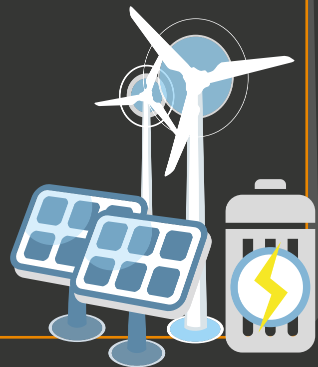
Forecast annual CO2e savings of over 163,000 tonnes	Approximately 292,000 homes powered with renewable energy[4]	Over £200,000 to be paid to community benefit schemes[5]
(2022: 120,000 tonnes)	(2022: 215,000)	(2022: £154,000)

Construction and Development Pipeline

- 49 MW under construction
- 466 MW approved
- 216 MW in planning
- 649 MW potential capacity

1.38 GW

(956 MW Solar, 424 MW battery)



4. For a year, based on forecasted annual generation.
5. During the 2022/23 financial year.

bluefield Solar Income Fund

Results Summary

	Six months ended 31 December 2022	Six months ended 31 December 2021
Total operating income	£38,845,159	£54,510,638
Total comprehensive income before tax	£37,642,084	£53,699,532
Total underlying earnings[1]	£51,438,238	£21,389,077
Earnings per share (per page 45)	6.16p	11.05p
Underlying EPS available for distribution[2]	6.26p	2.57p
Underlying EPS brought forward[3]	3.39p	2.67p
Total underlying EPS available for distribution	9.65p	5.24p
1st interim dividend for the year ending 30 June 2023	2.10p	2.03p
NAV per share	142.40p	122.96p
Share Price as at 31 December	136.0p	124.3p
Total Return[4]	4.38%	9.61%
Total Shareholder Return[5]	6.98%	5.68%
Total Shareholder Return since inception[6]	101.59%	81.69%
Dividends per share paid since inception	65.59p	57.39p

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 17.
2. Underlying EPS is calculated using underlying earnings available for distribution divided by the weighted average number of shares in issue through the period.
3. Underlying EPS brought forward is calculated using the number of shares in issue.
4. Total Return is based on NAV per share movement and dividends paid in the period.
5. Total Shareholder Return is based on share price movement and dividends paid in the period.
6. Total Shareholder Return since inception is based on share price movement and dividends paid since the IPO.

Corporate Summary

Investment objective

The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of quarterly income distributions, by being invested primarily in solar energy assets located in the UK. The Company also has the ability to invest a minority of its share capital into wind, hydro and energy storage assets.

The Board seeks to adopt a progressive dividend strategy, although the ability to maintain or grow dividends is dependent upon a number of factors, including future power prices in the UK.

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 it is accredited as a Green Fund after successful application to the GFSC under the Guernsey Green Fund Rules 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 period was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 Bluefield Services Limited (BSL), a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by the UK limited company parent, which changed from Bluefield SIF Investments Limited (BSIFIL) to Bluefield Renewables 1 Limited (BR1) in May 2022 to facilitate arrangement of the new RCF. In August 2017 Bluefield Operations Limited (BOL), a company with the same ownership as the Investment Adviser, commenced providing operation and maintenance services to the Company and provides services to 70 sites (585MW) of the investment portfolio held by BR1 as at period end.

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

Please refer to page 11 for the details of Company's corporate structure.

Chair's Statement

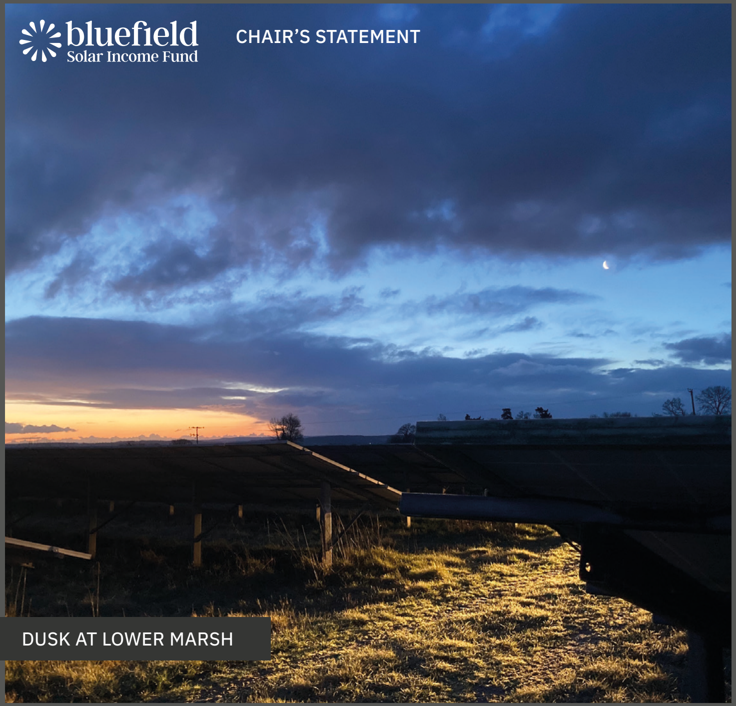
Introduction

Following a successful financial year to 30 June 2022, which saw the Company's generating capacity grow by 25%, during the six months to 31 December 2022 ("H1 22/23", or the "Period") we have continued to deliver excellent results, notwithstanding various external challenges. Power prices reached record highs during H1 22/23 and the Company's ability to maximise the value of energy sales through its policy of typically fixing prices 18 months ahead means the Company's near- term earnings projections are very strong.

Allied to this is the excellent progress seen with the Company's development programme, with 865MW under active development and 446MW in pre-construction, providing a platform for significant growth in our business.

The main features of the Period are:

- The Company completed the purchase of an operating 47MWp subsidised solar portfolio with an enterprise value of approximately £56m.
- The Company committed £34m of funding as it commenced construction of Yelvertoft, a CfD-backed 49MWp solar plant.
- Obtaining consent on 215MWp of solar developments within the Company's proprietary pipeline, adding c.2pps to the December 2022 NAV.
- Progressing the pipeline of solar and storage currently under development by the Company, which stands at 1.38 GW (956 MW solar and 424 MW battery storage).



DUSK AT LOWER MARSH

- The NAV per share rose to 142.40pps as at 31 December 2022 (30 June 2022: 140.39pps), reflecting principally the positive effect of higher electricity prices, offset by the cost of the Electricity Generator Levy (the "Levy").
- The dividend target for FY 22/23 has been set at not less than 8.40pps, up from the 8.20pps dividends paid in respect of FY 21/22, which itself had an initial target of 8.12pps.
- A first interim dividend for the current FY of 2.10pps was declared on 23 January 2023.
- Effective application of the Company's power fixing strategy provides strong earnings over the next 24 months, with expectation of achieving over 2x dividend cover for the full year.
- The Company was promoted to the FTSE 250 index.

At the time of writing, the Group's total outstanding debt has increased to £531.1 million and its leverage level stands at c.38% of GAV, at the lower end of our preferred range of 35%-45%.

Acquisitions

During the Period, the Company completed the acquisition of a 1.4 ROC 46.4MWp solar portfolio located in Lincolnshire (39.3MWp) and Cumbria (7.1MWp). This purchase grows the Company's generating portfolio to 812.6MWp (June 2022: 766.2MWp), and increases the proportion of solar (85%) to onshore wind (15%). The Company's mandate allows for diversification of up to 25% of its GAV into non solar renewables.

The Company has seen continued success with its proprietary development pipeline; consents were achieved on 215MW of solar assets, contributing an uplift over costs of c.£15m (c.2pps) and a small element of capital recycling was achieved through the disposal of an existing development for c.£1.8m.

With construction underway on Yelvertoft, itself a product of the Company's proprietary development programme, and the growth of the wider pipeline to 1.38 GW, the Company is delivering on each of the three tenets of its development strategy; invest, construct, selectively recycle capital.

Underlying Earnings and Dividend Income

The Underlying Earnings for the Period, before amortisation of long-term finance, were £51.4m, or 8.41pps, and underlying earnings for distribution, post debt repayments of £13.2m (2.15pps), were £38.2m (December 2021: £12.8m). Including carried forward earnings from June 2022 of 3.39pps, the total funds available for distribution as at 31 December 2022 were 9.65pps (December 2021: 5.24pps).

The Company's portfolio has once again performed well, with solar generation 6.17% above budget, the material factor behind the strong financial performance having been the significant increase in UK wholesale power prices, driven up by the price of natural gas. As a result, the Company has been able to secure significantly higher power price fixes during the Period across 140MWp at an average price of 262.84/MWh. The higher prices on these contracts have been locked in typically for 18 months and in some cases for over 24 months.

Valuation and Discount Rate

The Company faced a number of political challenges during the Period, with Britain seeing three Prime Ministers and four Chancellors in 15 weeks. Unsurprisingly, this fostered a period of considerable confusion over energy policy, including whether and how Government might impose extra taxes on some or all electricity generators. The financial turmoil arising from the short-lived Truss administration rattled the capital markets, but demand for renewable projects, at all stages of their lifecycle, has remained strong. We have benefitted from higher power prices and to an extent from rising inflation, but these effects have been partially offset by the impact of the Levy and by the increased cost of debt.

The Investment Adviser continues to see pricing for secondary market solar portfolios within the range of £1.25m to £1.45m/MWp. Higher interest rates and the inclusion of onshore wind within BSIF's portfolio have caused the Board to increase to 7.25% the portfolio discount rate for the 31 December 2022 Directors' Valuation (30 June 2022: 6.75%). The resultant enterprise value of the Company's operational portfolio is £1,222m (c.£1.38m/MW for the solar assets vs. £1.39m/MW in June 2022). The Directors' Valuation as at 31 December 2022 is in line with recent market transactions and consistent with the Company's valuation methodology of 'willing buyer/willing seller'.

Inflation

During 2022, inflation reached levels not seen since the 1980s, as higher commodity and energy prices pushed RPI to 13.4% and CPI to 10.5% in December 2022.

Since the turn of the year there have been encouraging signs that inflation has peaked, but expectations remain that inflation will remain well above the Bank of England's 2% target for the foreseeable future. Since our income grows with inflation, resulting from the indexation provisions in our regulated revenues, increases in RPI have the effect of boosting both our earnings and the valuation of our assets.

Reflecting the latest economic forecasts, as well as the transition from RPI to CPIH post 2030, inflation assumptions supporting the valuation are 10.9% in 2022, 5.5% in 2023 (June 2022: 3.4%) and thereafter 3.0% until 2029, before dropping to 2.25%.

Power Prices

Russia's war in Ukraine has had a profound effect on energy markets worldwide. Severe supply disruptions continue to affect Europe and, with the UK still heavily dependent on imported methane for the generation of electricity (over 40% in 2022), record gas prices drove electricity prices to new highs towards the end of the summer. In recent months UK wholesale electricity prices have eased considerably, as natural gas prices have fallen sharply from the highs touched in August 2022 of over £500/MWh, dropping to below £118/MWh in February 2023.

Due to the Company's PPA sales strategy of fixing power for between one and three years ahead, it enters 2023 with more than 80% of its merchant revenue hedged to March 2024, so has limited revenue exposure to the recent declines in the electricity market. Thanks to some well-timed sales contracts agreed during the Period, the Board has a high degree of confidence in achieving dividend cover in excess of 2.0x (including carried forward earnings and post debt amortisation) in the financial years ending June 2023, June 2024 and June 2025.

The Electricity Generator Levy

In November 2022, in response to demands for "windfall tax", the UK government announced the introduction of a temporary 45% tax – the "Levy" — on the extraordinary profits made by electricity generators late last year while European energy prices soared in the wake of Russia's invasion of Ukraine. The Levy will be in place from 1 January 2023 until 31 March 2028, with the benchmark price of £75 per MWh linked to UK Consumer Price Inflation.

Revenues earned from assets under Feed in Tariffs, Renewable Obligation Certificates, or Contracts for Differences with the Low Carbon Contracts Company are exempt. Given that around 53% of BSIF's revenues out to the mid-2030s are derived from such subsidy schemes, the Company is reasonably well positioned to absorb the Levy and is pleased to be part of the solution to the energy crisis, an issue that is affecting every section of the economy and is in danger of causing real hardship to the most vulnerable households in the country.

The Board and its Committees

We continue the process of refreshing the BSIF Board. After nine highly successful years as Chair, John Rennocks decided that it was time for him to relinquish that position and stepped down at the November 2022 AGM, retiring from the Board in February 2023. John had been in the Chair since the formation of the Company in 2013 and was instrumental in its formation and flotation. I know my colleagues join me in recognising the immense contribution which John has made to BSIF's evolution from that of a fledgling participant in an untested area, to that of a major constituent of what has now become the £16 billion renewable power sector. John has led the Company with vision and great distinction; the Board looks forward to extending his legacy.

I am delighted to welcome Michael Gibbons as our new Senior Independent Director. Michael has a wealth of energy markets experience from his time at ICI and then PowerGen and has spent almost nine years chairing the British Government's independent Regulatory Policy Committee. Michael brings to BSIF a considerable body of knowledge in supporting the Company's further growth in the face of a rapidly evolving regulatory landscape.

During the Period, three new committees were established by the Board: a Nomination Committee, a Management Engagement and Service Providers Committee and an Environmental, Social and Governance Committee. Meanwhile Paul Le Page, who has chaired the Audit and Rick Committee since the foundation of the Company, intends to retire from that role with effect from the 2023 AGM, whereupon that role will be assumed by Elizabeth Burne. A key task for the Audit and Risk Committee during the current year is to conduct an audit tender; KPMG has been our auditor from inception and, in line with best practice, after ten years it is time to assess our options in this area.

Environmental, Social and Governance ("ESG")

The Company continues to make great progress with the implementation of its ESG strategy and has recently satisfied its Level 2 reporting requirements under the Sustainable Finance Disclosure Regulation (SFDR). As part of this, a recent assessment determined that the Company's current portfolio is 100% aligned with the EU Taxonomy, an achievement of which the Board is very proud and one which reflects well on our Investment Adviser, Bluefield Partners.

Conclusion

Despite a very choppy political backdrop, the second half of 2022 saw further progress by your Company, which continued to deliver excellent returns for its shareholders, while at the same time growing its asset base. Dividends increased and your Board is confident of delivering an earnings stream which will continue to grow in the coming years. The Board also has great confidence in its Investment Adviser, Bluefield Partners, who have steered us with skill since our foundation nearly a decade ago.

