ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

bluefield
Solar Income Fund

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General Information

Board of Directors (all non-executive)

JOHN RENNOCKS
(Chairman)

JOHN SCOTT
(Senior Independent Director)

PAUL LE PAGE
(Chairman of Audit Committee)

Registered Office

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

LAURENCE MCNAIRN

MERIEL LENFESTEY

Investment Adviser

Bluefield Partners LLP

6 New Street Square
London, EC4A 3BF

JAMES ARMSTRONG
Managing Partner

GIOVANNI TERRANOVA
Managing Partner

NEIL WOOD
Partner

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

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

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

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

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

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

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

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

Highlights

As at 30 June 2020 / *30 June 2019*

Net Asset Value (NAV)
£433.5m *£436.4m*

NAV per Share
117.01p *117.98p*

Underlying Earnings[1]
(pre amortisation of debt)

£44.6m *£40.7m*

Underlying Earnings[1] per share
(pre amortisation of debt)

12.03p *11.01p*

Underlying Earnings[1] per share
(post amortisation of debt)

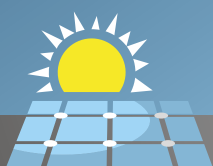
9.53p *8.62p*

Total return to Shareholders[2]
4.70% *19.12%*

Total return to Shareholders since IPO
79.89% *73.48%*

Total Dividend per Share
7.90pps *8.31pps[4]*

MWh Generated per MWp[3]
1,048 *1,030*



1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by definitively linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 10.
2. Total return to Shareholders is based on share price movement and dividends paid in the year.
3. Excludes assets invested during the period.
4. Includes an additional dividend of 0.63p per share which was paid in addition to the target dividend of 7.68p for the year.

Forward Focus

An important solar acquisition has continued our policy of asset growth, while modestly increasing our gearing level to within the Board's target range;

We continue to look at ways of growing the Company through accretive secondary acquisitions, new build capacity and complementary renewable technologies;

GUERNSEY GREEN FUND

Environmental, Social & Governance (ESG)

Delivered Carbon Savings of 125,534 tonnes of CO_2

Results Summary

	For the year ended 30 June 2020
Total operating income	£29,577,878
Total comprehensive income	£28,239,647
Total underlying earnings[1]	£44,552,929
IFRS Earnings per share	7.63p
Underlying EPS available for distribution (including brought forward reserves)[2]	10.13p
Total declared dividends per share for year	7.90p
Earnings per share carried forward (See page 70)	2.23p
NAV per share	117.01p
Share price at 30 June 2020	134.50p
Total return[3]	6.30%
Total return to shareholders[4]	4.70%
Total return to shareholders since inception[5]	79.89%
Dividends per share paid since inception	45.39p

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by definitively linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 69.
2. Underlying EPS is calculated using underlying earnings available for distribution divided by the average number of shares.
3. Total return is based on NAV per share movement and dividends paid in the year.
4. Total return to Shareholders is based on share price movement and dividends paid in the year.
5. Total Return to Shareholders since inception is an alternative performance measure based on share price movement and dividends paid since the IPO.

Corporate Summary

Investment objective

The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of regular sterling income distributions, by investing in the UK into, primarily, a portfolio of solar energy infrastructure assets.

Structure

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

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

Investment Adviser

The Investment Adviser to the Company during the year was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 BSL, a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by BSIFIL. In August 2017 BOL, a company with the same ownership as the Investment Adviser, commenced providing O&M services to the Company and now provides services to 36 of the investment SPVs held by BSIFIL as at year end.

Chairman's Statement

Introduction

The past financial year has been a remarkable one, not least because it will be remembered long into the future for the Covid-19 virus and for the chaos this pandemic has wrought on every country in the world, a phenomenon which appears to be far from reaching its conclusion.

The principal features of the period have been:

- Bluefield has made one significant acquisitions of operating PV assets

- The lockdown consequent on Covid-19 led to a significant drop in electricity demand; this, combined with a collapse in the price of fossil fuels, contributed to markedly lower power prices. Notwithstanding this, we achieved record earnings for the year of 12.03pps pre-amortisation.

- Our technical performance has been excellent. Aided by high irradiation levels and a power sales strategy that largely insulated us from the significant falls in spot power prices, we have met our dividend target of 7.90pps, while producing earnings of 9.53pps.

- Our investment objective has been amended to allow the Company a limited involvement in other renewable energy technologies, such as wind and hydro, and to invest into solar development opportunities.

- We obtained support from our Shareholders to amend our future dividend policy from that of a formal link to RPI to one where the dividend objective will be progressive dividend growth.

- The Bluefield Group furloughed two members of staff connected to the Company. Those who were not working in the field were successfully transitioned to working from home.

Each of these themes is dealt with in more detail below.

Following the approval of a change in the description of our dividend objectives at our EGM in July to progressive dividend increases our objective for the financial year 2020/21 ending on 30 June 2021 is to pay total dividends of not less than 8.00pps.

At the year end the Net Asset Value per share of the shares in the Company was 117.01pps (30 June 2019 - 117.98pps) and in respect of the year total dividends of 7.90pps have been declared. The share price declined slightly from 136.5p at 30 June 2019 to 134.5p at 30 June 2020, which equates to a total return for Shareholders for the year of 4.70%. The performance of the assets of the Company and how this is reflected in returns to Shareholders and is set out in detail in the Investment Adviser's report on page 46.

Key Events

We have added consideration of a prudent level of non-solar renewable technologies following the approval of the change the asset mandate and are excited by the opportunities we are exploring in this extended pipeline.

We have also continued to actively assess secondary solar asset opportunities and were pleased to conclude the acquisition of 13.6MWp of assets earlier in the year and of 15 solar plants totalling 64.2MWp in August 2020. These investments, totalling £120 million, were financed from increased debt facilities, bringing our borrowings level to where the Board believes is appropriate in the range of 40-50% of GAV. We continue to actively explore other asset opportunities in our pipeline.

These acquisitions will underpin our objective to sustain market leading earnings and dividend payments in the years ahead. They enable us to build on the excellent asset performance which has contributed to our ability to convert high levels of irradiation into generation and revenues.

Our asset portfolio benefits from high regulated revenues and beneficial power price fixes from September 2018, when the power markets reached six year highs, which enabled our Investment Adviser to avoid price fixes in the exceptional circumstances at the height of the Covid-19 pandemic. The high regulated revenues the Company receives from its current portfolio will be further enhanced by the August acquisitions.

Despite the turbulent economic conditions created by Covid-19, the Company's NAV per share has remained in line with June 2019. The main drivers behind this have been continued demand for subsidised renewable assets coupled with significant progress made by the Company with respect to lease extensions on the portfolio, which have offset downward shifts within power price forecasts released since December 2019.

As detailed in the Investment Adviser's report, the Company has now achieved successful planning determinations on 15 year lease extensions on over 240MWp, with activity continuing on the remainder of the portfolio. Significantly, the Company has not experienced, at the time of writing, any planning rejections.

Underlying Earnings and Dividend Income

The underlying earnings for the year were £44.6m or 12.03pps (2018/19 numbers were £40.7m and 11.01pps respectively). After amortising our long term debt, the available profits, including brought forward reserves, were £37.5m or 10.13pps (2018/19: £33.0m or 8.91pps).

The Board has elected to pay out our target dividend of 7.90pps and to retain the excess underlying earnings of 1.63pps generated in the period, resulting in carried forward surplus earnings of 2.23pps. This adds to the Board's confidence that the Company will continue to retain its position as the sector's highest dividend distributor for the foreseeable future.

Valuation and Discount Rate

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

As a result of successful asset extension activity by the Investment Adviser over the past 12 months, the Directors' Valuation as at 30 June 2020 now includes 245MWp (ca 50% of the portfolio by capacity) being valued on the basis of an additional 15 years of operational life, and a weighted average life of the portfolio of 27.4 years (up from 24.2 years in June 2019).

Demand for subsidised renewable assets has continued to be high and despite continued softening in long term power forecasts, transaction activity has returned to levels last seen in 2018. As such, asset valuations for portfolios with comparable subsidy bandings to the Company's have continued to remain between ca £1.20m/MWp to ca £1.40m/MWp.

By valuing the Company's portfolio at an Enterprise Value of £602.5m (£1.26m/MWp), the Directors' Valuation as at 30 June 2020 is comparable to precedent market transactions, in keeping with the Company's valuation methodology of 'willing buyer/willing seller'. Ensuring the Directors' Valuation remains comparable with transactional valuations, whilst accommodating the latest power price forecasts, has resulted in the Directors reducing the equity discount rate to 6.00% (from 7.18% in June 2019 and 6.50% in December 2019).

Furthermore, following the successful trial subscription over the past 18 months to a third power price forecaster, the Board has determined the Directors' Valuation as at 30 June 2020 should be based on a blended curve of three leading forecasters rather than two, as has been the case since 2016. The blended curve is shown within the Valuation section of the Report of the Investment Adviser, on page 74. Blending three leading curves enables the Company to reduce the timing risk associated with using a smaller number of forecasts in what has become an increasingly volatile market.