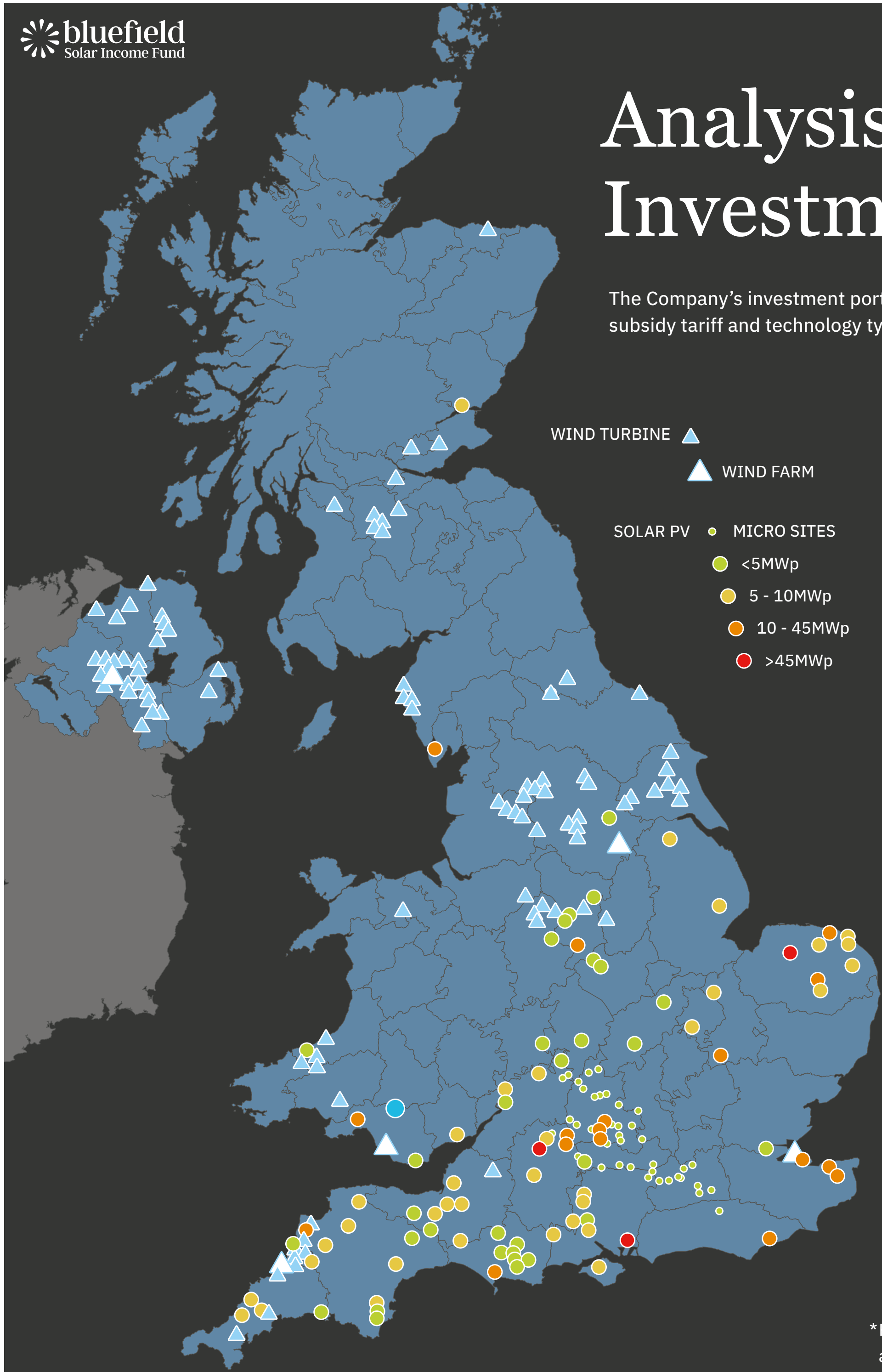
One of the many lessons which we derive from the continuing and tragic war in Ukraine is the need for greater energy security. Domestically generated solar electricity has an enormous role to play in achieving the shift away from imported hydrocarbons, while simultaneously decarbonising the economy. Although the achievements of the renewable energy sector are remarkable, for example in providing (by some measures) over 40% of the UK's domestically generated electricity in the period January-September 2022, there remains a considerable amount still to do if we are to wean ourselves off our thirst for fossil fuels and play our part in the global efforts to reach net zero.

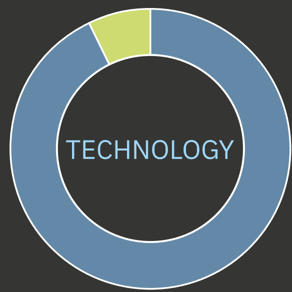
Your Company is well placed to participate in the enormous programme of investment that is required in the coming years if we are to meet the ambitious goals set by the UK government and the United Nations. As we approach our tenth anniversary, BSIF has shown what can be achieved through a steady programme of investment and astute management of its assets. Your Board looks to the years ahead with great confidence.

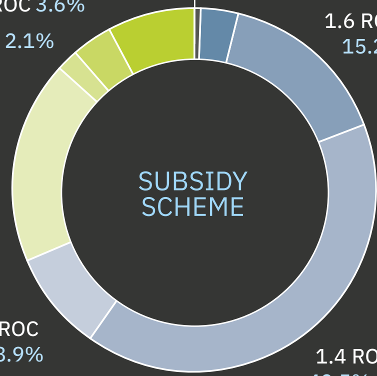
John Scott
Chair
27 February 2023

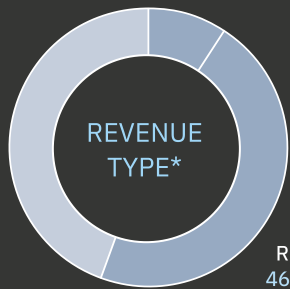
Analysis of the Company's Investment Portfolio

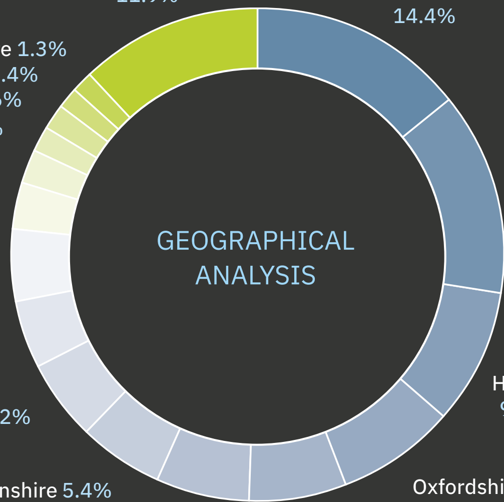
The Company's investment portfolio, analysed by geography, revenue type, subsidy tariff and technology type, as at 31 December 2022 is as follows:











*Revenue is based on the Company's operating portfolio of 812.6 MWp and does not include estimated ROC Recycle Revenue

Note: Graph percentages are based on capacity

Report of the Investment Adviser

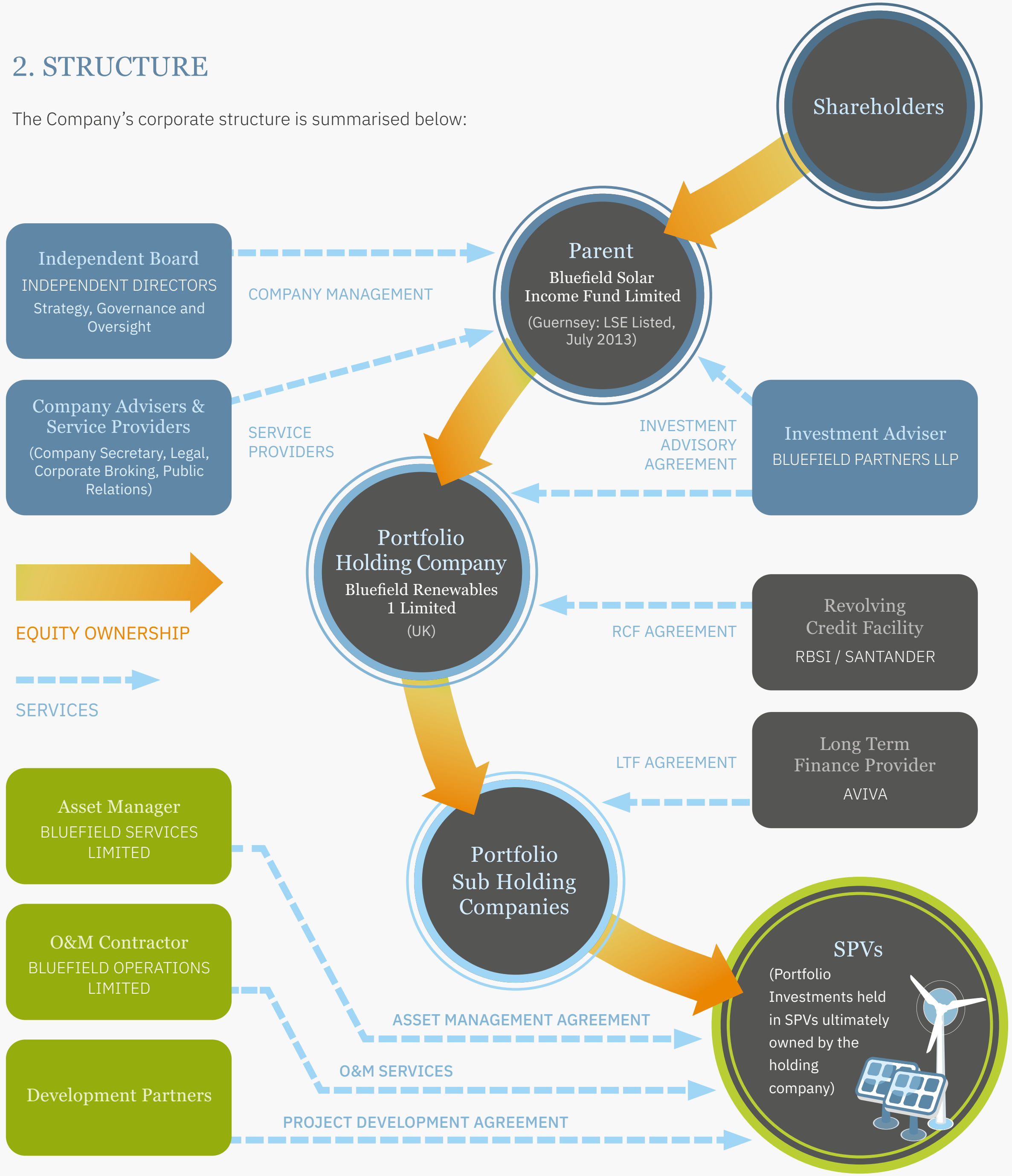
1. ABOUT BLUEFIELD PARTNERS LLP

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in renewable energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The Bluefield team has been involved in over £6.5 billion of renewable funds and/or transactions in both the UK and Europe, including over £1 billion for BSIF in the UK since December 2011.

Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives. As Investment Adviser, Bluefield is responsible for the origination and selection of investment opportunities, which are then proposed to the Board of BSIF. Bluefield has executed over 200 individual SPV acquisitions on behalf of BSIF and other European vehicles through geographically dedicated teams.

2. STRUCTURE

The Company's corporate structure is summarised below:



3. PORTFOLIO: ACQUISITIONS, PERFORMANCE AND VALUE ENHANCEMENT

Portfolio Overview

As at 31 December 2022, the Company held an operational solar portfolio of 129 PV plants (consisting of 87 large scale sites, 39 micro sites and 3 roof top sites), 6 wind farms and 109 small scale UK onshore wind turbines with a total capacity of 812.6MWp.

During the period to 31 December 2022, the combined solar and wind portfolio generated an aggregated total of 391.8GWh, representing a Generation Yield of 511.4MWh/MW.

Acquisitions in the Period

In December 2022 the Company completed the acquisition of a 46.4MWp operational solar portfolio from Fengate Asset Management. The enterprise value of the portfolio is £56.0 million, including the economic benefit of all cashflows from May 2022. The portfolio contains £27.3 million of long-term amortising debt provided by Macquarie Bank Limited.

The portfolio consists of two ground mounted solar photovoltaic ('PV') plants, a 39.3MWp plant (Raventhorpe) located in Scunthorpe, Lincolnshire and a 7.1MWp facility (Roanhead) located in Barrow-in-Furness, Cumbria.

Both solar sites are accredited under the Renewable Obligation Certificate ('ROC') regime with a tariff of 1.4 ROCs.

Portfolio Performance and Optimisation

SOLAR PV PERFORMANCE

In the 6-month period to 31 December 2022, irradiation levels were 9.7% higher than the Company's forecast and 13.3% higher than the same period in FY 2021/22.

During the reporting period, the solar portfolio achieved a Net PR of 76.96% (FY 2021/22: 79.5%) against a forecast of 79.5% and generated 327.4GWh of power, 6.2% above expectations. Higher than expected irradiation was the principal driver behind the generation exceeding expectations, however above forecasted irradiation lowers PR due to the increased effects of inter row shading losses and higher component temperatures.

Notwithstanding the lower PR, total generation increased by 26.6% when compared to the six months to 31 December 2021 due to the combined impact of the solar portfolio capacity increasing by 10.1% and the irradiation during the period having been 13.3% higher. As a result of these factors, the generation yield (generation per MW of installed capacity) increased by 9.6% to 462.55MWh/MWp when compared to the same period in the 2021/22 reporting year.

Table 1: Summary of Solar Fleet Performance for H1 2022/23:

	H1 2022/23 Actual	H1 2022/23 Forecast	Delta to Forecast (% change)	H1 2021/22 Actual[6]	Delta 22/23 to 21/22, Actual (% change)
Solar Portfolio Total Installed Capacity (MWp)[1]	707.76	707.76	-	613.00	15.46%
Weighted Average Irradiation (Hrs)[2,3]	601.03	548.03	9.67%	530.40	13.32%
Total Generation (MWh)	327,377	308,363	6.17%	258,646	26.57%
Generation Yield (MWh/MWp)	462.55	435.69	3.80%	421.9	9.64%
Average Revenue (£/MWh)[4]	£180.96	£171.80	5.33%	£135.40[5]	33.65%

Notes to Table 1.

1. Excludes 2 solar plants acquired in late December 2022 (46.4 MWp)
2. Periods of irradiation where irradiance exceeds the minimum level required for generation to occur (50W/m2)
3. Excluding grid outages and significant periods of constraint or curtailment that were outside the Company's control (for example, DNO-led outages and curtailments)
4. Average Revenue includes all income associated with the sale of power, all subsidy payments, liquidated damages and insurance claims amounts. ROC recycle revenue is included assuming a 10% recycle rate for both Actual and Forecast Revenue
5. H1 2021/22 Average Revenue includes ROC recycle amounts received. These amounts were not received by 31 Dec 21, therefore not included in the published 2021/22 interim results
6. Includes 30.1 MWp of solar assets acquired in January 2022, not included in the published 2021/22 interim results (performance data now available to 1 July 2022)

Total Revenue for the period was £59.24m, 16.39% higher than forecasts and 69.16% higher than the previous FY. Favourable fixed PPA agreements which commenced during the period were the principal reason for increased revenue, as the average power price rose from £135.40/MWh in the previous FY to £180.96/MWh, representing a 33.65% increase.

Operational costs for the period (incorporating all fixed, contracted costs such a lease payments, O&M fees etc.) totalled c.£15.18m, including expenditure associated with the optimisation & enhancement projects (see below).

SOLAR PV AT REDLANDS

Solar PV Optimisation and Enhancement Activity

A core focus of the Investment Adviser's activities is protecting, optimising, and enhancing the value of the Company's operational portfolio.

Principally this is done through in-depth performance monitoring and carefully tailored preventative maintenance programmes, ensuring that capital spend across the Company's portfolio (expected to be £4-5m annually over the next decade) is completed during periods of low irradiation (being October to February).

A rolling capital works programme is essential for optimising the long-term operational performance of the portfolio.

As at 31 December 2022, 494.6 MWp (30 June 2022: 401 MWp) of the PV portfolio have leases that allow for terms beyond 30 years (being 60.87% of the solar PV portfolio), with 338.2 MWp (100% of applications successful) benefitting from planning terms in excess of 30 years with the Investment Adviser continuing to pursue lease extensions on the remaining assets in the portfolio.

ONSHORE WIND PERFORMANCE

As at 31 December 2022, the Company held an operational onshore wind portfolio of 135 installations, comprising 109 small scale turbines (55-250kW) and 26 turbines (850kW-2.3MW), with an aggregated capacity 58.36MW.

During the reporting period, the portfolio generated 64.42GWh, -21.7% below forecasts. This was largely due to continued reduced availability of 3 turbines at Delabole Wind Farm. As a result, the Investment Adviser elected to replace the O&M provider in December 2022; following this, all faulty turbines returned to service within 4 weeks. Significant O&M LDs are expected to be recovered for the underperformance.

Compared to the UK 20-year mean, national average windspeeds were down 10% during the first three months of the period (July – September 2022), and down 6% during the whole six month reporting period, further impacting generation. The average onsite windspeeds were 6% higher than the previous year (FY 2021/22), a period of historically low wind resource.

Table 2: Aggregated Wind Portfolio Performance, H1 2022/23

	H1 2022/23 Actual	H1 2022/23 Forecast	Delta to Forecast (% change)	H1 2021/22 Actual[2]	Delta 22/23 to 21/22, Actual (% change)
Portfolio Total Installed Capacity (MW)[1]	58.36	58.36	-	30.01	94.47%
Total Generation (MWh)	64,392	82,182	-21.65%	29,888	115.45%
Generation Yield (MWh/MW)	1,103.36	1,408.18	-21.65%	995.92	10.79%
Average Revenue (£/MWh)[1]	£203.59	£197.78	2.93%	£199.84	1.87%

Notes to Table 2.

1. Average Revenue includes all income associated with the sale of power, all subsidy payments, liquidated damages and insurance claims amounts. ROC recycle revenue is included assuming a 10% recycle rate for both Actual and Forecast Revenue
2. Includes 17.4MW of onshore wind assets acquired in January 2022, not included in the published 2021/22 interim results (performance data now available to 1 July 2022)

The portfolio achieved a Generation Yield of 1,103.36 MWh per MW of installed capacity, equivalent to a 10.8% increase to FY 2021/22, largely due to the improved wind resource.

Despite lower than forecast generation, the portfolio provided a total revenue of £13.1m, with an average revenue per MWh of £203.59, +2.9% above expected levels, due to significantly higher wholesale power prices.

Onshore Wind Optimisation & Enhancement Activity

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

As at 31 December 2022, 4 turbines have been repowered and returned to operation, with a further 9 having received planning approval for repowering, with a new 25-year term. By end-February 2023, an additional 2 turbines will be repowered with the EWT model, and further 3 planned for repowering before 30 June 2023. The remaining projects have planning applications submitted to the relevant Local Planning Authority.

GENERAL PORTFOLIO

OFGEM Audits

As part of the industry-wide audits of FiT and RO-accredited generating assets, the Investment Adviser and Asset Manager have been working closely with the regulator on those assets (randomly) selected for audit. All of the Company's assets to have completed OFGEM audits to date have been classified as 'satisfactory'.

Health & Safety Activities

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


AERIEL VIEW OF WEST RAYNHAM

4. POWER PURCHASE AGREEMENTS

The Company maintained its strategy of fixing power price contracts for periods between 12 and 36 months, with most contracts continuing to be struck for a minimum of 18 months. As at 31 December 2022, the average term of the fixed-price PPAs across the portfolio is 28.4 months (FY 2021/22: 25.8 months).

Contract renewals are spread evenly throughout any 12-month period, with competitive tender processes involving several offtakers run for each PPA renewal in the 3 month period prior to the commencement of a new fixing period. PPA counterparties are selected on a competitive basis, but with a clear focus on achieving value and diversification of counterparty risk.

The Investment Adviser continues to believe this is the best strategy for shareholders, who are looking for stable revenues and forecastable, sustainable dividends, and provides very high visibility of revenues over the next few years, where other strategies do not. This approach delivered almost a decade of sector leading dividend cover (covered by in year earnings and post debt amortisation).

As at 31 December 2022, the Company has a price confidence level of 92% to June 2023 and c.90% to December 2023 over the pricing of both power and subsidy revenue streams.

The ability of the Company to capture the wholesale power market prices when they are at their highest is reflected in the BSIF average seasonal weighted power price. The average seasonal weighted power price for the 12 months ending 31 December 2022 has increased by 70.75% from the year ended 31 December 2021, from £50.30 per MWh to £85.80 per MWh. These values contain price fixes made from up to two years prior.

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

During the period, the wholesale market continued to offer opportunities to fix contracts, up to 36 months in tenure, at historically high prices. As shown below, those contracts fixed during the reporting period (aggregated capacity: 140MWp) were at prices significantly above the portfolio average.

Chart 1. PPA Fixed Power Prices (Average Vs Average for Fixes completed during Reporting Period)

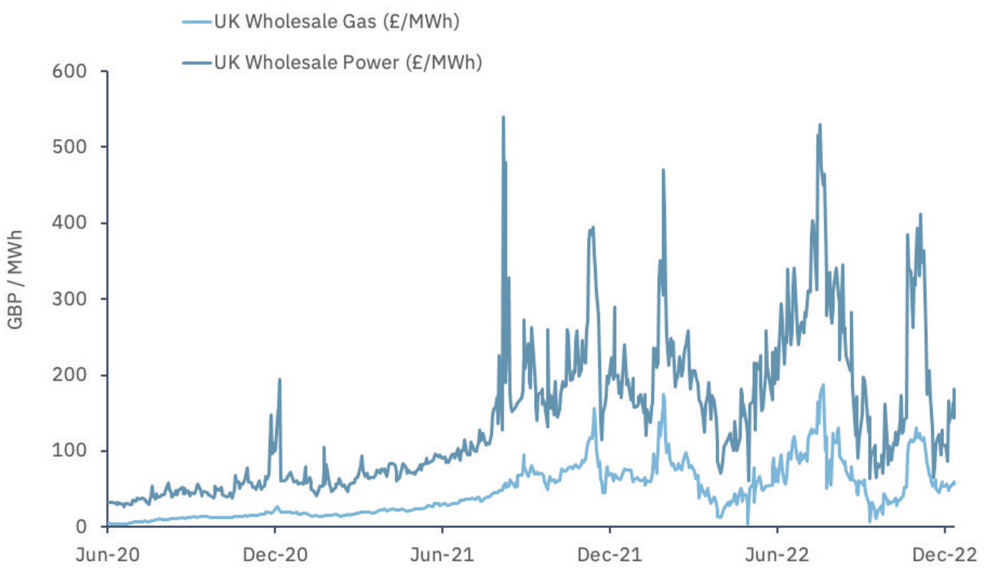
Price as at:	1 Jan 23	1 Jul 23	1 Jan 24	1 Jul 24
BSIF Portfolio Weighted Average Contract Price (£/MWh)	189.14	169.72	183.51	167.39
Weighted Average for Contract Prices fixed during the reporting period (£/MWh)	523.16	293.56	311.98	210.23

The Investment Adviser notes that the majority of the gains from these high PPA fixes will be offset by the impact of the Electricity Generator Levy (“the Levy”), a temporary 45% tax on the extraordinary returns made by electricity generators late last year while European energy prices soared in the wake of Russia’s invasion of Ukraine. The Levy will be in place from 1 January 2023 until 31 March 2028, with the benchmark price linked to UK Consumer Price Inflation.

5. POWER MARKET SUMMARY

Power markets reached record highs in August 2022, as Russia's continuing war against Ukraine exacerbated concerns surrounding gas supplies to Europe ahead of Winter 2023.

Chart 2. UK Natural Gas & Wholesale Power Prices (1 July 2020 – 31 December 2022)



Source data: Bloomberg

As a result, power prices within the UK remained extremely volatile throughout the period, predominantly following the same patterns as the gas market, as shown in Chart 2, with day-ahead baseload power prices reaching extreme highs on 25 August and 9 December, at £565/MWh and £654.65/MWh, respectively.

However, high gas prices during the 2022 summer attracted strong LNG deliveries to Europe amid periods of reduced consumption which allowed EU countries to enter the winter season with gas stocks at 89% of capacity, above the EU target for 1 November 2022. This in turn eased concerns about shortages for winter, putting downward pressure on both European gas prices.

Whilst season ahead pricing has fallen from the highs of H1 22/23, in the absence of hydrocarbons from Russia both gas and coal markets remain tight, and expectations remain that energy prices will be considerably higher than historic long term averages.

6. CONSTRUCTION PROGRAMME

As at the end of the Period, BSIF had 340 MW solar and 125 MW battery storage assets that are fully consented and are in pre-construction. The projects have connection dates between 2023 and 2028. In addition, the first development to enter the construction phase is the Yelvertoft 49MW Solar PV project, which signed a fixed price EPC contract with Bouygues in September 2022 and is targeting operation in Q4 2023.

As the EPC agreements require contractors to provide full procurement activity and to supply all materials, the Investment Adviser completes a full assessment of each contractor's procurement and supply chain management processes to ensure compliance with the Company's ESG policies and standards. For further information relating to the Company's wider ESG activity, please refer to the ESG section on page 25.

Projects with CfDs

In July 2022, the Investment Adviser successfully secured CfDs on 62.4MW of ready to build PV plants (Yelvertoft 49.9MW, Romsey 6.5MW and Oulton 6.0MW). By securing a CfD contract, the plants will benefit from index linked revenues (to CPI) over a 15 year duration at the AR4 solar PV strike price of £45.99/MWh (in 2012 equivalent prices), or £57.48/MWh in 2022. The contracts commence from 31 March 2025, at which point the strike price referenced above will include inflation from 2023 and 2024.

The Investment Adviser is monitoring the upcoming allocation round (AR5).

CONSTRUCTION AT YELVERTOFT

7. DEVELOPMENT PROGRAMME - OUTLINE OF DEVELOPMENTS AND VALUATION APPROACH

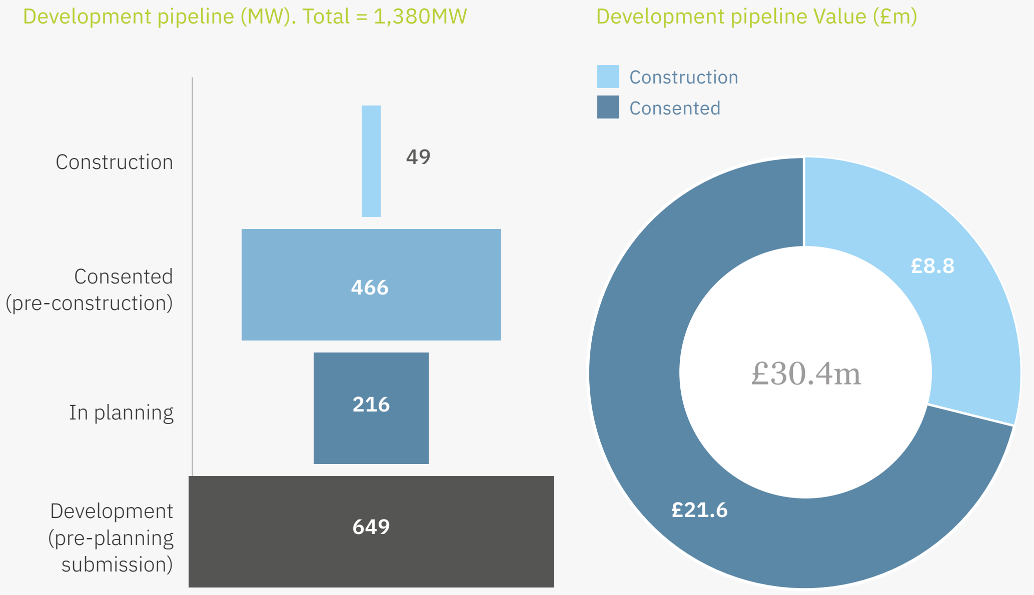
The Investment Adviser has been pursuing its development strategy since 2019 to enable BSIF to continue to be a key player in the UK renewable energy market. Since this time, a portfolio of approximately 950 MW of solar and over 400 MW of batteries has been built up across 28 projects. At any one time, outstanding commitments to fund development projects are less than 1% of GAV.

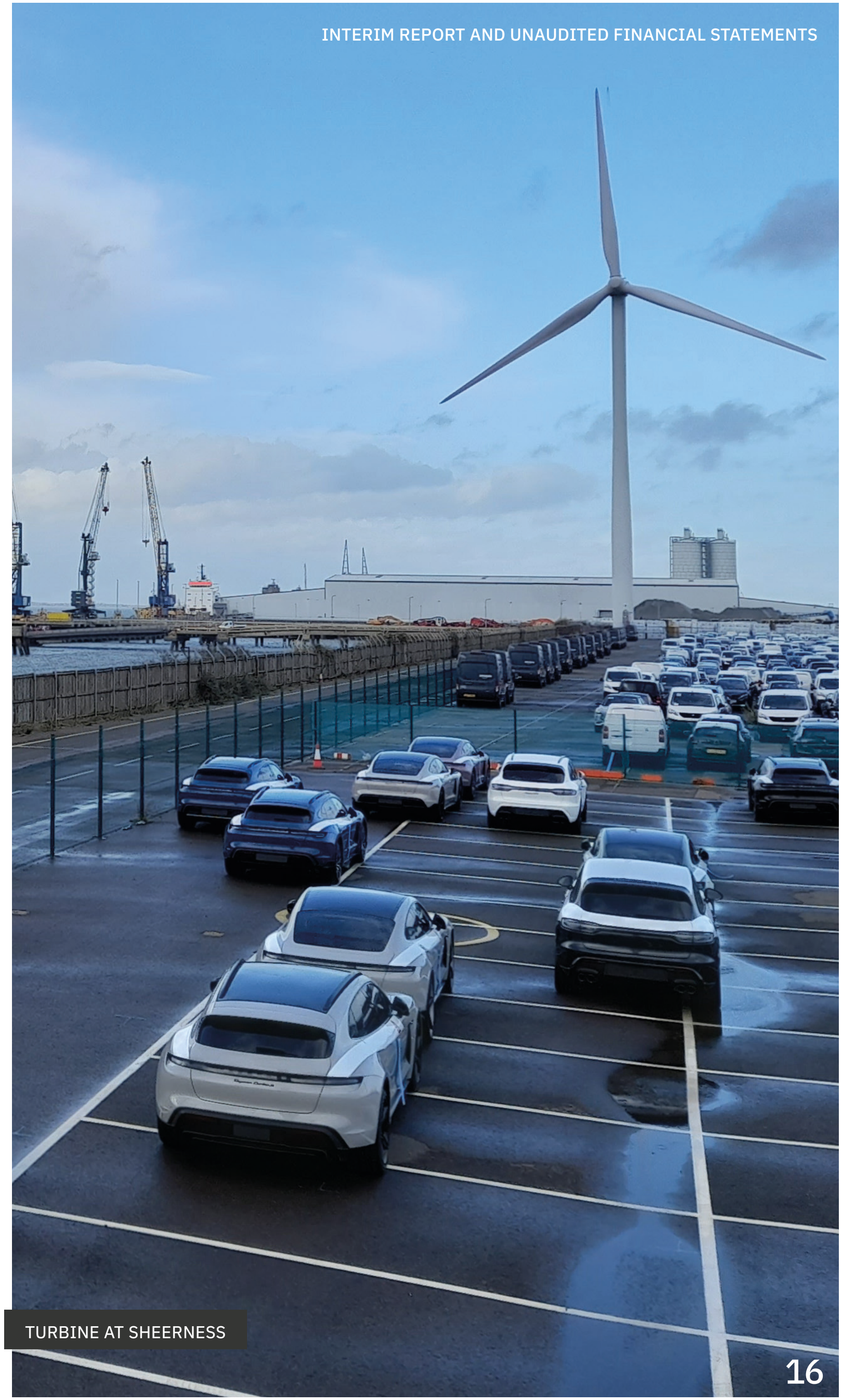
Currently, no value is attributed to projects without planning consent. However, once developments receive planning consent, and move from the development stage to pre-construction, the Investment Adviser believes it is appropriate to reflect this change in the Company valuation.