Investment Strategy

In June 2020 the Company requested, and subsequently received, in our July EGM, approval to enhance its investment strategy.

Whilst the Company will continue to be primarily invested in long life UK solar energy infrastructure, it is now able to invest up to a maximum of 25% of the Company's Gross Asset value in other renewable energy assets (including non-subsidised assets) and energy storage assets.

Furthermore, the Company is now able to invest up to 10% of its Gross Asset Value* into assets outside the UK to enable the Company to participate in acquisitions of portfolios with a mix of UK and non-UK assets (although it remains the Company's policy not to be a long term holder of non-UK assets) as well as up to 5% of its Gross Asset Value into UK solar development opportunities that are pre-construction and may be without the requisite planning approvals or grid availability at the time of investment.

Notwithstanding the limits outlined above, the aggregate exposure to other renewable energy assets (including non-subsidised assets) and energy storage technologies, UK solar development opportunities and/or non-UK assets will be limited to a maximum of 30% of the Company's Gross Asset Value as calculated at the time of investment.

The widening of the Investment Policy is deliberately focused on the renewable technologies that are closest to solar in terms of risk and return and the mandate change creates an opportunity for Shareholders to benefit from continuing growth in renewables through their investment in the Company.

* Gross Asset Value is an Alternative Performance Measure, which represents the total value of the Company's portfolio without deducting financing debt.

Non-Subsidised Renewables

The subsidy free market in the UK is now with us.

As the Investment Adviser has been preparing for its arrival for the past 18 months, the Company currently has a proprietary solar development pipeline in excess of 350MWp through its agreements with a select number of developers and contract partners.

I have written previously about how this new market is well suited to the Investment Adviser's approach of working with developers and contractors in order to control the quality and scale of the new pipeline – an approach that is essential for assets that will, in all likelihood, derive 100% of their revenue from the sale of electricity.

Looking past the severe depression in power prices caused by Covid-19 between March – July 2020 and the hiatus this has placed on meaningful levels of construction, we believe the conditions are in place for unsubsidised on-shore wind and solar to be scalable in the coming years and for the Company to be a beneficiary.

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

Debt Strategy

The Group has used the period to continue to amortise its debt, paying down £9.2m (£8.8m in 2018/19) or 2.50pps. Overall leverage, at 34% of GAV as at 30 June 2020, was at the low end of where we think is optimal for the Company.

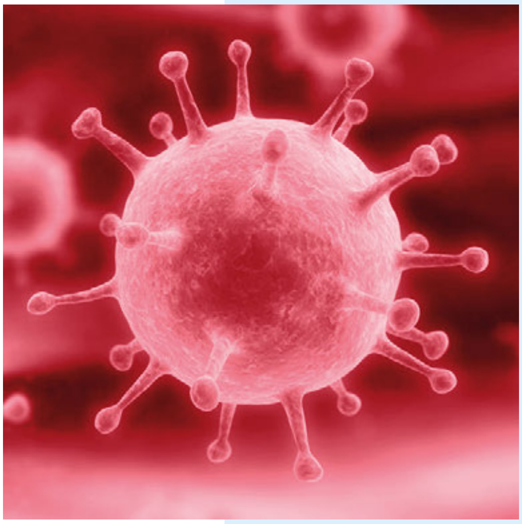
However, in completing the acquisition of a 64.2MWp solar portfolio in August 2020 using a bespoke £110.0 million, three-year term loan facility with National Westminster Bank plc ('NatWest') the Group's total outstanding debt has increased to £332.0 million. The debt financing enables the Group to achieve the aim of optimising the Group's leverage level, increasing it to ca 44% of GAV.

Further details of the acquisition and the terms of the debt are outlined within the Report of the Investment Adviser on page 45.

Power Prices

Looking back over the Company's financial year, the wholesale power market continued its decline from the highs in September 2018 as over-supply of LNG and saturated levels of UK gas storage were exacerbated by the stringent lock down conditions imposed in March 2020 in response to Covid-19 and the material depression this created regarding overall demand for electricity in the UK.

However, due to the flexibility of the Company's power fixing strategy it has continued to benefit over the period from the contribution of offtake agreements struck for up to 27 months from September 2018 when prices reached six year highs (up to £67/MWh), as well as strategically avoiding fixing any PPAs during the period April 2020 and July 2020 when day ahead power prices have been close to when day ahead power prices fell to historic lows.



Covid-19 Contingency Planning

The Board has been delighted with the exceptional response by our Investment Adviser and all their employees, including those in both Bluefield Services and Bluefield Operations, to the rapid onset and extended period of the Covid 19 pandemic. Full details of this response are set out in the report of the Investment Adviser - and while challenges still remain as the world seeks to overcome this catastrophe, we are confident our Investment Adviser has the expertise and commitment to sustain this excellent response.

Environmental, Social and Governance

In this report we introduce a detailed Environmental, Social and Governance (ESG) report that, for the first time, lays out a more detailed and representative ESG position for the Company, the Investment Adviser and the key service providers. It is an area of great importance and we look forward to continuing to focus on this in coming years.

Board of Directors

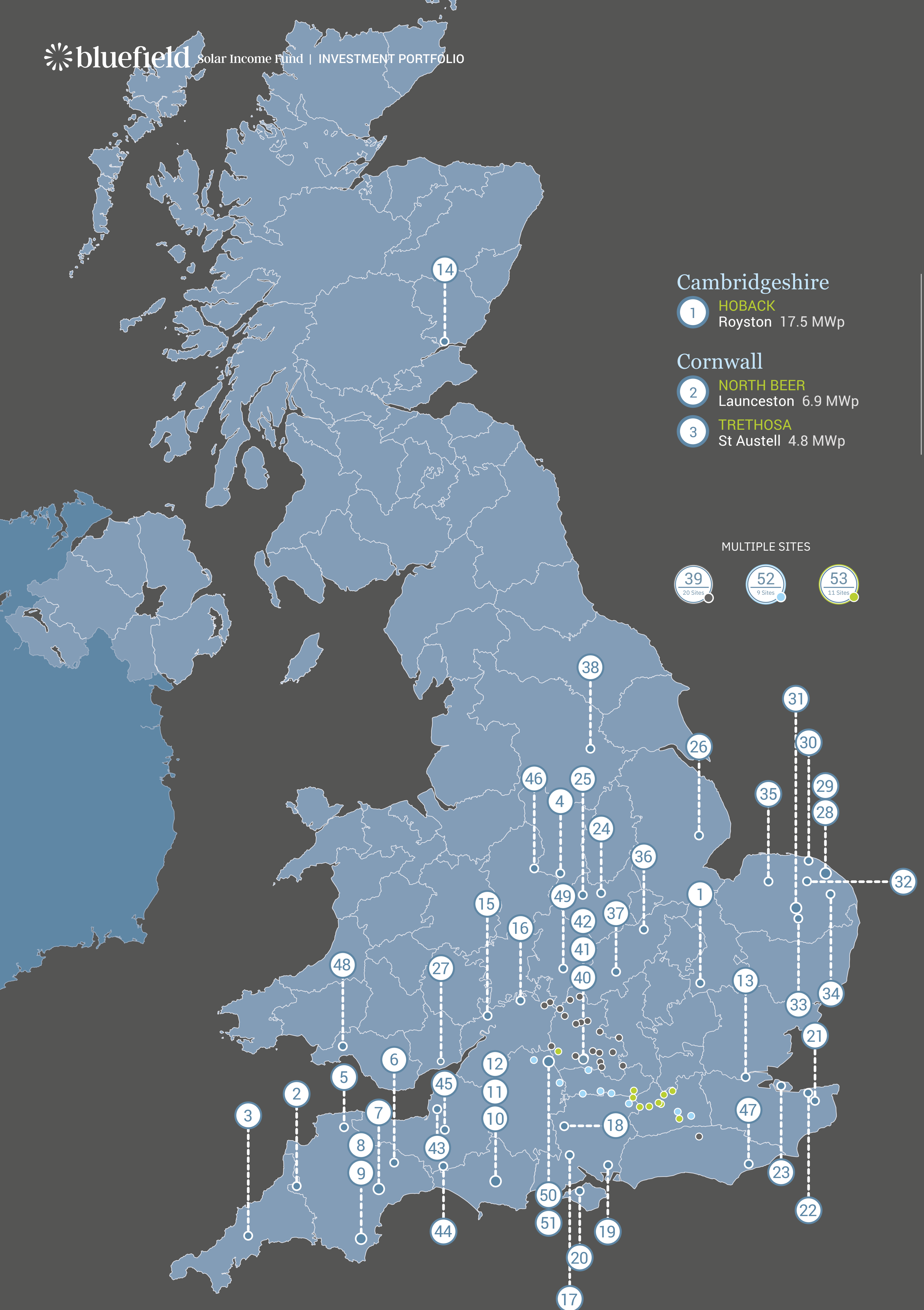
With the exception of Meriel, all our Board members joined the Company at the time of our creation in 2013 and this coming financial year will see us advance our plans for board succession and refreshment, recognising the need for skills cognisant of the challenges ahead, but also combining those skills with an appropriate level of continuity and 'corporate memory' of the successes and challenges of our first seven years.

Summary

The performance of the Company in the past year has been very pleasing and consolidates an above target performance since IPO. This strength of the financial performance, the valuation and our conservative debt levels mean that the Company is in a position to look at growing its asset base through either secondary or primary acquisitions, whilst continuing the focus on the optimisation of the current portfolio and the delivery of attractive income.

I am well aware that the past six months have been a challenging time for all our staff, whether working from home or in the field, and the Board and I would like to extend our thanks for their service and support in delivering another set of exceptional results.

John Rennocks
Chairman
21 September 2020



Cambridgeshire

1 HOBACK
Royston 17.5 MWp

Cornwall

2 NORTH BEER
Launceston 6.9 MWp

3 TRETHOSA
St Austell 4.8 MWp

MULTIPLE SITES

39 20 Sites

52 9 Sites

53 11 Sites

The Company's Investment Portfolio

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

Derbyshire

4 BURNASTON
Burnaston 4.1 MWp

Devon

5 CAPELANDS
Barnstaple 8.4 MWp

6 LANGLANDS
Ashill 2.1 MWp

7 LITTLE BEAR
Exeter 5 MWp

8 OLD STONE
Totnes 5.0 MWp

9 PLACE BARTON
Totnes 5.0 MWp

Dorset

10 EAST FARM
Overmoigne 5.0 MWp

11 HOLLY FARM
Overmoigne 5.0 MWp

12 GALTON MANOR
Overmoigne 3.8 MWp

Essex

13 BARVILLS
East Tilbury 3.2 MWp

Fife

14 WORMIT
Wormit 5.0 MWp

Gloucestershire

15 GRANGE
Newent 5.0 MWp

16 GRETTON
Gretton 4.9 MWp

Hampshire

17 ROMSEY
Romsey 5.0 MWp

18 SAXLEY
Andover 5.9 MWp

19 SOUTHWICK
Fareham 47.9 MWp

Isle of Wight

20 DURRANTS
Newport 5.0 MWp

Kent

21 LITTLEBOURNE
Canterbury 17.0 MWp

22 MOLEHILL
Herne Bay 18.0 MWp

23 SHEPPEY
Isle of Sheppey 10.6 MWp

Leicestershire

24 GYPSUM
Sileby 4.5 MWp

25 THORNTON
Thornton 3.6 MWp

Lincolnshire

26 FOLLY LANE
Boston 4.8 MWp

Newport

27 COURT FARM
Llanmartin 5.0 MWp

Norfolk

28 BUNNS HILL
North Walsham 5.0 MWp

29 FROGS LOKE
North Walsham 5.0 MWp

30 HALL FARM
East Beckham 11.4 MWp

31 HARDINGHAM
Wicklewood 14.9 MWp

31 HARDINGHAM X
Wicklewood 5.2 MWp

32 OULTON
Oulton 5.0 MWp

33 ROOKERY
Attleborough 5.0 MWp

34 SALHOUSE
Norwich 5.0 MWp

35 WEST RAYNHAM
West Raynham 50.0 MWp

Northamptonshire

36 CORBY
Corby 0.5 MWp

37 KISLINGBURY
Kislingbury 5.0 MWp

North Yorkshire

38 KELLINGLEY
Beal 5.0 MWp

Oxfordshire

39 BUTTERISS DOWNS
20 Sites 0.8 MWp

40 ELMS
Wantage 28.9 MWp

41 GOOSEWILLOW
Steventon 16.9 MWp

42 HILL FARM
Abingdon 15.2 MWp

Somerset

43 ASHLAWN
Axbridge 6.6 MWp

44 CLAPTON
Cucklington 5.0 MWp

45 REDLANDS
Bridgwater 6.2 MWp

Staffordshire

46 WILLOWS
Uttoxeter 5.0 MWp

Sussex

47 PASHLEY
Bexhill on Sea 11.5 MWp

Swansea

48 BETINGAU
Swansea 10.0 MWp

Warwickshire

49 TOLLGATE
Leamington Spa 4.3 MWp

Wiltshire

50 PENTYLANDS
Highworth 19.2 MWp

51 ROVES
Sevenhampton 12.7 MWp

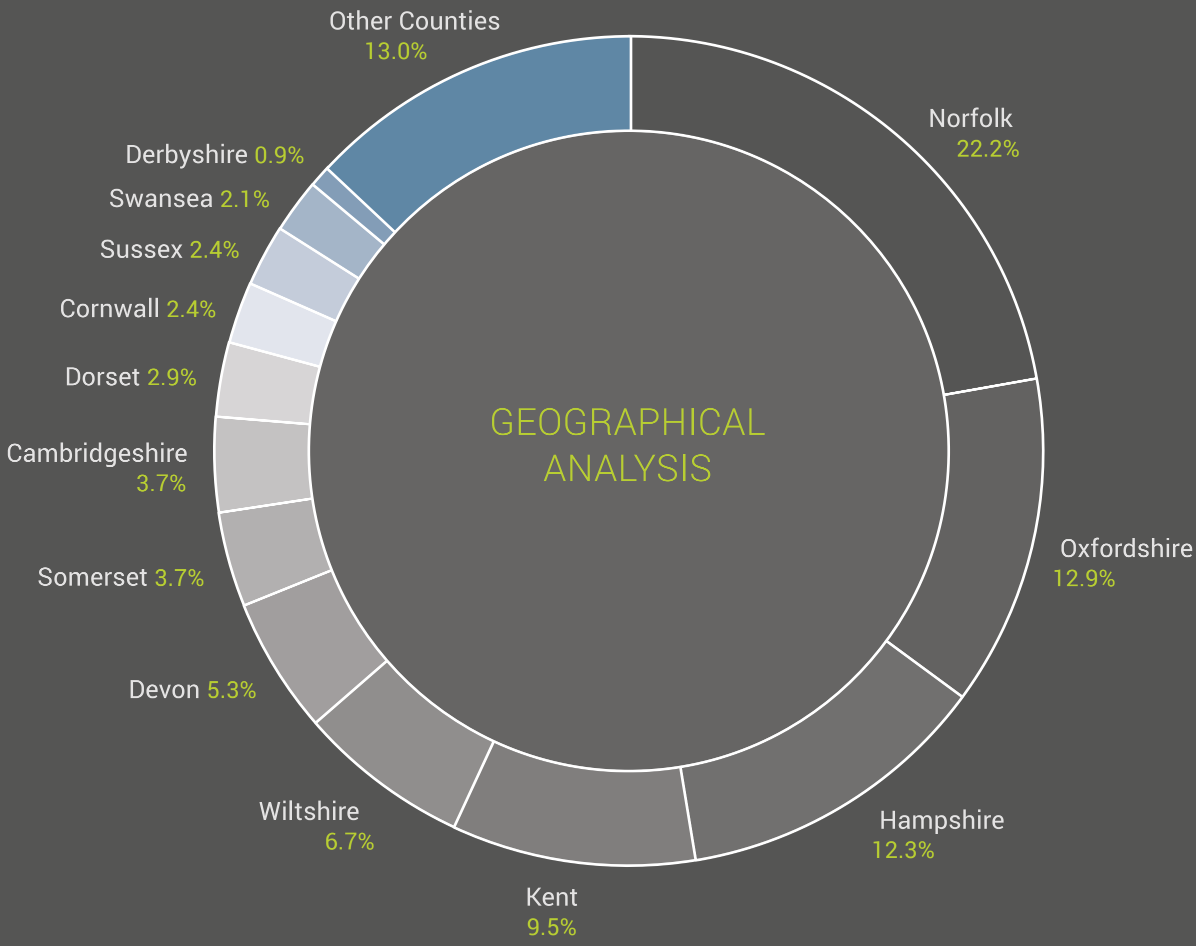
Multiple Locations

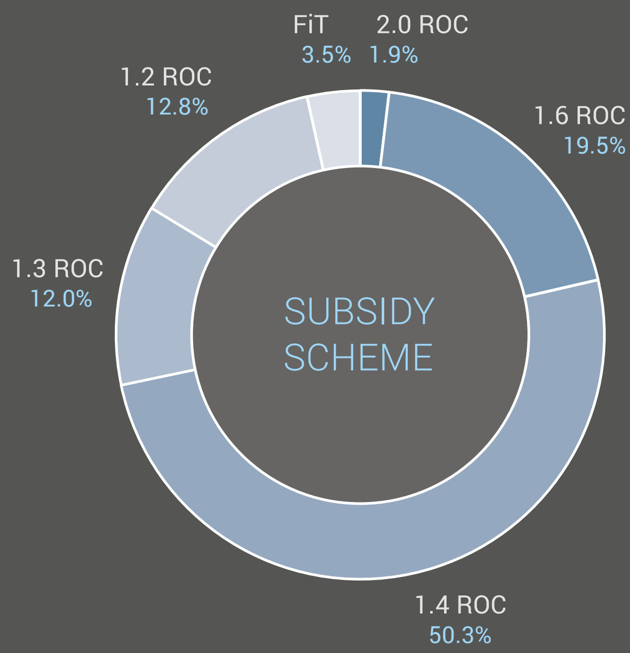
52 PROMOTHAMES
9 Sites 0.4 MWp
(Berkshire / Hampshire)