At this point in their lifecycle, the projects will have received all the necessary planning consents, land rights and valid grid connection offers and so have discernable value beyond the direct costs of development.

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

CURRENT PIPELINE STATUS AND VALUATION





TURBINE AT SHEERNESS

8. ANALYSIS OF UNDERLYING EARNINGS

The total generation and revenue earned (including ROC recycle estimate) in the 6 months to 31 December 2022 by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	32,021	2.7	5.7
4.0 ROC	6,269	0.9	1.5
2.0 ROC	12,366	0.7	1.3
1.6 ROC	55,835	6.6	5.4
1.4 ROC	134,474	11.3	14.0
1.3 ROC	33,482	4.6	2.7
1.2 ROC	65,816	6.7	5.2
1.0 ROC	14,953	1.5	0.9
0.9 ROC	36,611	5.0	1.9
Total	**391,827**	**40.0**	**38.6**

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 2022, Ofgem announced the value for ROC Recycle for the period April 2021 to March 2022 (CP20) was £7.04/ROC (equivalent to 13.9% of CP20 ROC buyout prices). This was slightly ahead of the 12.5% ROC Recycle estimate the Company had recognised in its 30 June 2022 Financial Statements.

The key drivers behind the changes in Underlying Earnings between H1 2021/22 and H1 2022/23 are the combined effects of the acquisitions within the period and higher PPA pricing.

Underlying Portfolio Earnings

	Half year period to 31 Dec 22 (£m)	Half year period to 31 Dec 21 (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)
Portfolio Revenue	78.6	40.0	111.4	73.1
Liquidated damages and Other Revenue*	0.8	0.3	1.6	2.0
Net Earnings from Acquisitions in the period	0.0	0.0	0.0	5.1
Portfolio Income	**79.4**	**40.3**	**113.0**	**80.2**
Portfolio Costs	-16.1	-11.0	-27.8	-17.6
Project Finance Interest Costs	-5.5	-1.0	-4.7	-1.8
Total Portfolio Income Earned	**57.8**	**28.3**	**80.5**	**60.8**
Group Operating Costs#**	-4.6	-4.5	-8.3	-7.5
Group Debt Costs	-1.8	-2.4	-5.4	-4.7
Underlying Earnings	**51.4**	**21.4**	**66.8**	**48.6**
Group Debt Repayments	-13.2	-8.6	-13.8	-9.3
Underlying Earnings available for distribution	**38.2**	**12.8**	**53.0**	**39.3**
Bought forward reserves	20.9	13.4	13.4	8.4
Total funds available for distribution -1	**59.1**	**26.2**	**66.4**	**47.7**
Target distribution* **	**N/A**	**N/A**	**45.2**	**34.3**
Actual Distribution -2	**12.8**	**10.1**	**45.5**	**34.3**
Underlying Earnings carried forward (1-2)	**N/A**	**N/A**	**20.9**	**13.4**

* Other Revenue includes insurance proceeds, ROC Recycle late payment and Mutualisation, O&M settlement agreements and rebates received.

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

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

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

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

	Half year period to 31 Dec 22 (£m)	Half year period to 31 Dec 21 (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)
Target Distribution - £m	N/A	N/A	45.2	34.3
Total funds available for distribution (inc. reserves) - £m	**59.1**	**26.2**	**66.4**	**47.7**
Average number of shares in the period*	611,452,217	496,067,602	554,042,715	429,266,617
Target Dividend (pps)	N/A	N/A	8.16	8.00
Total funds available for distribution (pps) - 1	**9.65**	**5.24**	**12.22**	**11.19**
Total Dividend Declared for the period (pps)** - 2	2.10	2.03	8.20	8.00
Reserves carried forward (pps) *** - 1-2	N/A	N/A	3.39	2.67

* Average number of shares is calculated based on shares in issue at the time each dividend was declared.

** Half year period to 31 Dec 2022 dividend of 2.10pps declared 23 Jan 2023, with a payment date on or around 3 March 2023.

*** Reserves carried forward are based on the shares in issue at the point of Annual Accounts publication (being c.611m shares for 30 June 2022 and c.496m shares for 30 June 2021).


SOLAR PV AT PLACE BARTON

9. NAV AND VALUATION OF THE PORTFOLIO

The Investment Adviser is responsible for advising the Board in determining the Directors' Valuation.

Formal valuations are carried out on a six-monthly basis at 31 December and 30 June each year, with the Company committed to commissioning an independent review as and when the Board believes it benefits Shareholders.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 31 December 2022 was £987.6m (30 June 2022, £939.9m).

The table below shows a breakdown of the Directors' valuations over the last four reporting periods:

Valuation Component (£m)	Dec 2022	June 2022	Dec 2021	June 2021
Enterprise Portfolio DCF value (EV)	1,222.2	1,180.6	861.2	770.1
Consented Solar and Battery Storage Development rights	30.4	13.8	7.3	1.8
Deduction of Project Co debt	-410.1	-390.3	-119.3	-119.8
Project Net Current Assets	145.1	135.8	36.5	42.4
Directors' Valuation	**987.6**	**939.9**	**785.7**	**694.5**
Portfolio Size (MWp)	**812.6**	**766.2**	**625.6**	**613.0**

Discounting Methodology

Competition for operational assets remains high and so multiples for subsidised solar assets have not materially changed from those in June 2022 (being between c.£1.25m/MW and c.£1.45m/MW) for comparable portfolios to the Company's.

The Directors' valuation is benchmarked against precedent market transactions and compiled using Discounted Cash Flow methodology, under IPEV Valuation guidelines and using a levered equity discount rate based on the Company's capital structure.

Refer to Note 7 of the unaudited interim financial statements for further details.

Key factors behind the valuation

There have been a number of key factors that have been considered in the Investment Adviser's recommendation to the Directors' Valuation (and which are quantified in the NAV movement chart on page 20):

(i) The inclusion of the new Electricity Generator Levy ("the Levy") on excess profits produced by electricity generators as announced by the Chancellor of the Exchequer in the Autumn Statement in November 2022;

(ii) The inflation forecast for 2023 was raised from 3.4% in June 2022 to 5.5% in September 2022, reflecting expectations from forecasters that declines from the highs of 2022 would be more gradual than previously expected; and

(iii) The levered equity discount rate has been increased to 7.25% (6.75% in June 2022 and 6.00% December 2021) with the discount rate for asset lives in excess of 30 years increasing to 8.75% (8.00% in June 2022 and 7.50% in December 2021). This is a result of increases over the period in both the Bank of England base rate (rising from 1.25% as at 30 June 2022 to 3.5% as at 31 December 2022) and 15 year debt yields (c.2.5% as at 30 June 2022 to c.4.0% as at 31 December 2022).

By reflecting the core factors above within the Directors' Valuation for 31 December 2022, the EV of the portfolio is £1,222.2m (June 2022: £1,180.6m) with the effective price for the solar component holding steady at £1.38m/MW (June 2022: £1.38m/MW).

These metrics sit within the pricing range of precedent market transactions and the 'willing buyer-willing seller' methodology upon which the Directors' Valuation is based.

Valuation Assumptions – Further detail

Debt

Refer to note 7 of the unaudited interim financial statements.

Further details of the third-party debt can be found on page 22 in the Financing section.

Power Price

The blended forecast of three leading consultants used within the latest Directors' Valuation, as shown in the graph below, is based on forecasts released in the quarter to December 2022. For illustration purposes, the graph below also includes the blended curve used in the Company's June 2022 Annual accounts.

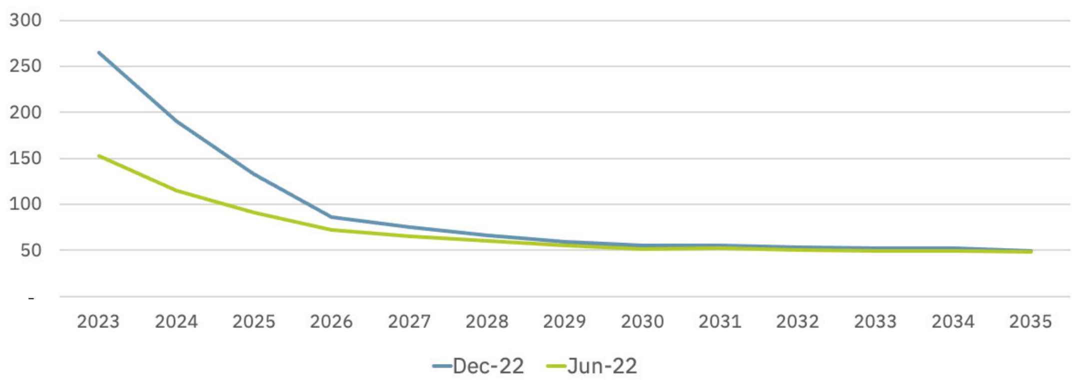
The curves used in the 31 December 2022 Directors' Valuation reflect the following key updates:

1. Short-term European fuel prices – gas and coal – rose since June 2022 amid ongoing concerns about supply disruptions due to the war in Ukraine with a similar trend reflected in the wholesale power price curve;

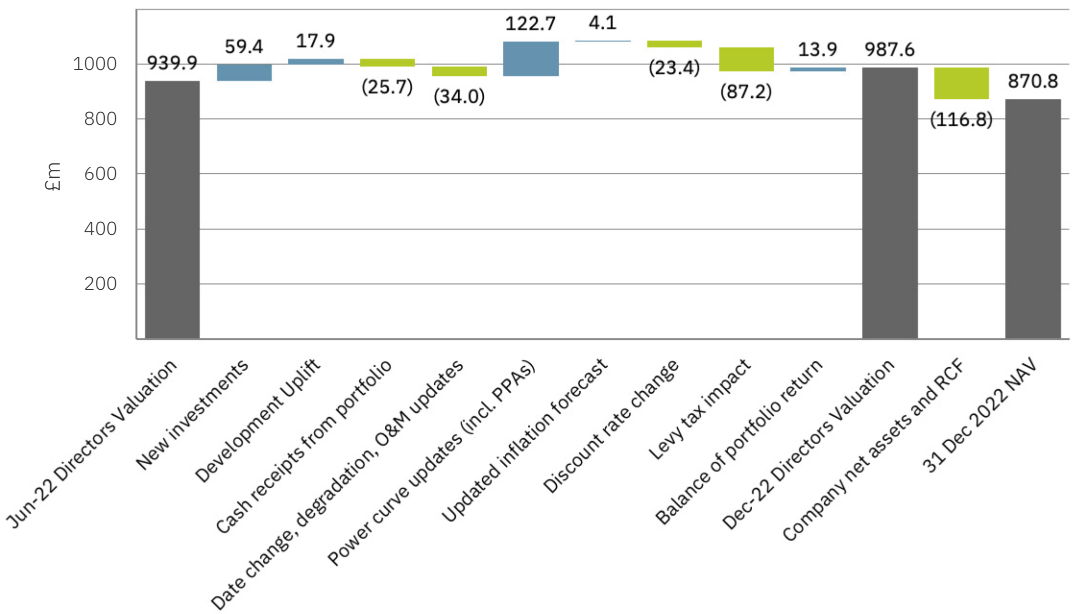
2. Higher renewable generation capacity deployment levels in the medium term (notably c.35GW offshore wind, c.22GW onshore wind and c.22GW solar by 2030) as the UK strives to meet its net zero targets and fully decarbonise its power system by 2035; and

3. Annual demand for power in Great Britain, driven principally by electrification of heat and transport, is expected to rise from 310TWh in 2023 to 404TWh by 2035.

Change in blended power price forecasts



Directors' Valuation and NAV Movement



The main contributors to the increase in the Directors' Valuation from 30 June 2022 to 31 December 2022 were an increase in power price forecast curves provided by the Company's three independent advisers (18.1pps), a new acquisition (9.3pps), change in development portfolio valuation (2.5pps) and updated near-term inflation assumptions (0.8pps).

Directors' Valuation movement

		(£million)	As % of valuation
30 June 2022 Valuation		**939.9**	
New investments acquired		59.4	
Rebased Valuation		**999.3**	
Development uplift	17.9		1.8%
Cash receipts from portfolio	(25.7)		(2.6)%
Date change, degradation, O&M updates	(34.0)		(3.4)%
Power curve updates (incl. PPAs)	122.7		12.3%
Inflation updates	4.1		0.4%
Discount rate change	(23.4)		(2.3)%
Levy tax impact	(87.2)		(8.7)%
Balance of portfolio return	13.9		1.4%
31 December 2022 Valuation		**987.6**	**(1.1)%**

There have been no material changes to assumptions regarding the future performance or cost optimisation of the portfolio when compared to the Directors' Valuation of 30 June 2022.

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

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

TURBINES AT HAMPOLE

Reconciliation of Directors' Valuation to Balance sheet

	BALANCE AT PERIOD END			
Category	31 December 2022 (£m)	30 June 2022 (£m)	31 December 2021 (£m)	30 June 2021 (£m)
Directors' Valuation	987.6	939.9	785.7	694.5
Portfolio Holding Company Working Capital	2.9	(13.6)	37.8	26.4
Portfolio Holding Company Debt	(121.0)	(70.0)	(214.7)	(250.6)
Financial Assets at Fair Value per Balance sheet	**869.5**	**856.3**	**608.8**	**470.3**
Gross Asset Value	**1,400.6**	**1,316.7**	**942.7**	**840.7**
Gearing (% GAV*)	**38%**	**35%**	**35%**	**44%**

* GAV is the Financial Assets, as at 31 December 2022, at Fair Value of £869.5m plus RCF of £121m and third party portfolio debt of £410.1m (giving total debt of £531.1m).

Directors' Valuation sensitivities

Valuation sensitivities are set out in tabular form in note 7 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.

10. FINANCING

Revolving Credit Facility

On 11 May 2022, the Company agreed a new and enlarged £100 million revolving credit facility ("RCF"), provided equally by RBSI and Santander UK, maturing in May 2024 (with an option to extend to May 2025). On 22 December 2022 an accordion loan facility of £70 million was agreed with the lenders, with a maturity of September 2023.

As at 31 December 2022 the Company's subsidiary had drawn £121m from its RCF.

External Debt

Excluding the Company's RCF, total outstanding loans to 3rd party lenders as at 31 December 2022 is £410.1m, with each loan secured against a portfolio of assets and fully amortising within the life of the respective asset's subsidies.

The average interest cost, excluding the Company's RCF, across the external debt facilities in the table below is 2.9%. For completeness, this excludes the Macquarie debt as the acquisition of the 46.4MWp solar portfolio only occurred at the end of the period.

NatWest 3yr term loan maturity

The Company is in the process of refinancing the 3 year term loan which is due to mature in September 2023. It is expected that the loan will be refinanced into longer term debt and will additionally support the construction of the Yelvertoft project.

GAV Leverage

The Group's total outstanding debt, as at 31 December 2022, is c.£531.1 million and its leverage stands at c.38% of GAV (35% as at 30 June 22), within the 35% - 45% preferred range the Directors have previously outlined as desirable for the Company.

The table below outlines core details of all debt facilities within the Company, excluding the RCF, which is detailed above.

Lender	Outstanding Amount (December 2022)	Maturity	Secured against
NatWest 3yr term loan	£110m	Sep 2023 (75% hedged at a swap rate of 0.31% until 2038)	141.7MW solar portfolio
Project finance loan with BayernLB	£8.2m	Sep 2029	5MW solar asset
BayernLB, Clydesdale, KfW 15yr amortising loans	£55.6m (BayernLB), £10.1m (KfW), £8.1m (Clydesdale)	Dec 2033 to Jun 2034	93.2MW solar and wind portfolio
Aviva 18yr amortising loan	£88.8m fixed, £64.5m index linked	Sep 2034	401.2MW solar portfolio
Macquarie 15yr amortising loan	£7.5m fixed, £20.0m index linked	Mar 2035	46.4MW solar portfolio
Gravis 15yr amortising loan	£37.3m	Jun 2035	47.5MW solar and wind portfolio
TOTAL	£410.1m		

11. MARKET DEVELOPMENTS

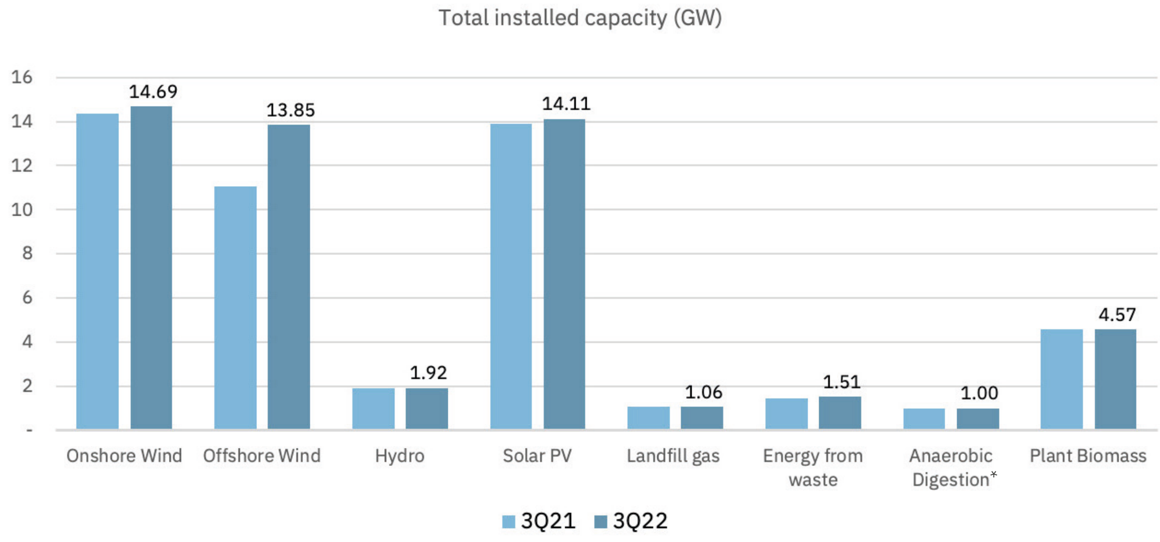
UK renewable generation capacity and deployment

Latest government data shows that UK solar photovoltaic (PV) capacity stands at around 14.1GWp, across c.1.2 million installations. Of this amount, around 7.3GWp (c.52% of the total solar capacity in the UK) and 5.1GWp (37%) is accredited under the RO and FiT schemes, respectively, and c.1.7GWp (12%) is unaccredited. Onshore and offshore wind installed capacity stands at around 14.7GW and 13.9GW, respectively.

The UK has just under 2.1GW of operational battery storage capacity, according to data from energy association RenewableUK.

The UK's total renewable generation capacity is projected to continue to rise over the coming years as the government strives to meet its net zero targets. In July 2022, the UK government awarded support for c.10.8GW of new build renewable generation capacity through its Contracts for Difference renewable subsidy scheme – with c.7GW awarded for offshore wind projects, c.2.2GW for solar and c.888MW for onshore wind.

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



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

Secondary market transactions and subsidy-free activity

Transactional activity in the UK renewables market has remained high, with acquisitions continuing to take place across the established technologies of solar (c.83MW of transactions in the period) and wind (c.1.8GW offshore wind across several shares of sites and c.69MW onshore wind).

Activity in the UK subsidy-free market has also continued at pace, with development activity being driven by factors such as ambitious decarbonisation targets, increasing preferences by customers for clean energy, demand for ESG investments and the inclusion of solar PV and onshore wind in the most recent CfD auction round.

Estimates from Solar Power Media indicate that there is now over 79GWp of large-scale solar projects in the development/ready-to-build phase (June 2022: 41GWp) and c.11.6GWp awaiting or under construction as at mid- January 2023.

Converting this significant pipeline into operational solar projects over the next five years is dependent on mitigation of construction costs and supply chain challenges – both of which have been features in the aftermath of the Covid pandemic.

With 708MWp of operational solar capacity, the Company maintains a strong position within the UK solar market, owning about 7.4% of the country's utility-scale solar PV capacity. As an established and experienced market participant, this predominantly regulated revenue base provides a strong foundation for continued growth of the Company through both primary and secondary investment in solar, storage and wind.

TURBINE AT ERRIGAL

12. REGULATORY ENVIRONMENT

The regulatory environment remains under the spotlight as the government looks to manage soaring energy costs and increase energy security. Key themes are outlined below.

Electricity Generator Levy

The UK Chancellor announced at the Autumn Statement in November 2022 the introduction of a new temporary 45% tax – the Levy – is on the high revenues earned by electricity generators following sharp rises in commodity markets, driven by conflict and geopolitical events.

The Levy will be effective from 1 January 2023 until 31 March 2028. It replaces the proposal for the Cost Plus Revenue Limit which was announced in October 2022, and will apply to extraordinary returns made by renewable (solar, wind, biomass), nuclear and energy from waste generators that are connected to the UK national transmission or local distribution networks.

Extraordinary returns will be calculated in relation to a CPI linked benchmark price, with the initial benchmark set at £75/MWh until April 2024.

The Levy will not apply to revenue sources from renewable obligation certificates or renewable energy guarantees of origin, CfDs with the Low Carbon Contracts Company, feed-in tariff generation and export tariff payments. Revenues from storage – including battery technologies, pumped hydroelectric storage, and innovative storage technologies such as hydrogen – and grid stabilisation will also not be subject to the Levy either, except for hybrid assets where generators will need to identify revenues from generation.

Update on Contracts for Differences (CfD)

In mid-December 2022, the UK government published its draft allocation framework for the next CfD allocation round 5 (AR5).

Details on the technology pot structures, delivery years and administrative strike prices were released. AR5 will contain two technology pots, compared with three from allocation round 4 (AR4). The pot reshuffle means that offshore wind and remote island wind technologies will now compete with other established technologies in pot 1, which include solar photovoltaic (above 5MW) and onshore wind. The implications of this scope change are likely to be clearer once further details on the auction parameters, including capacity caps per technology, are released in March 2023 prior to the opening of the AR5 application window in the same month.

Future CfD allocation rounds are still on track to run annually, rather the previous format of every two years, as per the Government's announcement in February 2022.

The Government has also opened a consultation on potential changes for allocation round 6 (due to open in 2024) and beyond. Consultation topics include possible changes to the definition of floating offshore wind, inclusion of multipurpose interconnectors and including CfDs for repowering projects. The consultation closed on 7 February 2023.

UK Carbon Market

In the Autumn Budget, the UK government confirmed the Carbon Price Floor (CPS) would be frozen for a further year at £18/tonne of CO2 equivalent for 2024/25. It also promised to engage with industry and conduct a review of the CPS beyond the announced rates. Separately, an initial review of the UK Emissions Trading System (UK ETS) is planned to commence this year to assess the whole system performance during the first half of the first phase of the scheme, which runs from 2021 – 2025. Any necessary changes will be implemented by 2026.

The carbon price — comprising the UK ETS and CPS combined — makes up a small portion of the total variable costs incurred by marginal plant generators in the UK's wholesale power market.

Review of Electricity Market Arrangements

The government launched its Review of Electricity Market Arrangements (REMA) consultation in July 2022. REMA is considering a range of potential market reforms including nodal pricing along with a wide range of additional options covering changes to low carbon investment, flexibility, operability, and capacity adequacy. The initial stage of the consultation closed in October 2022. The government is expected to provide a REMA update to the market by March 2023.

Bluefield Partners LLP
27 February 2023

Environmental, Social and Governance Report

1. INTRODUCTION FROM CHAIR

ESG stands firmly at the forefront of the investor agenda. In response to growing appetite amongst the investment community to identify and integrate ESG considerations into decision-making, regulators around the world have hastened efforts to introduce mandatory non-financial disclosure. As such, we saw Level 2 disclosure requirements of the Sustainable Finance Disclosure Regulation (SFDR) come into effect in January 2023. On this, I am pleased to say that following a recent assessment, the Company's current portfolio is deemed 100% aligned with the EU Taxonomy and is classified as an Article 8 Fund. There has also been increased focus on biodiversity and its consideration within investment, including milestone agreements made at COP15. The Company will continue to follow the progress of biodiversity frameworks, such as the Task Force on Nature-related Financial Disclosures (TNFD), over the coming year.

Following the launch of the Company's ESG strategy, work is underway to fulfil its first-year commitments. ESG provides a framework through which the Company can deliver environmental and social gain whilst also taking account of its own adverse impacts. The Board looks forward to continuing to make progress to achieve our ESG ambition and our desire both to deliver renewable energy and to do so responsibly.

John Scott,
Chair

2. ESG HIGHLIGHTS

Estimated annual figures based on forecasted generation data for the period 1 July 2022 – 30 June 2023

- Over 847 GWh of renewable energy generation
- Over 163,000 tonnes of CO_2e savings[1]
- Equivalent of over 292,000 houses powered with renewable energy[2]
- Over £200,000 to be paid to Community benefit schemes

INTERIM ACHIEVEMENTS

- Completed a climate risk and vulnerability assessment (CRVA) in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
- Achieved 100% alignment with the EU Taxonomy & an Article 8 fund[3]
- Adopted and published a Sustainable Investment Policy

3. THE COMPANY'S ESG STRATEGY

The Company published its first ESG strategy within its 2022 Annual Report. The Company is proud to have developed its approach and embraced a critically self-reflective practice to discover, define and articulate an ESG strategy that reflects stakeholder expectations, and which will deliver a positive impact across its portfolio of investments.

1. Based on generation data aligned with the appropriate Government CO_2e conversion factor
2. Based on Ofgem's Typical Domestic Consumption Values
3. Please refer to the Company's sustainability disclosures for further information, available on its website: bluefieldsif.com

OUR PURPOSE:

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

OUR ESG VISION:

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

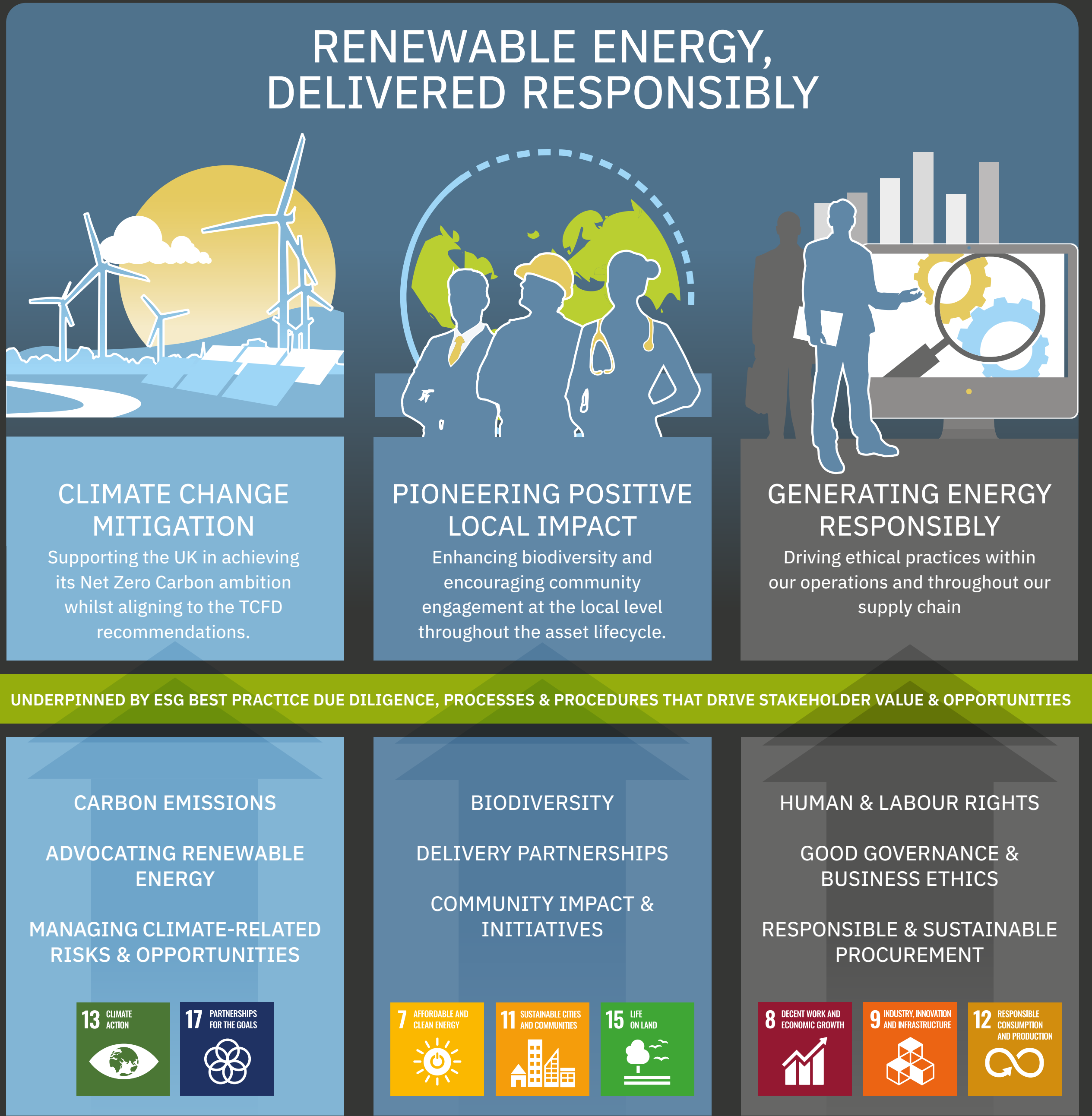
ESG STRATEGY:

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

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

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

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



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

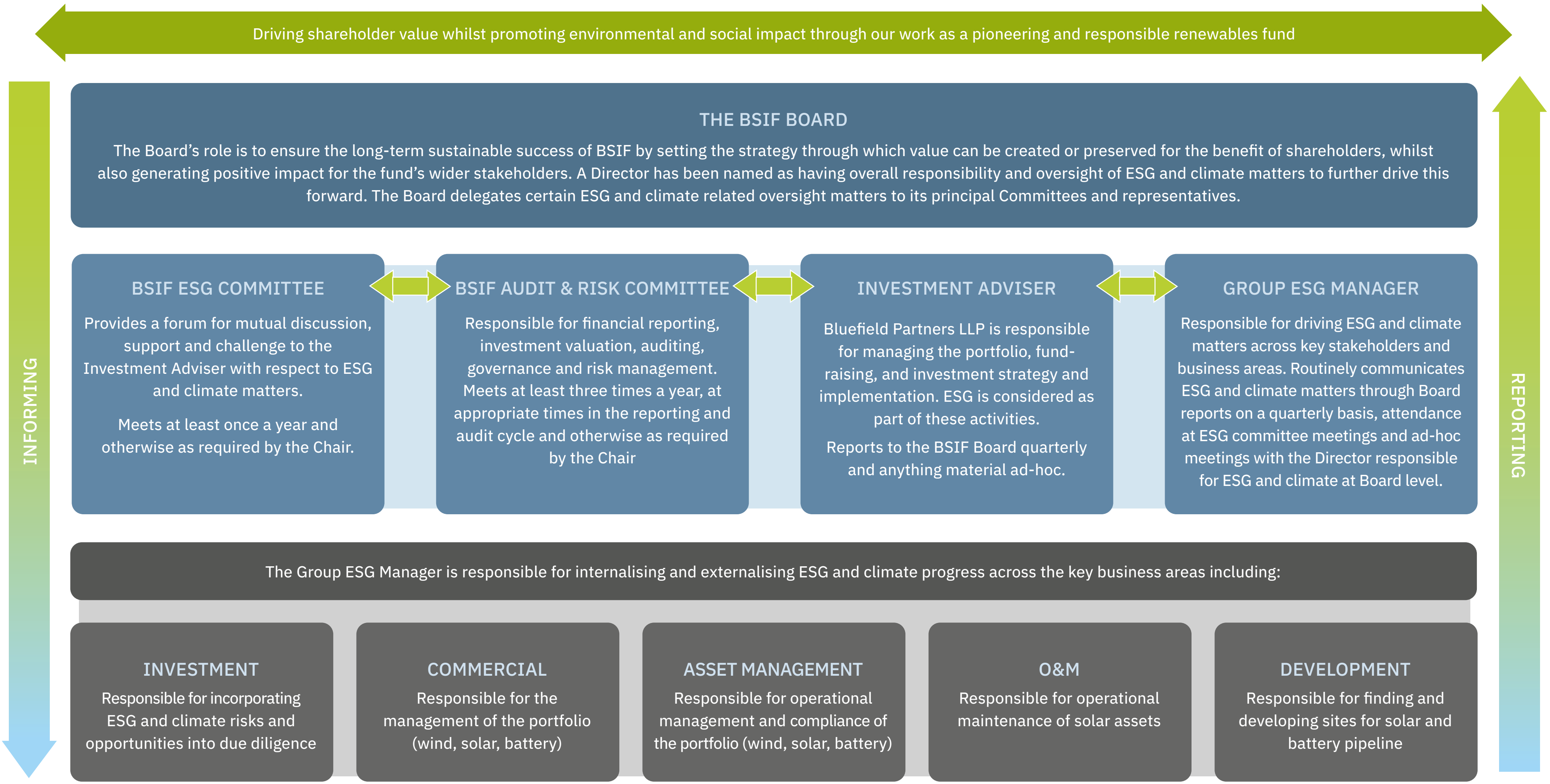
Commitments & KPIs

Commitments and KPIs have been developed to enable the Company to monitor and evidence its ESG performance. These were adopted by the Board in August 2022 and will be reviewed by the Board annually, to ensure they remain aligned to the evolving ESG landscape. Data collection is ongoing to enable the Company to first report against its KPIs later in 2023. Please refer to the Company's 2022 Annual Report for a full breakdown of commitments and KPIs.

Governance

ESG is considered by the Board as part of every Board meeting and in all investment decisions, and the Board are responsible for oversight of ESG risks and opportunities, including in relation to climate. Figure 2 presents the Company's ESG and climate governance structure:

Figure 2 – the Company's ESG and Climate Governance Structure



In recognition of the increased scrutiny applied to ESG, the Board has recently established an ESG committee, chaired by Meriel Lenfestey. The principal function of the Committee is to provide a forum for mutual discussion, support and challenge to the Investment Adviser with respect to ESG and climate matters. The first Committee meeting took place in November 2022 and the Committee will meet at least once a year moving forward. Establishment of the Committee will support the delivery of the Company's ESG strategy and wider ESG ambitions.

During the reporting period, the Company adopted and published a Sustainable Investment Policy, available on its website: bluefieldsif.com. The Company will develop additional policies, including a Sustainable Procurement Policy and Supplier Code of Conduct, over coming months.

Accreditations

In recognition of its positive environmental impact, the Company has been awarded the following accreditations: [4,5,6]

4. RESPONSIBLE INVESTMENT

On behalf of the Company, the Investment Adviser undertakes detailed due diligence on each investment opportunity, including in relation to ESG and climate risks and opportunities. Please refer to the Company's Sustainable Investment Policy, available on its website, for a full breakdown of how sustainability risks are integrated into the Company's investment process: bluefieldsif.com.

Principles for Responsible Investment

The Principles for Responsible Investment (PRI) are a set of voluntary investment principles which promote the integration of ESG considerations into investment practice. The Investment Adviser has been signatory to the PRI since 2019.

5. REGULATORY UPDATE

Sustainable Finance Disclosure Regulation

The Company has elected to adopt an Article 8 classification under the Sustainable Finance Disclosure Regulation (SFDR). Given the nature of the Company's investments, Article 9 classification has been considered. However, there is currently insufficient detail on the level of regulatory scrutiny Article 9 funds will be subject to compared to Article 8. As the requirements and expectations of the SFDR become clearer, the Company will review whether Article 8 classification remains appropriate.

For the purposes of Article 8, the environmental characteristics promoted by the Company are to reduce reliance on fossil fuels and facilitate the UK transition to renewable and sustainable methods of energy generation. Please refer to the 'Climate Change Mitigation' section of the Company's 2022 Annual Report and the Company's Article 23 pre-contractual disclosure, available on its website, to see how the Company has met its environmental characteristics over the reporting period: bluefieldsif.com/esg/sustainable-finance-disclosure-regulation/.

The Company is currently undertaking an analysis of its portfolio of assets to understand the Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors, by reference to the relevant sustainability indicators set out in the SFDR Regulatory Technical Standards (RTS). The Company will publish its first PAI statement before the deadline of 30 June 2023, which will be available in the section titled 'Sustainability-related disclosures' on the Company's website.

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

The most recent versions of the Company's sustainability-related disclosures are available on its website: bluefieldsif.com/esg/sustainable-finance-disclosure-regulation/

4. https://www.londonstockexchange.com/raise-finance/equity/green-economy-mark
5. https://tisegroup.com/sustainable
6. https://www.gfsc.gg/industry-sectors/investment/guernsey-green-fund

EU Taxonomy

The Company considers that its investments substantially contribute to the environmental objective of Climate Change Mitigation. During the reporting period, the Company aimed to achieve this objective through its production of clean, renewable energy, and by investing in new renewable energy infrastructure and energy storage facilities.

The Company engaged an external consultant to undertake a review to determine the portfolio's alignment to the EU Taxonomy. The results of the assessment concluded that 100% of the current portfolio is taxonomy-aligned. The assessment was conducted in relation to the 2022 calendar year and included the following economic activities:

- Electricity generation using solar photovoltaic technology
- Electricity generation from wind power
- Installation, maintenance, and repair of renewable energy technologies

It should be noted that the economic activity of 'Storage of electricity' was excluded from this assessment as the only constructed battery projects currently within the Company's portfolio are offline and not yet in use (and, if operational, would not represent a material proportion of revenues). This economic activity will therefore form part of the Company's future pipeline of work.

The Company acknowledges that work will be required to maintain this level of alignment and is committed to continual improvement in its ESG approach, in line with the commitments made as part of its ESG strategy. For further information on the methodology used to conduct the EU Taxonomy assessment, or how the Company is meeting and monitoring its environmental characteristics, please refer to the Company's website: bluefieldsif.com/esg/sustainable-finance-disclosure-regulation/.

Task Force on Climate-related Financial Disclosures

As a renewable energy fund, climate change poses both opportunities and risks to the Company. Climate-related considerations form a key element of the Company's ESG strategy, helping ensure that climate is considered across the investment lifecycle, including pre-investment due diligence, asset management and reporting.

Although the Company does not currently fall within the scope of the FCA's mandatory reporting requirement, it has chosen to undertake TCFD reporting on a voluntary basis. The Company's first TCFD disclosure was presented within the 2022 Annual Accounts.

SOLAR PV AT HARDINGHAM

6. KEY ACTIVITY UPDATE

Climate Risk and Vulnerability Assessment (CRVA)

During summer 2022, the Company undertook a climate screening exercise to identify potential climate-related risks and opportunities. This considered solar, wind and battery storage assets, in addition to construction activities. Identified potential climate-related risks included extreme heat, flooding and storms.

Building on these findings, during the interim period the Company undertook a Climate Risk and Vulnerability Assessment (CRVA), to assess the materiality of these physical climate risks on each of the Company's economic activities. The assessment included data from the Intergovernmental Panel on Climate Change (IPCC) reports (CMIP5) and representative concentration pathways (RCP2.6, RCP4.5, RCP8.5), and included at least 10-to-30-year climate projection scenarios.

The results of the assessment will be used as part of the scenario analysis exercise that the Company is currently undertaking, helping increase the resilience of the Company's climate strategy over time.

Bluefield Partners LLP
27 February 2023

Statement of Principal and Emerging Risks and Uncertainties

for the Remaining Six Months of the year to 30 June 2023

As described in the Company's annual financial statements as at 30 June 2022 (with the exception of portfolio construction risk), the Company's principal and emerging risks and uncertainties include the following:

- Portfolio acquisition risk;
- Portfolio construction risk;
- Supply chain risks;
- Valuation error;
- Depreciation of NAV;
- Physical and transitional climate-related risks;
- Changing electricity market conditions;
- Changes in tax regime;
- Changes to Government plans;
- Cyber risk, and
- Adverse publicity.

During the period since 30 June 2022, the Board added portfolio construction risk and elevated supply chain risk to principal risks. The addition of these risks to the Company's principal risks is driven by the commencement of construction of the Yelvertoft project.

The Board has considered the potential impact of portfolio construction risk to be poorly managed construction leading to environmental damage and the use of components that have not been responsibly sourced. These risks are being mitigated by the development of responsible procurement and construction policies.

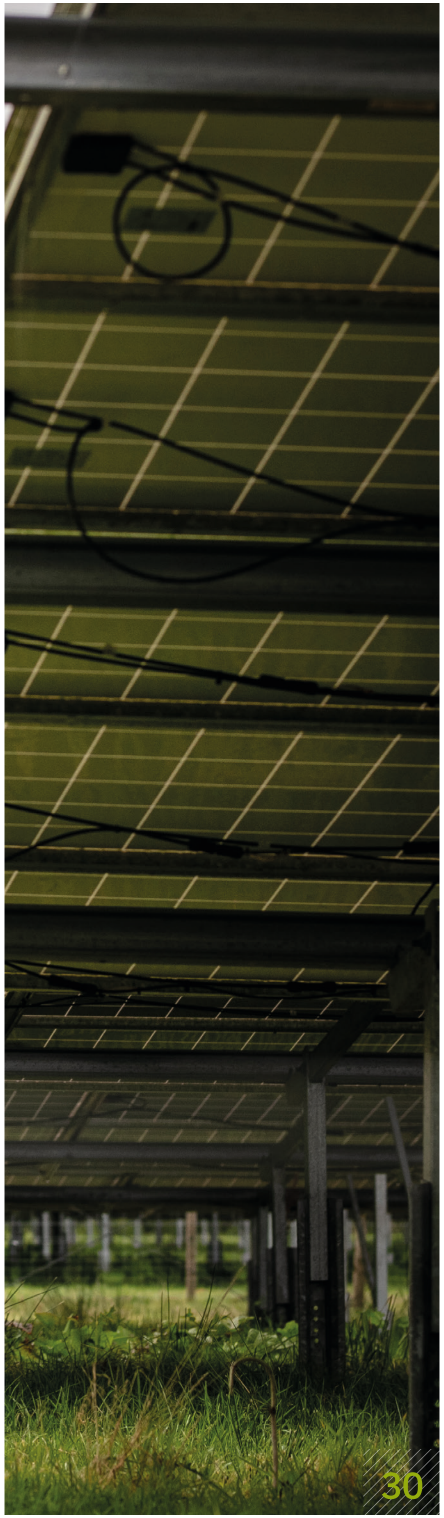
The potential impact of supply chain risk has been considered as the availability and affordability of equipment and spare parts due to global supply chain issues that could reduce plant availability and delay construction projects. The Board considers the risk is mitigated by global trade agreements, however certain tariffs and fees may apply on goods from the EU. The Investment Adviser should monitor accordingly and advise of any issues or changes to financial forecasts in this regard. Equipment has been stock piled over the winter for planned refurbishments.

The Board believes that these risks are unchanged in respect of the remaining six months of the year to 30 June 2023.

Further information in relation to these principal risks and uncertainties may be found on pages 15 to 19 of the Company's annual financial statements as at 30 June 2022.

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

Risks including emerging risks are mitigated and managed by the Board through continual review, policy setting and regular reviews of the Company's risk matrix by the Audit and Risk Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out a formal review of the risk matrix at the Audit and Risk Committee meeting held on 28 November 2022. 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.



Directors' Statement of Responsibilities

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

- the Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
- the interim management report which includes the Chair's Statement, Report of the Investment Adviser and Statement of Principal and Emerging Risks and Uncertainties for the remaining six months of the year to 30 June 2023 includes a fair review of the information required by:

a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Board is 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.