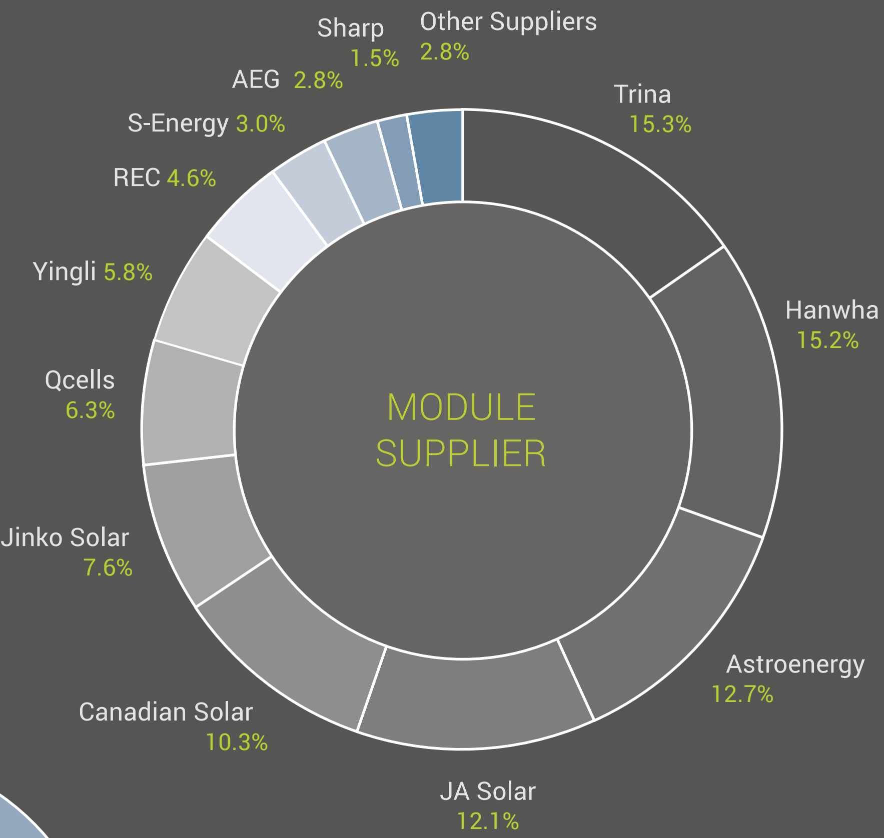
53 GOSHAWK
11 Sites 1.1 MWp
(Oxfordshire / Surrey / Sussex)

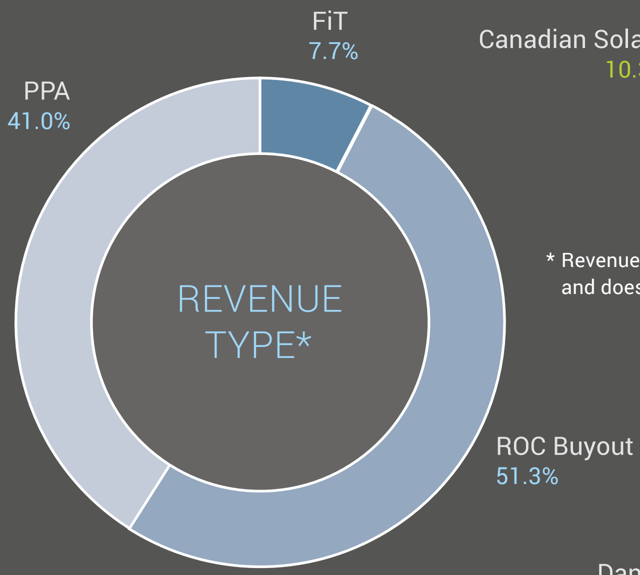
Analysis of the Company's Investment Portfolio

The Company's investment portfolio, analysed by geography, revenue type, subsidy tariff and contractor, as at 30 June 2020 is as follows:

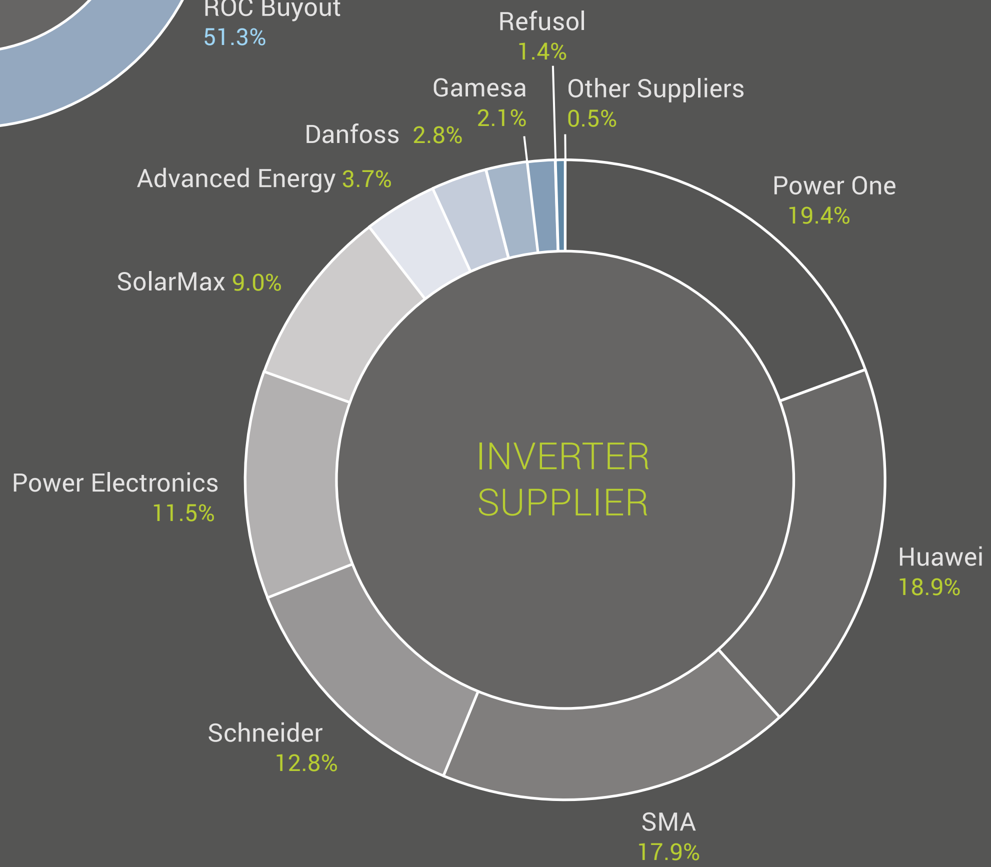


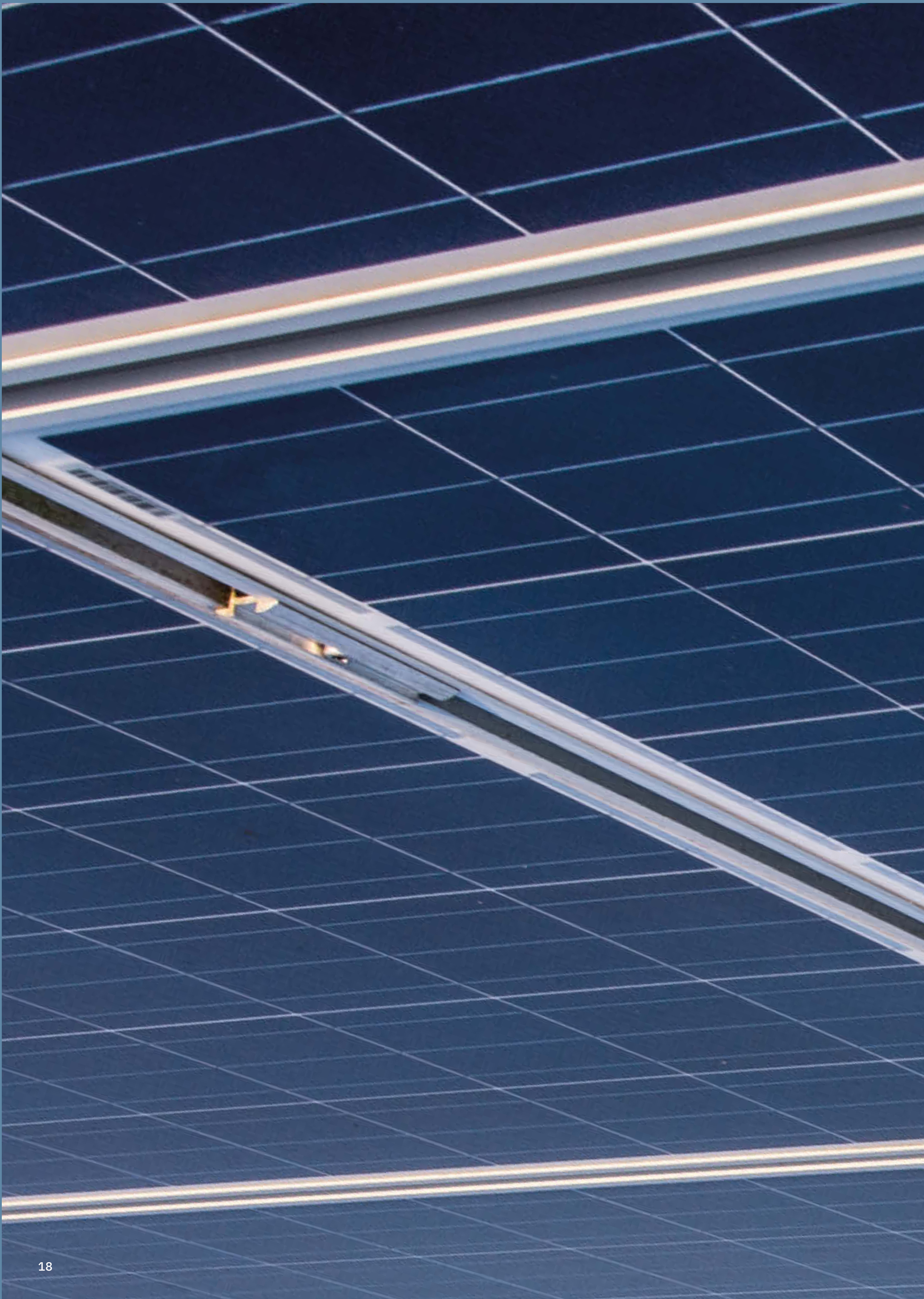






* Revenue is based on the Company's operating portfolio of 478.8 MWp and does not include estimated ROC Recycle Revenue





Strategic Report

1. Company's Objectives and Strategy

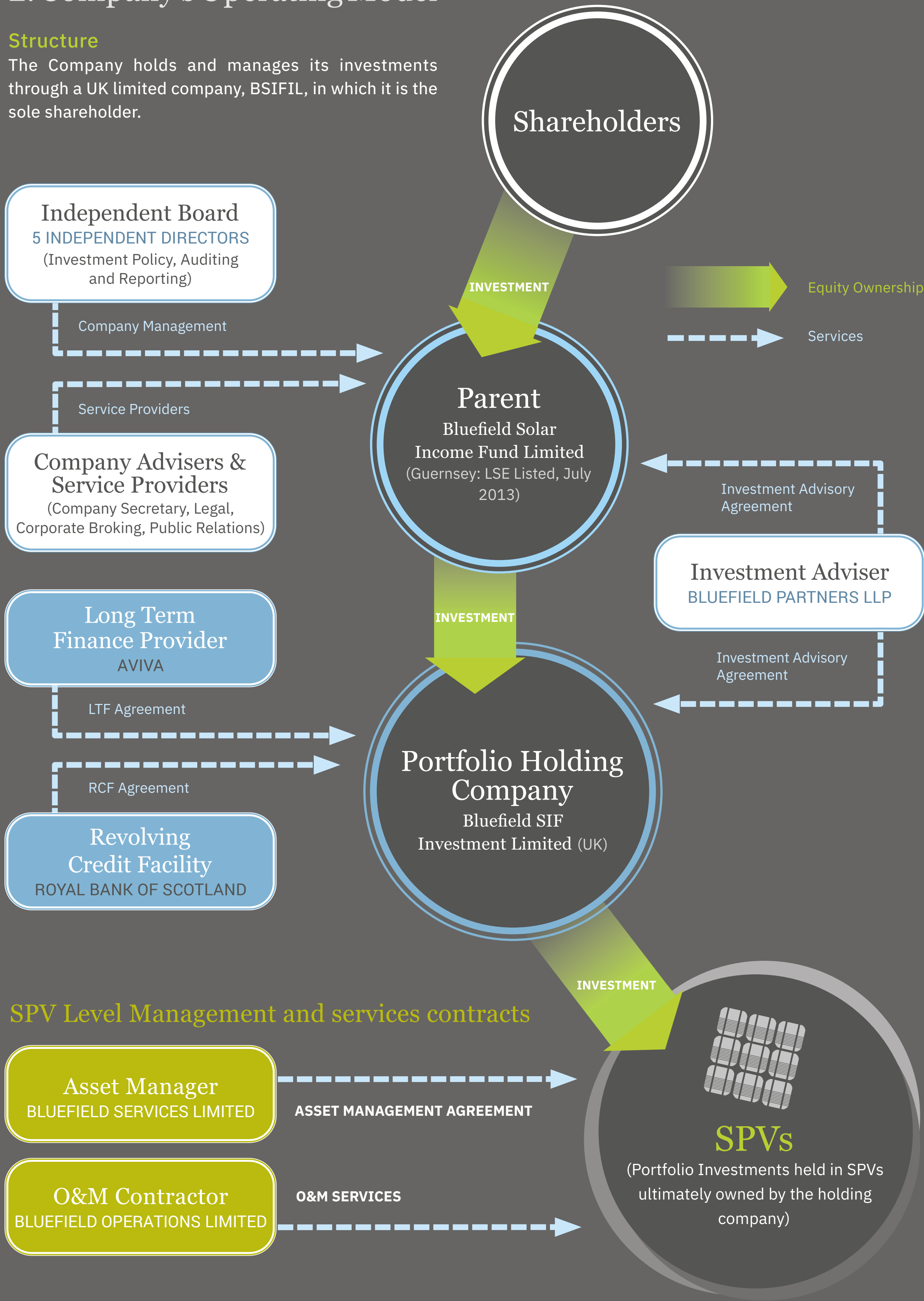
The Company seeks to provide Shareholders with an attractive, sustainable return, principally in the form of quarterly income distributions, by investing in a portfolio of large-scale UK based solar energy infrastructure assets. The Company had a dividend target that was increased at the end of each financial year in line with RPI during the financial year. This was amended to a progressive dividend target after year end. Subject to maintaining a prudent level of reserves, the Company aims to achieve this through optimisation of asset performance, acquisitions and the use of gearing. The Company's dividend target for the financial year ended 30 June 2020 is 7.90pps and the Company has declared four interim dividends totalling this amount.

The Operational and Financial Review section on page 25 provides further information relating to performance during the year.

2. Company's Operating Model

Structure

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



Management

Board and Committees

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

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

Investment Adviser

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

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

During the year the Investment Adviser has been paid a blended base fee of 0.7% of NAV at 30 June 2020.

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

Administrator

The Board has delegated administration and company secretarial services to the Administrator. Further details on the responsibilities assigned to the Investment Adviser and the Administrator can be found in the Corporate Governance Report.

Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are listed on pages 92 to 93.

Investment Process

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

Repeat transaction experience with specialist advisers

The Investment Adviser has worked with a range of specialist advisers from multiple disciplines in each of the transactions it has executed in the UK market and is able to source relevant expertise to address project issues both during and following a transaction.

Application of standardised terms developed from direct experience

The Investment Adviser has developed standardised terms which have been specifically tested by reference to real transaction and project operational experience. Whilst contract terms are specifically negotiated and tailored for each individual project, the Investment Adviser always includes contractual protection regarding recovery of revenue losses for underperformance and obligations for correction of defects.

Rigorous internal approval process

All investment recommendations issued to the Company, are made following the formalised review process described below:

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

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

(3) Due diligence
In addition to applying its direct commercial experience in executing solar PV project acquisitions and managing operational solar plants, the Investment Adviser engages legal, technical and, where required, insurance and accounting advisers from its extensive network to undertake independent due diligence.

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

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

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

Managing conflicts of interest

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

The Board has noted that the Investment Adviser has other clients and has satisfied itself that the Investment Adviser has procedures in place to address potential conflicts of interest which, together with any mitigation measures, are disclosed in the investment recommendation for each investment.

3. Investment Policy

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

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

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

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

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

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

The Company's investment policy has the flexibility to invest up to 5% of GAV into development opportunities and purchase assets pre or post construction in order to:

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

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

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

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

Listing Rule Investment Restrictions

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

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

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

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

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

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

The Board and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts. The production of sustainable energy from the Company's portfolio is expected to save the emission of millions of tonnes of CO2 throughout the life of the assets. In addition, the Company seeks to increase biodiversity at its sites by appropriate planting and landscaping of the land it manages, as detailed in the Environmental, Social and Governance report on pages 35 to 41. The Company was the first London listed investment company to achieve Guernsey Green Fund Status.