On behalf of the Board

Paul Le Page
Director
27 February 2023

Meriel Lenfestey
Director
27 February 2023

Independent Review Report to Bluefield Solar Income Fund Limited

Conclusion

We have been engaged by Bluefield Solar Income Fund Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 of the Company, which comprises the unaudited condensed statements of financial position, comprehensive income, changes in equity, cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

SOLAR PV AT FROGS LOKE

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued by the Financial Reporting Council for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of review section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In preparing the half-yearly financial report, the directors are responsible for 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

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

Barry Ryan

for and on behalf of KPMG Channel Islands Limited

Chartered Accountants, Guernsey

27 February 2023

Unaudited Condensed Statement of Financial Position

As at 31 December 2022

Assets	Note	31 December 2022 Unaudited £'000	30 June 2022 Audited £'000
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	7	869,488	856,380
Total non-current assets		**869,488**	**856,380**
CURRENT ASSETS			
Trade and other receivables	8	1,275	882
Cash and cash equivalents	9	631	1,619
Total current assets		**1,906**	**2,501**
TOTAL ASSETS		**871,394**	**858,881**
Liabilities			
CURRENT LIABILITIES			
Other payables and accrued expenses	**10**	675	490
Total current liabilities		**675**	**490**
TOTAL LIABILITIES		**675**	**490**
NET ASSETS		**870,719**	**858,391**
Equity			
Share capital		663,809	663,809
Retained earnings		206,910	194,582
TOTAL EQUITY	**12**	**870,719**	**858,391**
Number of Ordinary Shares in issue at period/year end	12	611,452,217	611,452,217
Net Asset Value per Ordinary Share (pence)	6	142.40	140.39

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

Paul Le Page
Director
27 February 2023

Meriel Lenfestey
Director
27 February 2023

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

Unaudited Condensed Statement of Comprehensive Income

For the six months ended 31 December 2022

Income	Note	Six months ended 31 December 2022 Unaudited £'000	Six months ended 31 December 2021 Unaudited £'000
Income from investments	4	437	408
		437	**408**
Net gains on financial assets held at fair value through profit or loss	7	38,408	54,103
Operating income		**38,845**	**54,511**
Expenses			
Administrative expenses	5	1,203	812
Operating expenses		**1,203**	**812**
Operating profit		**37,642**	**53,699**
Total comprehensive income for the period		**37,642**	**53,699**
Attributable to: Owners of the Company		37,642	53,699
Earnings per share: Basic and diluted (pence)	11	6.16	11.05

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

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

Unaudited Condensed Statement of Changes in Equity

For the six months ended 31 December 2022

	Note	Number of Ordinary Shares	Share capital £'000	Retained earnings £'000	Total equity £'000
Shareholders' equity at 1 July 2022		**611,452,217**	**663,809**	**194,582**	**858,391**
Dividends paid	12,13	-	-	(25,314)	(25,314)
Total comprehensive income for the period		**-**	**-**	**37,642**	**37,642**
Shareholders' equity at 31 December 2022		**611,452,217**	**663,809**	**206,910**	**870,719**

For the six months ended 31 December 2021

	Note	Number of Ordinary Shares	Share capital £'000	Retained earnings £'000	Total equity £'000
Shareholders' equity at 1 July 2021		**406,999,622**	**413,215**	**58,210**	**471,425**
Shares issued during the period:	12	89,067,980	105,100	-	105,100
Share issue costs	12	-	(2,188)	-	(2,188)
Dividends paid	12,13	-	-	(18,061)	(18,061)
Total comprehensive income for the period		**-**	**-**	**53,699**	**53,699**
Shareholders' equity at 31 December 2021		**496,067,602**	**516,127**	**93,848**	**609,975**

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

Unaudited Condensed

Statement of Cash Flows

For the six months ended 31 December 2022

	Note	Six months ended 31 December 2022 Unaudited | £'000	Six months ended 31 December 2021 Unaudited | £'000
Cash flows from operating activities			
Total comprehensive income for the period		37,642	53,699
Adjustments:			
Increase in trade and other receivables		(393)	(427)
Increase in other payables and accrued expenses		185	40
Net gains on financial assets held at fair value through profit or loss	7	(38,408)	(54,103)
Net cash used in operating activities *		**(974)**	**(791)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss		-	(102,600)
Receipts from unconsolidated subsidiary **	7	25,300	18,262
Net cash generated from/ (used in) investing activities		**25,300**	**(84,338)**
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	12	-	103,450
Issue costs paid	12	-	(538)
Dividends paid	12,13	(25,314)	(18,061)
Net cash (used in)/generated from financing activities		**(25,314)**	**84,851**
Net decrease in cash and cash equivalents		(988)	(278)
Cash and cash equivalents at the start of the period		1,619	775
Cash and cash equivalents at the end of the period	9	**631**	**497**

* Net cash used in operating activities includes £437,500 (31 December 2021: £407,517) of investment income.

** Receipts from unconsolidated subsidiary includes £6.2 million (31 December 2021: £5.3 million) of interest.

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

Notes

to the Unaudited Condensed Interim Financial Statements

For the six months ended 31 December 2022

1.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 is regulated by the GFSC as a registered closed-ended collective investment scheme.

The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of quarterly income distributions, by being invested primarily in solar energy assets located in the UK. The Company also has the ability to invest a minority of its share capital into wind, hydro and energy storage assets.

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

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements, included in this interim report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU and the DTR. These financial statements comprise only the results of the Company as all of its subsidiaries are measured at fair value as explained in Note 2.c. The financial statements have been prepared on a basis that is consistent with accounting policies applied in the preparation of the Company's annual financial statements for the year ended 30 June 2022, approved for issue on 29 September 2022.

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

These financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2022, which were prepared under full IFRS requirements and the DTRs of the UK FCA.

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

b) Going concern

The Directors, in their consideration of going concern, have reviewed cash flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performances of the current solar and wind plants in operation. The conflict in Ukraine continues to have a significant impact on the macro-economic environment in which the Company operates. The Board and Investment Adviser take account of the consequences of the confilct as part of the going concern assessment.

The Board has also considered the likelihood of the Company being asked to discontinue operations in its mandatory five year continuation vote that is due at the 2023 AGM and regards this as very unlikely, given the strong performance of the Company and the support which it has received from its major shareholders. In assessing the going concern status of the Company, the Board has also considered the re-financing of the NatWest term loan, maturing in September 2023, and the interest rate swaps for 75% of the balance (being £82.5m) in place until 2037. The Investment Adviser is currently in the process of refinancing into longer term debt, which will additionally support the construction of the Yelvertoft project.

The Board has considered the Directors' Valuation, which uses a blend of power price forecasts from leading industry consultants. These forecasts are based on updated analysis on European fuels and carbon forward prices as well as the expected evolution of the UK's overall power supply and demand position in the longer term. Electricity prices continued to be at elevated levels during the period, with UK day-ahead base-load price rising to around £232/MWh on average in the six months to 31 December 2022, up from c.£176/MWh in the six months from 1 January to 30 June 2022 and c.£166/MWh in the six months from 1 July to 31 December 2021.

The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

c) Accounting for subsidiaries

The Board considers that the Company is an investment entity. In accordance with IFRS 10, all subsidiaries are recognised at fair value through profit and loss.

d) Segmental reporting

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

The Board, as a whole, has been determined as constituting the chief operating decision maker of the 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.

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

e) Fair value of subsidiary

The Company holds all of the shares in the subsidiary, BR1, which is a holding vehicle used to hold the Company's 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, inclusive of their intermediary holding companies, are valued semi-annually as described in Note 7 based on referencing comparable transactions supported by discounted cash flow analysis and are referred to as the Directors' Valuation.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

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

The area involving a high degree of judgement or complexity or area where assumptions and estimates are significant to the financial statements has been identified as the valuation of the portfolio of investments held by BR1 (see Note 7).

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 7, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m / MW basis against comparable portfolio transactions and on this basis the weighted average discount rate increased to 7.25% (6.75% in June 2022), which reflects the return hurdles in the market for lowly levered assets with high levels of regulated income.

4. INCOME FROM INVESTMENTS

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Monitoring fee in relation to loans supplied	437	408
	437	**408**

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

5. ADMINISTRATIVE EXPENSES

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Investment advisory base fee (see Note 14)	397	236
Administration fees	289	168
Legal and professional fees	140	87
Directors' remuneration (see Note 14)	137	123
Audit fees	53	47
Regulatory Fees	50	27
Non-audit fees (interim review)	45	40
Registrar fees	35	25
Broker fees	25	25
Insurance	12	11
Listing fees	3	12
Other expenses	17	11
	1,203	**812**

6. NET ASSET VALUE PER ORDINARY SHARE

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

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 31 December 2022 Total £'000	Twelve months ended 30 June 2022 Total £'000
Opening balance (Level 3)	856,380	470,282
Additions	-	250,282
Change in fair value	13,108	135,816
Closing balance (Level 3)	**869,488**	**856,380**

Investments at fair value through profit or loss comprise the fair value of the investment portfolio, which is valued semi-annually by the Directors, and the fair value of BR1, the Company's single, direct subsidiary being its cash, working capital and debt balances. A reconciliation of the investment portfolio value to financial assets at fair value through profit and loss in the Unaudited Condensed Statement of Financial Position is shown below.

	31 December 2022 Total £'000	30 June 2022 Total £'000
Investment portfolio, Directors' Valuation	987,630	939,948
Immediate Holding Company		
Cash	25,321	13,102
Working capital	(22,463)	(26,670)
Debt	(121,000)	(70,000)
	(118,142)	**(83,568)**
Financial assets at fair value through profit or loss	**869,488**	**856,380**

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

	Six months ended 31 December 2022 (£'000)	Six months ended 31 December 2021 (£'000)
Unrealised change in fair value of financial assets held at fair value through profit or loss	13,108	35,841
Cash receipts from unconsolidated subsidiary*	25,300	18,262
Net gains on financial assets held at fair value through profit and loss	**38,408**	**54,103**

*Comprising of repayment of loans and Eurobond interest

Fair value measurements

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

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

The determination of what constitutes 'observable' requires significant judgement by the 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 BR1, which are fair valued at each reporting date. The Company's investments have been classified within Level 3 as BR1's investments are not traded and are valued using unobservable inputs.

Transfers during the period

There have been no transfers between levels during the six month period ended 31 December 2022. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of investments, these are always expected to be classified as Level 3.

Directors' Valuation methodology and process

The same valuation methodology and process for operational assets is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2022.

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

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

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

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

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

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

The 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, average wind speeds, operational costs, asset life and taxation. Given discount rates are a product of not only the factors listed previously but also regulatory support, perceived sector risk and competitive tensions, it is not unusual for discount rates to change over time. Evidence of this is shown by way of the revisions to the original discount rates applied between the first renewable acquisitions and those witnessed in recent years.

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

Given the fact 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 weighted average discount rate of 7.25% (6.75% as at 30 June 2022), with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values have remained consistent at c.£1.25-1.45/MW for large scale solar portfolios and which the Board have used to determine that an effective price of £1.38/MW is an appropriate basis for the valuation of the BSIF solar portfolio as at 31 December 2022.

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

c. Inclusion of an uplift with respect to asset extensions of 15 years on a subset (530 MW) of the portfolio.

The debt assumptions within the valuation reflect all third-party loans within the Group's capital structure as at the valuation date. Interest rates and repayment profiles are matched to the terms of each loan. In the case of any short-term financing, conservative assumptions are applied with respect to interest rates and repayment profiles post maturity. As at 31 December 2022, the Group's short term debt consisted of a £110m term loan with NatWest, maturing in September 2023, and the conversion assumption within the valuation is aligned to the percentage of the loan that has been hedged (being 75% with 17-year swaps at a rate of 0.31% until 2037). The interest rate applied to the converted balance (being £82.5m) is 3.0%. In addition, the Company has a small project finance loan of £8.2m, provided by BayernLB and fully amortising until maturity in 2029, secured against Durrants, a 5 MW FiT plant located on the Isle of Wight.

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

The 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.

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 Board considers the changes in inputs to be within a reasonable expected range based on its 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.

		31 DECEMBER 2022		30 JUNE 2022	
Input	Change in input	Change in fair value of Directors' Valuation £m	Change in NAV per share (pence)	Change in fair value of Directors' Valuation £m	Change in NAV per share (pence)
Discount rate	+ 0.5%	(20.9)	(3.41)	(21.8)	(3.57)
	- 0.5%	18.8	3.08	23.1	3.77
Power prices	+10%	53.7	8.78	62.2	10.17
	-10%	(53.7)	(8.78)	(63.8)	(10.43)
Inflation rate	+ 0.50%	23.5	3.85	25.0	4.09
	- 0.50%	(23.5)	(3.85)	(26.1)	(4.28)
Energy yield	10 year P90	(104.9)	(17.15)	(100.2)	(16.39)
	10 year P10	105.6	17.27	100.5	16.43
Operational costs	+10%	(10.9)	(1.78)	(10.5)	(1.72)
	-10%	10.9	1.78	10.5	1.72

Subsidiaries and Associates

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

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

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

Name	Ownership percentage
Eagle Solar Limited	100
Kislingbury M1 Solar Limited	100
Thornton Lane Solar Farm Limited	100
Gretton Solar Farm Limited	100
Wormit Solar Farm Limited	100
Langlands Solar Limited	100
Bluefield Merlin Ltd	100
Harrier Solar Limited	100
Rhydy Pandy Solar Limited	100
New Energy Business Solar Ltd	100
Corby Solar Limited	100
Falcon Solar Farm Limited	100
Folly Lane Solar Limited	100
New Road Solar Limited	100
Blossom 1 Solar Limited	100
Blossom 2 Solar Limited	100
New Road 2 Solar Limited	100
GPP Eastcott LLP	100
GPP Blackbush LLP	100
GPP Big Field LLP	100
KS SPV 5 Limited	100
WSE Hartford Wood Limited	100
Mauxhall Farm Energy Park Limited	100
Good Energy Creathorne Farm Solar Park (003) Limited	100
Good Energy Lower End Farm Solar Park (026) Limited	100
Good Energy Woolbridge Solar Park (010) Limited	100
Good Energy Rook Wood Solar Park (057) Limited	100
Good Energy Carloggas Solar Park (009) Limited	100
Good Energy Cross Road Plantation Solar Park (028) Limited	100
Good Energy Delabole Windfarm Limited	100
Good Energy Hampole Windfarm Limited	100

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

Name	Ownership percentage
Wind Energy Scotland (Fourteen Arce Fields) Limited	100
Wind Energy Scotland (Birkwood Mains) Limited	100
Wind Energy Scotland (Holmhead) Limited	100
Arena Capital MP Limited	100
Moscliff Power 5 Limited	100
Mosscliff Power 10 Limited	100
Mosscliff Power 2 Limited	100
Mosscliff Power 3 Limited	100
Mosscliff Power 4 Limited	100
Mosscliff Power 6 Limited	100
Mosscliff Power 7 Limited	100
Mosscliff Power Limited	100
E2 Energy PLC	100
Wind Energy One Limited	100
Wind Energy Two Limited	100
New Road Wind Limited	100
Yelvertoft Solar Farm Limited	100
Peradon Solar Farm Limited	60
Lower Tean Leys Solar Farm Limited	60
Lower Mays Solar Farm Limited	60
Leeming Solar Farm Limited	60
Wallace Wood Solar Farm Limited	60
Sweet Briar Solar Farm Limited	60
BF31 WHF Solar Limited	100
BF27 BF Solar Limited	100
BF13A TF Solar Limited	100
HW Solar Farm Limited	100
AR108 Bolt Solar Farm Limited	100
BF33C LHF Solar Limited	100
AR006 GF Solar Limited	100
Whitton Solar Limited	100
BF16D BHF Solar Limited	100

Name	Ownership percentage
BF33E BHF Solar Limited	100
Twineham Energy Limited	60
Sheepwash Lane Energy Barn Limited	100
Whitehouse Farm Energy Barn Limited	100
Bluefield Durrants GmBH	100
Trickey Warren Solar Limited	100
Lightning 1 Energy Park Limited	100
Abbots Ann Farm Solar Park Limited	100
Canada Farm Solar Park Limited	100
Crockbaravally Wind Holdco Limited	100
Crockbaravally Wind Farm Limited	100
Dayfields Solar Limited	100
Farm Power Apollo Limited	100
Freathy Solar Park Limited	100
IREEL FIT TopCo Limited	100
IREEL FIT HoldCo Limited	100
IREEL Wind TopCo Limited	100
IREEL Solar HoldCo Limited	100
IREL Solar HoldCo Limited	100
Ladyhole Solar Limited	100
Morton Wood Solar Limited	100
Nanteague Solar Limited	100
Newton Down Wind HoldCo Limited	100
Newton Down Windfarm Limited	100
Padley Wood Solar Limited	100
Peel Wind Farm (Sheerness) Limited	100
Port of Sheerness Wind Farm Limited	100
Sandys Moor Solar Limited	100
St Johns Hill Wind Holdco Limited	100
St Johns Hill Wind Limited	100
LPF UK Equityco Limited	100
LPF UK Solar Limited	100

Name	Ownership percentage
LPF Kinetica UK Limited	100
Kinetica 846 Limited	100
Kinetica 868 Limited	100

8.TRADE AND OTHER RECEIVABLES

	31 December 2022 £'000	30 June 2022 £'000
CURRENT ASSETS		
Monitoring fees receivable (see Note 4)	1,272	834
Other receivables	3	43
Prepayments	-	5
	1,275	**882**

There are no material past due or impaired receivable balances outstanding at the period end, the probability of default of BSIFIL and BR1 was considered low and so no allowance has been recognised based on 12-month expected credit loss as any impairment would be insignificant.

The Board considers that the carrying amount of all receivables approximates to their fair value.

9. 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 amounts of these assets approximate their fair value.

10. OTHER PAYABLES AND ACCRUED EXPENSES

	31 December 2022 £'000	30 June 2022 £'000
CURRENT LIABILITIES		
Investment advisory fees (see Note 14)	349	121
Administration fees	146	204
Directors' Fees (see Note 14)	75	60
Audit fees	50	95
Other payables	55	10
	675	**490**

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

11. EARNINGS PER SHARE

	Six months ended 31 December 2022	Six months ended 31 December 2021
Profit attributable to Shareholders of the Company	£37,642,084	£53,699,532
Weighted average number of Ordinary Shares in issue	611,452,217	485,902,235
Basic and diluted earnings from continuing operations and profit for the period (pence per share)	**6.16**	**11.05**

12. 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.

Share capital	Six months ended 31 December 2022 Number of Ordinary Shares	Year ended 30 June 2022 Number of Ordinary Shares
Opening balance	**611,452,217**	**406,999,622**
Shares issued for cash	-	204,452,595
Closing balance	**611,452,217**	**611,452,217**

Shareholders' Equity	Six months ended 31 December 2022 £'000	Year ended 30 June 2022 £'000
Opening balance	**858,391**	**471,425**
Ordinary Shares issued for cash	-	255,100
Share issue costs	-	(4,506)
Dividends paid	(25,314)	(38,201)
Total comprehensive income	37,642	174,573
Closing balance	**870,719**	**858,391**

Dividends declared and paid in the period are disclosed in Note 13.

Rights attaching to shares

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

Retained earnings

Retained earnings comprise of accumulated retained earnings as detailed in the unaudited condensed statement of changes in equity.

13. DIVIDENDS

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

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

Post period end, on 23 January 2023, the Board declared its first interim dividend of £12,840,497, in respect of year ending 30 June 2023, equating to 2.10pps (first interim dividend in respect of the year ended 30 June 2022: 2.03pps), which will be paid on 3 March 2023 to Shareholders on the register on 3 February 2023.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14.RELATED PARTY TRANSACTIONS AND DIRECTORS' REMUNERATION

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

The total Directors' fees expense for the period amounted to £136,965 (31 December 2021: £122,439) of which £74,760 was outstanding at 31 December 2022 (30 June 2022: £59,750).

Remuneration paid to each Director is as follows:

	31 December 2022 £'000	31 December 2021 £'000
John Scott	24	20
Michael Gibbons	10	N/A
Paul Le Page	26	23
John Rennocks	32	31
Meriel Lenfestey	23	20
Elizabeth Burne	22	9
Laurence McNairn	N/A	20
	137	**123**

The number of Ordinary Shares held by each Director is as follows:

	31 December 2022	31 December 2021
John Scott*	625,619	512,436
Michael Gibbons	-	N/A
Paul Le Page	35,000	35,000
John Rennocks*	320,388	316,011
Meriel Lenfestey	7,693	-
Elizabeth Burne	15,000	-
Laurence McNairn	N/A	441,764
	1,003,700	**1,305,211**

*Including shares held by PCAs

John Scott and John Rennocks are Directors of BR1. Neil Wood and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL and BR1.

Fees paid during the period by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £1,971,264 (31 December 2021: £1,489,243).

Fees paid during the period by SPVs to BOL, a company which has the same ownership as that of the Investment Adviser totalled £3,706,826 (31 December 2021: £2,168,452).

Fees paid during the period by SPVs to BRD, a company which has the same ownership as that of the Investment Adviser, totalled £379,295 (31 December 2021: £200,396).

Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to a base fee. The base fee is payable quarterly in arrears in cash, at a rate equivalent to 0.80% per annum of the NAV up to and including £750,000,000, 0.75% per annum of the NAV above £750,000,000 and up to and including £1,000,000,000 and 0.65% per annum of the NAV above £1,000,000,000. The base fee will be calculated on the NAV reported in the most recent quarterly NAV calculation as at the date of payment.

The Company, BSIFIL's and BR1's investment advisory fees for the period amounted to £3,650,104 (31 December 2021: £2,420,685) of which £774,179 (30 June 2022: £494,485) was outstanding at the period end and is to be settled in cash. The investment advisory fees for the period attributable to the Company amounted to £397,329 (31 December 2021: £235,817) of which £349,022 (30 June 2022: £121,549) was outstanding at the period end.

The Company's loan monitoring fee income for the period, due from its subsidiary BR1, amounted to £437,500 (31 December 2021: £407,517) of which £1,271,387 was outstanding at the period end (30 June 2022: £833,887).

15. RISK MANAGEMENT POLICIES & PROCEDURES

As at 31 December 2022 there has been no change to financial instruments risk to those described in the financial statements of 30 June 2022.

16. SUBSEQUENT EVENTS

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

On 22 February 2023, John Rennocks, who since the Company's launch in 2013 served as Chair until 29 November 2022 and then served as non-executive director, retired from the Board. The Company extends its thanks to Mr Rennocks for his hard work and dedication during his time in office. His input has been invaluable and the Company wishes him well in his retirement.

Glossary

of Defined Terms

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

CAGR	Compound annual growth rate
Calculation Time	The Calculation Time as set out in the Articles of Incorporation
CCC	Committee on Climate Change
CfD	Contract for Difference
Company	Bluefield Solar Income Fund Limited (see BSIF)
Companies Law	The Companies (Guernsey) Law 2008, as amended (see Law)
Cost of debt	The blended cost of debt reflecting fixed and index-linked elements
CO_2e	Carbon Dioxide emissions
C shares	Ordinary Shares approved for issue at no par value in the Company
CSR	Corporate Social Responsibility
CP	Compliance Period
CPIH	Consumer Price Index including owner occupiers' housing costs
DCF	Discounted Cash Flow
DECC	Department of Energy and Climate Change
Defect Risk	An over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects
Directors' Valuation	Gross value of the SPV investments held by BR1, including their holding companies.
DNO	Distribution Network Operator
DSCR	Long Term Debt Service Cover Ratio calculated as net operating income as a multiple of debt obligations due within one year
DTR	The Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
EIS	Enterprise Investment Scheme
EPC	Engineering, Procurement & Construction
EPS	Earning per share
ESG	Environmental, Social & Governance
EU	The European Union
EV	Enterprise valuation
FAC	Final Acceptance Certificate
FATCA	The Foreign Account Tax Compliance Act
Financial Statements	The unaudited condensed interim financial statements
FiT	Feed-in Tariff
GAV	Gross Asset Value on investment basis including debt held at SPV level
GDPR	General Data Protection Regulation
GFSC	The Guernsey Financial Services Commission
GHG	Greenhouse gas
GHG Protocol	Supplies the world's most widely used greenhouse gas accounting standards
Group	Bluefield Solar Income Fund Limited, Bluefield Renewables 1 Limited and its subsidiaries
Guernsey Code	The Guernsey Financial Services Commission Finance Sector Code of Corporate Governance
GWh	Gigawatt hour
GWp	Gigawatt peak
IAS	International Accounting Standard
IASB	The International Accounting Standards Board
IFRS	International Financial Reporting Standards as adopted by the EU
Investment Adviser	Bluefield Partners LLP
IPEV Valuation Guidelines	The International Private Equity and Venture Capital Valuation Guidelines
IPO	Initial public offering
IRR	Internal Rate of Return
IVSC	International Valuation Standards Council
KPI	Key Performance Indicators
KPMG	KPMG Channel Islands Limited (see Auditor)
kW	Kilowatt (a unit of power equal to one thousand watts)
kWh	Kilowatt hour
kWp	Kilowatt peak
Law	Companies (Guernsey) Law, 2008 as amended (see Companies Law)
LCOE	Levelised Cost of Electricity: average unit cost of electricity over the lifetime of a generating asset expressed on a net present cost basis
LD	Liquidated damages

LIBOR	London Interbank Offered Rate
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK
LSE	London Stock Exchange plc
LTF agreement	Long Term Financing agreement with Aviva Investors
Macquarie	Macquarie Bank Limited
Main Market	The main securities market of the London Stock Exchange
Mutualisation Rebate	Additional payments made when a shortfall occurs if a supplier is unable to meet its obligation under the RO Buy-Out Scheme
MW	Megawatt (a unit of power equal to one million watts)
MWh	Megawatt hour
MWp	Megawatt peak
NatWest	NatWest International plc
NAV	Net Asset Value as defined in the prospectus
NMPI	Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion
NPPR	The AIFMD National Private Placement Regime
O&M	Operation and Maintenance
OECD	The Organisation for Economic Cooperation and Development
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class
Outage Risk	A higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage
P10	Irradiation estimate exceeded with 10% probability
P90	Irradiation estimate exceeded with 90% probability
PCA	Persons Closely Associated
PPA	Power Purchase Agreement
pps	Pence per Ordinary Share
PR	Performance ratio (the ratio of the actual and theoretically possible energy outputs)
PV	Photovoltaic
RBSI	Royal Bank of Scotland International plc
RCF	Revolving Credit Facility
RO Scheme	The Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources, or pay a penalty
ROC	Renewable Obligation Certificates
ROC recycle	The payment received by generators from the redistribution of the buy-out fund. Payments are made into the buy-out fund when suppliers do not have sufficient ROCs to cover their obligation
RPI	The Retail Price Index
Santander UK	Santander UK plc
SASB	Sustainability Accounting Standards Board
SDG	The United Nations Sustainable Development Goals
SFDR	The Sustainable Finance Disclosure Regulation
SONIA	Sterling Overnight Index Average
SPA	Share Purchase Agreement
SPV	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
Sterling	The Great British pound currency
TISE	The International Stock Exchange (based in the Channel Islands)
TWh	Terawatt hour
UK	The United Kingdom of Great Britain and Northern Ireland
UK Code	The United Kingdom Corporate Governance Code
UK FCA	The UK Financial Conduct Authority
UNGC	The United Nations Global Compact
United Nations Principles for Responsible Investment	An approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long term returns

Alternative Performance Measures

Unaudited

APM	DEFINITION	PURPOSE	CALCULATION
Total return	The percentage increase/(decrease) in NAV, inclusive of dividends paid, in the reporting period.	A key measure of the success of the Investment Adviser's investment strategy.	The change in NAV for the period plus any dividends paid divided by the initial NAV. (142.40-140.39+2.05+2.09) /140.39=4.4%
Total Shareholder Return	The percentage increase/(decrease) in share price, inclusive of dividends paid, in the reporting period.	A measure of the return that could have been obtained by holding a share over the reporting period.	The change in share price for the period plus any dividends paid divided by the initial share price. (136.0-131.0+2.05+ 2.09) /131.0=7.0% The measure excludes transaction costs.
Total Dividends Declared in Period	This is the sum of the dividends that the Board has declared relating to the reporting period.	A measure of the income that the company has paid to shareholders that can be compared to the Company's target dividend.	The linear sum of each dividend declared in the reporting period.
Underlying Earnings	Total net income of the Company's investment portfolio.	A measure to link the underlying financial performance of the operational projects to the dividends declared and paid by the Company.	Total income of the Company's portfolio minus Group operating costs minus Group debt costs.
Market Capitalisation	The total value of the Company's issued share capital.	This is a key indicator of the Company's liquidity.	The price per share multiplied by the number of shares in issue.
NAV per Ordinary Share	The Company's closing NAV per share at the period end.	A measure of the value of one Ordinary Share.	The net assets attributable to Ordinary Shares on the statement of financial position (£870.7m) divided by the number of ordinary shares in issue (611,452,217) as at the calculation date.
Sale of Electricity	The total proportion of revenue generated by the Company's portfolio that is attributable to electricity sales.	A measure to understand the proportion of revenue attributable to sales of electricity.	The amount of revenue attributable to electricity sales divided by the total revenue generated by the Company's portfolio, expressed as a percentage.
Total Revenue	Total net income of the Company's investment portfolio.	A measure to outline the total revenue of the portfolio on per MW basis.	Total income of the Company's portfolio owned for the period.
PPA Revenue	Revenue generated through PPAs.	A measure to outline the revenue earned by the portfolio from power sales.	Total revenue from all power price sales during the period from the Company's portfolio.
Regulated Revenue	Revenue generated from the sale of FiTs and ROCs.	A measure to outline the revenue earned by the portfolio from government subsidies.	Total revenue from all subsidy income earned during the period from the Company's portfolio.
Ongoing charges ratio	The recurring costs that the Company and BR1 has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the period.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for Shareholders.	Calculated in accordance with the AIC methodology detailed in the table below.

TURBINE MAINTENANCE

APM	DEFINITION	PURPOSE	CALCULATION
Weighted Average ROC	A relative indicator of the regulatory revenues within a renewable portfolio.	A measure of the Company's portfolio earnings as a proportion of its assets.	Total Regulated Revenue received by the portfolio divided by the product of the current market value of a ROC and the annual generation capacity of the portfolio.
Weighted Average Life	The average operational life of the Company's portfolio.	A measure of the Company's progress in extending the life of its portfolio beyond the end of the subsidy regime in 2036.	The sum of the product of each plant's operational capacity in MW and the plant's expected life divided by the total portfolio capacity in MW.
Directors' Valuation	The gross value of the SPV Investments held by BR1, including their holding companies minus Project level debt.	An estimate of the sum that would be realised if the Company's portfolio was sold on a willing buyer, willing seller basis.	A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 7 of the financial statements.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the total value of the Company's Assets.	The total assets attributable to Ordinary Shares on the Statement of Financial Position.
Total Outstanding Debt	The total outstanding balances of all debt held within the Company and its subsidiaries.	A measure that is used to establish the Company's level of gearing.	The sum of the Sterling equivalent values of all loans held within the Company.

Ongoing Charges	Six month period to 31 December 2022		
	The Company (£'000)	BSIFIL (£'000)	Total (£'000)
Fees to Investment Adviser	397	3,253	3,650
Legal and professional fees*	160	47	207
Administration fees	289	-	289
Directors' remuneration	137	7	144
Audit fees	53	10	63
Other ongoing expenses	142	13	155
Total ongoing expenses	**1,178**	**3,330**	**4,508**
Average NAV			**871,051**
Annualised Ongoing Charges (using AIC methodology)			**1.04%**

* Includes non-audit fees (interim review)