5. Operational & Financial Review for the period

Key Performance Indicators

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

	As at 30 June 2020	As at 30 June 2019
Market Capitalisation (£'000s)	498,322	504,891
Share price	134.50p	136.50p
Total dividends per share declared in relation to the year	7.90p	8.31p*
NAV (£'000s)	433,505	436,396
NAV per share	117.01p	117.98p
Total Return to Shareholders (based on share price and dividends paid in the year)	4.70%	19.12%

* Total dividends declared for FY18/19 of 8.31pps included an additional dividend of 0.63pps reflecting unusually high earnings from both higher electricity prices and high irradiation. The target dividend was 7.68p.

Acquisitions

Acquisitions are discussed within the Investment Adviser's report in Section 2.

Portfolio Performance

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

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

Summary Statement of Comprehensive Income

	Year ended 30 June 2020 £ million	Year ended 30 June 2019 £ million
Total Income (Note 4 of the financial statements)	0.7	0.7
Change in fair value of assets (Note 8 of the financial statements)	28.8	46.2
Administrative expenses (Note 5 of the financial statements)	(1.3)	(2.0)
Total comprehensive income before tax	**28.2**	**44.9**
Tax	-	-
Total comprehensive income	**28.2**	**44.9**
Earnings per share	**7.63p**	**12.14p**

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

The total comprehensive income before tax of £28.2 million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on valuation movements of BSIFIL's portfolio is given in the Report of the Investment Adviser.

The Company's ongoing charges ratio is 1.10% (2019: 1.07%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation. See page 136 for a tabular calculation of the Company's ongoing charges ratio.

SHEEP GRAZING AT CAPELANDS

6. Directors' Valuation* of Company's portfolio

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

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

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

The Directors' Valuation adopted for the portfolio as at 30 June 2020 was £624.3m (Note 8 of the financial statements), representing a cumulative 10.96% uplift on investment cost, derived from a combination of income generated within the investments and revaluation uplift under discounted cash flow methodology.

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

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

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

7. Principal Risks and Uncertainties

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

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

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

- Portfolio Management;
- Operational;
- Regulatory;
- External;
- Reputational; and
- Covid-19 pandemic.

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

EQUIPMENT AT CAPELANDS

PORTFOLIO MANAGEMENT

Risk	Potential Impact	Mitigation
1. Portfolio Acquisition Risk	Missed investment opportunities.	The Board reviews the Company's investment pipeline with the Investment Adviser on a regular basis. The Company, through BSIFIL, has access to additional debt financing under terms of its three year revolving credit facility with NatWest plc, as well as the option to complete a tap issuance to support further acquisitions if required. The closure of the primary market for subsidised solar assets has led to inflation in secondary market prices reducing potential yield of new purchases. The Investment Adviser is working to secure a potential pipeline of non-subsidised assets which the Company will have a right to develop but not an obligation to build.
2. Portfolio Operational Risk	Underperformance of solar plant versus expectations at acquisition.	BSL as asset manager prepares a quarterly operational summary for the Board that evaluates the performance of each plant against budget and highlights any issues to be addressed whilst the Portfolio team in the Investment Adviser reviews weekly and monthly reports.

OPERATIONAL

Risk	Potential Impact	Mitigation
3. Valuation error	Valuations of the SPV investments are reliant on large and detailed financial models based on discounted cash flows. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and certain assumptions or methodologies applied may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited transactional data for solar PV generation against which the investment valuation can be benchmarked. Other inputs such as the price at which electricity and associated benefits can be sold are subject to government policies and support.	All papers supporting the GAV calculation and methodology used are presented to the Board for approval and adoption. Ongoing quarterly reconciliations are performed between the SPVs and BSIF. Additionally, the Board at its discretion has the ability to obtain 3rd party valuations to corroborate calculations prepared by the Investment Adviser. To mitigate the impact of power price volatility on the Company's portfolio valuation blended power price curves from three leading forecasters are now used in the portfolio cash flow model.
4. Depreciation of NAV	The portfolio NAV will depreciate towards the end of the Company's life.	The Investment Adviser has been requested to model how the portfolio NAV will move with time, producing long term scenario planning for the Board's review. The Board has authorised the Investment Adviser to negotiate lease extensions on all active plants, as each successful extension increases the life of the Company and reduces the depreciation of the NAV. As at 30 June 2020, the weighted average life of the portfolio is 27.4 years (vs 24.2 years in June 2019).

EXTERNAL

Risk	Potential Impact	Mitigation
5. Unfavourable Weather and Climate Conditions	Weather related risks: annual income generation of the Company is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year.	The Company has diversified the locations of its plants across the UK. The Company uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is dispersed across the UK. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight, limiting short term volatility when compared to other weather dependent electricity generation.

Risk	Potential Impact	Mitigation
5. Unfavourable Weather and Climate Conditions (continued)	Global warming could impact supply and demand for electricity.	The Company and other clean energy providers are doing their part to reduce the Earth's Carbon Footprint, however there are already damaging long term effects of climate change which may impact the Company. The management of such an outcome is largely out of the Company's control.
6. Unfavourable Electricity Market Conditions	Annual income generation of the Company is sensitive to future power market pricing. A major structural shift in power demand or supply will impact the Company's ability to meet its dividend target. The reduction of all energy prices may also have a negative effect on the price of all sources of energy.	The Investment Adviser regularly updates the portfolio cash flow model to reflect future power market forecasts and where appropriate applies discounts to the forecasts. New projects are always assessed using the most recent power market forecast data available. A rolling programme of PPA contract expiries has been implemented to minimise risk. Protection against a sustained period of low energy prices can only be achieved by maximising exposure to regulatory revenues through acquisition of more legacy FiT and ROC plants. Some recent acquisitions have included fixed power contracts for a longer period, reducing exposure to short term volatility. Long term power prices are however beyond the control of the Company. A third party review of the power strategy adopted by the Investment Adviser has also given a strong independent verification of the strategy. The Investment Adviser is currently reviewing possibilities for the private sale of electricity to stabilise long term revenues. The Company has commissioned a report on the benefits of integrating storage technologies within its portfolio. This technology can profit from power price volatility.
7. Changes in tax regime	There may be unfavourable tax related changes including restrictions on renewables, or no relief on debt structuring. The UK Finance Bill enacted in December 2017 restricts tax relief on borrowing to 30% of EBITDA.	An independent taxation review of the Company was carried out as part of the long term debt financing procurement process. The Company makes regular debt repayments to reduce operating leverage and with the intention of ensuring that debt is repaid before regulatory revenues expire. The Board continues to monitor the situation and take advice from the Company's tax advisers as necessary.
8. Changes to Government Plans	Decisions affecting the wholesale supply of electricity through either i) a flooded market or ii) other available forms of energy sources.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers.

DURRANTS

Risk	Potential Impact	Mitigation
9. Political risk	The decision by the UK to exit the EU has elevated levels of political uncertainty and may have an adverse impact on the Company. The Covid-19 pandemic has caused the government to take extraordinary measures in 2020, leading to a more volatile political environment.	Since announcement of the EU referendum result there has been a weakening of Sterling's exchange rate against a number of major currencies, a downgrade of the UK's credit rating and a cut in interest rates. The Company has been favourably impacted by these changes to date. The Company has negligible foreign currency exposure and the reduction in yield on gilts has materially reduced the cost of the Company's long term debt. There are however other unknown risks which may or may not occur in the medium and longer term and which the Board will monitor closely should they arise.
10. Cyber risk	Key stakeholders could exchange corrupt or virus infected emails with key BSIF counterparties. Malicious firmware may cause damage to hardware resulting in a loss of generation or damage to the grid.	The appointment of BSL to carry out a risk assessment. Based on the outcome of the assessment, corrective/improvement measures will be produced and will be based on the level of risk exposure the Company is exposed to.

REPUTATIONAL

Risk	Potential Impact	Mitigation
11. Adverse publicity	Adverse publicity within the Renewable Energy sector could damage the Fund's ability to raise additional finance and/or acquire new capacity.	Market responses have been considered and agreed at all levels. The Board and the Investment Adviser ensure the Fund's activities are fairly and accurately presented including through Broker, Stock Exchange announcements, press releases and web site maintenance. All incidences of adverse publicity monitored via the Company's PR Adviser.

Covid-19

Risk	Potential Impact	Mitigation
12. Covid-19 pandemic	The UK government and many other countries have implemented unprecedented measures to restrict the possibility of transmission of the Covid-19 virus by limiting personal contact and international travel. Whilst the ultimate scope and duration of these measures is currently unclear, they have had a severe impact on the Global Economy, Governments and the Central Banks are attempting to offset this impact with both traditional and unconventional fiscal and monetary policy measures. The Company's portfolio will be impacted by any risks emerging from changes in the macroeconomic environment. The Company may face issues maintaining its plants if staff are unable to travel or are unwell due to Covid-19. The Grid may experience periods of instability or shut-down due to supply demand imbalances resulting from Covid-19.	The Investment Adviser monitors the situation within Government and any potential changes to power prices and will alert the Board accordingly. The post year-end acquisitions of subsidy earning assets with higher ROC earning capability than the Company's current portfolio should help to reduce the portfolio sensitivity to UK power prices. The Investment Adviser implemented robust remote working and social distancing and separation protocols to ensure business continuity. Plant maintenance engineers have been designated as essential workers and are permitted to travel during lock-down periods. The Investment Adviser is reviewing the possibility of direct power sales to large-scale customers where feasible and has also commissioned a report on the benefits of integrating storage technologies within the Company's portfolio.

Longer term viability statement

Assessing the prospects of the Company

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

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 39, is taken into account.

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

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

The Board considers that this stress testing based assessment of the Company's prospects is reasonable in the circumstances of the inherent uncertainty involved. In accordance with the Articles, every five years the Board is required to propose an ordinary resolution that the Company should cease to continue as presently constituted. The first such discontinuation vote was held at the 2018 AGM and resulted in a 99.46% vote in favour of continuation.

The period over which we confirm longer term viability

Within the context of the corporate planning framework discussed above, the Board has assessed the prospects of the Company over a three year period ending 30 June 2023. Whilst the Board has no reason to believe the Company will not be viable over a longer period, given the inherent uncertainty involved the period over which the Board considers it possible to form a reasonable expectation as to the Company's longer term viability, based on the stress testing scenario planning discussed above, is the three year period to June 2023. This period is used for our mid-term business plans and has been selected because it presents the Board and therefore readers of the annual report with a reasonable degree of confidence whilst still providing an appropriate longer term outlook.

Confirmation of longer term viability

The Board confirms that its assessment of the principal risks facing the Company was robust.

Based upon the robust assessment of the principal risks facing the Company and its stress testing based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to June 2023.

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

The Company's risks are mitigated and managed by the Board through continual review, policy setting and half yearly review of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out its last formal review of the risk matrix at the Audit Committee meeting held on 14 September 2020. 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' Responsibilities Pursuant to Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 applies directly to UK domiciled companies. Nonetheless the AIC Code requires that the matters set out in section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law.

Section 172 recognises that directors are responsible for acting in a way that they consider, in good faith, is the most likely to promote the success of the Company for the benefit of its Shareholders as a whole. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact on the wider community and the environment. Key decisions are those that are either material to the Company or are significant to any of the Company's key stakeholders. The Company's engagement with key stakeholders and the key decisions that were made or approved by the Directors during the year are described below.

Stakeholder group	Methods of engagement	Benefits of engagements
Shareholders		
The major investors in the Company's shares are set out on page 89. Continued access to capital is vital to the Company's longer term growth objectives, and therefore, in line with its objectives, the Company seeks to maintain share-holder satisfaction through: • Positive risk-adjusted returns • Payment of Quarterly dividends	The Company engages with its Shareholders through the issue of regular portfolio updates in the form of RNS announcements and quarterly factsheets. The Company provides in-depth commentary on the investment portfolio, corporate governance and corporate outlook in its semi-annual financial statements. In addition, the Company, through its brokers and Investment Adviser undertake regular roadshows to meet with existing and prospective investors to solicit their feedback, understand any areas of concern, and share forward looking investment commentary. The Board receives quarterly feedback from its brokers in respect of their investor engagement and investor sentiment.	In the financial year the Company issued: • Two Portfolio updates by way of RNS • The Company issued an EGM circular following consultation with its Shareholders to revise its investment strategy and fee structure. The proposals were subsequently approved by a substantial majority of the Company's Shareholders.

Stakeholder group	Methods of engagement	Benefits of engagements
Service providers		
The Company does not have any direct employees; however, it works closely with a number of service providers (the Investment Adviser, Administrators, secretaries, auditor, brokers and other professional advisers). The independence, quality and timeliness of their service provision is critical to the success of the Company.	The Company has identified its key service providers and on an annual basis undertakes a review of performance based on a questionnaire through which it also seeks feedback. Furthermore, the Board and its sub-committees engage regularly with its service providers on a formal and informal basis. The Company will also regularly review all material contracts for service quality and value.	The Feedback given by the service providers is used to review the Company's policies and procedures to ensure open lines of communication, and operational efficiency. The Company is able to identify and resolve problems with service provider relationships via this process.
Portfolio Companies		
The Company held an operational portfolio of 90 PV plants (consisting of 49 large scale sites, 39 micro sites and 2 roof top sites) with a total capacity of 478.8MWp with the portfolio displaying strong geographical diversity.	The board reviews cash-flow projections for each investment that the company makes and for the entire portfolio on a regular basis. The Investment Adviser ensures that when the agreements are initially put in place, the end dates of the investments are staggered in order to ensure a constant flow of revenue. PPA counterparties are selected on a competitive basis but with a clear focus on achieving diversification of counterparty risk. A quarterly update on the contracts is provided in the Investment Adviser's Report within the Board Packs.	The Feedback given by the service providers is used to review the Company's policies and procedures to ensure open lines of communication, and operational efficiency regarding its Portfolio Companies.
Community & Environment		
The Company does not have any direct employees	The Company aims to maximise its positive environmental impact.	The Group and other clean energy providers are doing their part to reduce the carbon emissions, however there are already damaging long term effects which may impact the Group during its life. The control of such an outcome is largely out of the Group's control. The Company and the Directors are minimising air travel by making maximum use of video conferencing for Company related matters.

8. Environmental, Social and Governance

The Company was the first solar energy focused investment company to launch on the London Stock Exchange in 2013. Since IPO, we have been part of a major investment theme that has seen numerous renewable energy funds list and build a multi-billion-pound investment sector.

Since listing, environmental considerations and concerns about climate change have grown. So too have Shareholders' evaluations of the social impact of their investments and of the appropriate levels of governance, wrapping together one of the most importance considerations in investment today. Therefore the Board, the Investment Adviser and service companies are delighted to present this detailed ESG report relating to the Company for the period ending June 2020, one that we hope demonstrates the Company's long held commitment to ESG.

Environmental Impact

Decarbonisation of the power sector in the UK has made significant progress in the last ten years. The rise of renewable energy generation, like solar, has played a major role in this process. On a summer afternoon, the Company's portfolio is typically producing c.2% of the total electricity in the UK.

Reporting Year (01 July – 30 June)	Total CO_2 Savings (tonnes)
13/14	12,516
14/15	67,325
15/16	141,704
16/17	167,753
17/18	153,723
18/19	134,881
19/20	125,534

To increase accuracy, a different methodology has been used to calculate CO_2 savings, using actual generation data aligned with the appropriate Government CO_2 conversion factor. Generation data has not been pro-rated in accordance with conversion factor expiry dates, but instead the conversion factor encompassing the largest proportion of the reporting year has been used.

Since inception, the Company has saved over 800,000 tonnes of CO_2 from being released into the atmosphere. Despite the portfolio continually increasing in size, the CO_2 savings started to decrease after 2017 as the mix of fossil fuels altered. The switch from coal to gas means that the amount of CO_2 displaced by renewables diminishes. It remains an objective of the Company to maintain and, where appropriate, expand the portfolio over the coming year, continuing to positively contribute towards the reduction of CO_2 emissions.

Based on a medium Ofgem's Typical Domestic Consumption Value of 2,900 kWh of electricity per household, last year, our portfolio powered the equivalent of 170,700 homes, providing enough electricity to power a medium sized city.

Community Benefits

The Company is committed to building strong relationships with communities in close proximity to the solar assets. Community benefit schemes are supported across the portfolio, with significant donations made each year:

The West Raynham 50MWp solar farm is on the site of an old RAF WWII airbase. When the site lease was extended last year, the Company donated £13K to the RAF West Raynham Heritage Fund in addition to the normal community benefits. This has been used to support various initiatives, including the inception of a visitor hub and preservation of derelict heritage assets.

Environmental Accreditations

In 2019, the Company was awarded the LSE Green Economy Mark and achieved Guernsey Green Fund status.

Corporate Governance

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

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

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

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

Throughout the year ended 30 June 2020, the Company has complied with the provisions of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed, however, as an investment company, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors, including the Chairman, are non-executive and independent of the Investment Adviser, the Company has not established a nomination committee, remuneration committee or a management engagement committee, which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 7 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 99.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender (as stated in Principle 7 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have well-diversified representation and it continues to value directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds that enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members.

The Board

The Directors' biographies are provided on pages 92 and 93 which set out the range of investment, financial and business skills and experience represented.

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

All Directors shall retire and submit themselves for re-election at each AGM of the Company; the next AGM is due to take place on 26 November 2020.

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

The Board is of the opinion that members should be re-elected because they believe that they have the right skills and experience to continue to serve the Company. As recommended in Principle 7 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. As at 30 June 2020, each of the directors had been on the Board for almost seven years, with the exception of Ms Lenfestey who was appointed to the Board in 2019. With regard to the nine year tenure limit in terms of independence, a partial refreshment of the Board is intended to take place at the 2021 AGM.

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

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

Directors' Remuneration

The Chairman is entitled to an annual remuneration of £60,000 (2019: £60,000). The other Directors are entitled to an annual remuneration of £37,500 (2019: £37,500). Paul Le Page receives an additional annual fee of £7,500 (2019: £7,500) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

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

Director	2020 £	2019 £
John Rennocks	60,000	60,000
John Scott	37,500	37,500
Laurence McNairn	37,500	37,500
Meriel Lenfestey (appointed 1 April 2019)	37,500	9,375
Paul Le Page	45,000	45,000

The total Directors' fees expense for the year amounted to £217,500 (2019: £189,375). As disclosed in Note 16, John Rennocks and John Scott are directors of BSIFIL, and have received remuneration in respect of BSIFIL.

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

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

Duties and Responsibilities

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

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- investment strategy and management;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

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

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

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 88. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The attendance record of the Directors for the year to 30 June 2020 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 10)	Audit Committee Meetings (max 6)
John Rennocks	3*	1	4
John Scott	3*	1	4
Laurence McNairn	4	9	6
Meriel Lenfestey	4	8	5
Paul Le Page	4	10	6

* It should be noted that Mr Rennocks and Mr Scott are ordinarily resident in the United Kingdom and as a result are not permitted to participate in Board Meetings from the United Kingdom in accordance with the Article 29.2 of the Company's Articles of Incorporation. Mr Rennocks and Mr Scott have participated in all, or the majority of, formally scheduled meetings in Guernsey, however they were unable to attend one Board meeting, in May 2020, as a result of travel restrictions caused by Covid-19. It should be noted that Mr Rennocks and Mr Scott actively communicate their views on any matters to be discussed at ad-hoc Board Meetings to their fellow Directors, Mr Le Page, Mr McNairn and Ms Lenfestey, ahead of such meetings.

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

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

Performance Evaluation

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

Committees of the Board - Audit Committee

The Board established an Audit Committee in 2013. It is chaired by Paul Le Page and at the date of this report comprised all of the Directors set out on page 2. The report of the role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit Committee on pages 97 to 100. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Internal Control and Financial Reporting

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

- the Board has delegated the day-to-day operations of the Company to the Administrator and Investment Adviser; however, it remains accountable for all of the functions it delegates;

- the Board clearly defines the duties and responsibilities of the Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisers;

- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and

- the Administrator provides administration and company secretarial services to the Company.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary, as explained on page 99.

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

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

Investment Advisory Agreement

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

The Investment Adviser is led by its managing partners, James Armstrong and Giovanni Terranova, who founded the Bluefield business in 2009 following their prior work together in European solar energy. Neil Wood, who joined in 2013 was appointed partner in 2020 and runs the Investment Adviser alongside the two founders. The Investment Adviser's team has a combined record, prior to and including Bluefield Partners LLP, of investing more than £1 billion in solar PV projects. The Management team have been involved in over £1.5 billion of solar PV transactions in the UK and Europe since 2008. The Investment Adviser's non-executive team includes Mike Rand, Bluefield Partners founder and former Managing Partner, William Doughty, the founding CEO of Semperian; Dr. Anthony Williams, the former chair of the Risk Committee for the Fixed Income, Currencies & Commodities Division, and Partner at Goldman Sachs & Co; and Jon Moulton, the current chairman of Better Capital and former managing partner and founder of Alchemy Partners.

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

Dealings with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM will provide a forum for Shareholders to meet and discuss issues with the Directors of the Company. Members of the Board will also be available to meet with

Shareholders at other times, if required. In addition, the Company maintains a website which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and information on the Board.

Principal Risks and Uncertainties

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

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

The Company's principal risks and uncertainties are discussed in detail on pages 27 to 34 of the Strategic Report. The Company's financial instrument risks are discussed in Note 15 to the financial statements.

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

Changes in Regulation

The Board monitors and responds to changes in regulation as they affect the Company and its policies. The key regulatory change for the Company in the accounting period was the adoption of the new AIC code effective 1 January 2019.

AIFMD

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

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

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

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

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

FATCA and CRS

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

PRIIPs

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

NMPI

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

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

PLACE BARTON

Guernsey Green Fund Status

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

Following an application to the GFSC, the Company was deemed to have met the following investment criteria outlined in the Guernsey Green Fund Rules, 2019 ('The Rules'):

- The Property of a Guernsey Green Fund shall be invested with the aim of spreading risk and with the ultimate objective of mitigating environmental damage resulting in a net positive outcome for the environment;

- A Guernsey Green Fund shall comprise 75% assets by value that meet the Guernsey Green Fund Rules criteria. The remaining 25% must not lessen or reduce the Guernsey Green Fund's overall objective of mitigating environmental damage nor comprise an investment of a type specified within schedule 3 of the Guernsey Green Fund Rules, 2019;

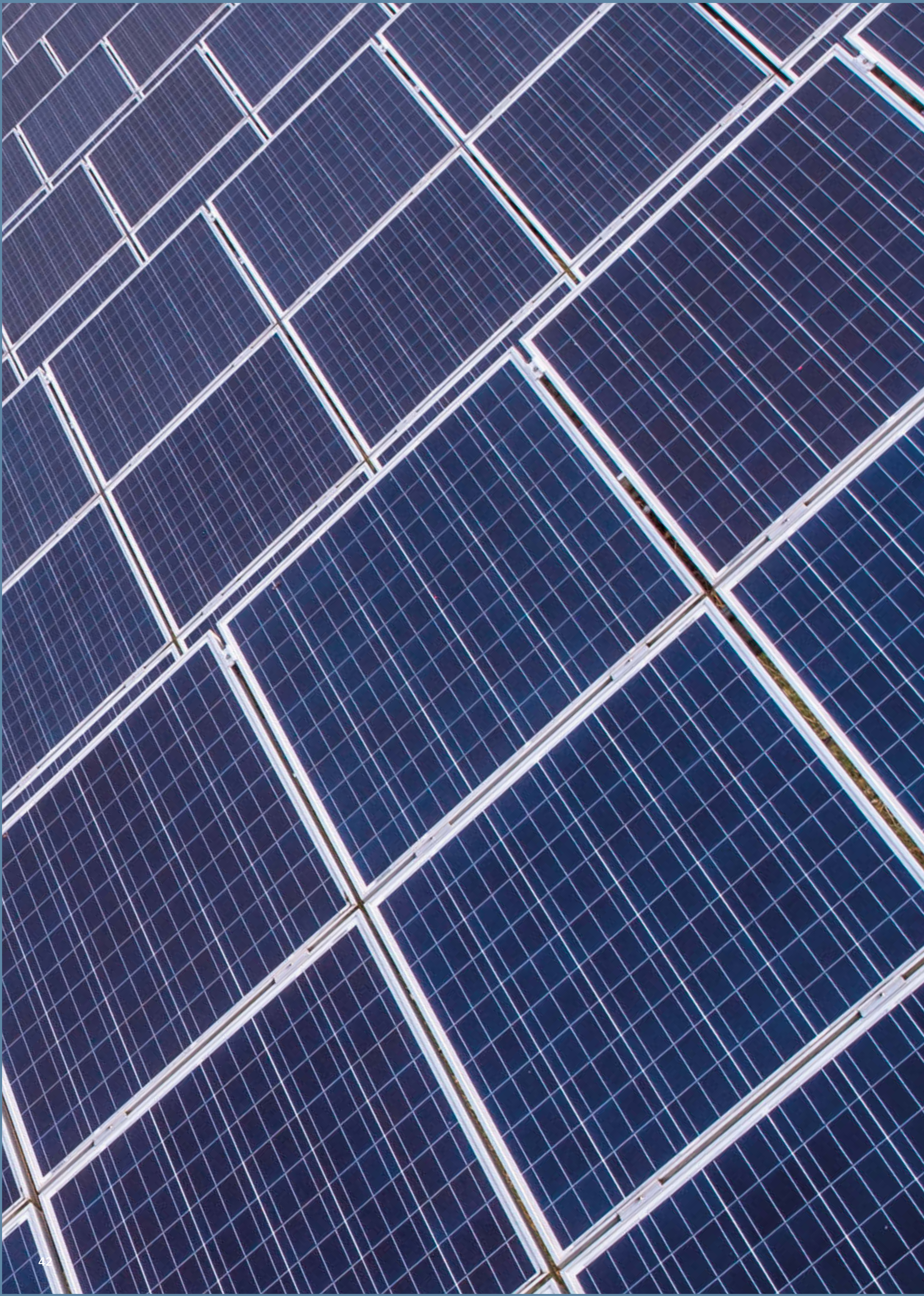
- A Guernsey Green Fund shall only comprise assets permitted to be held under its principal documents or prospectus and of a nature described in its prospectus; and

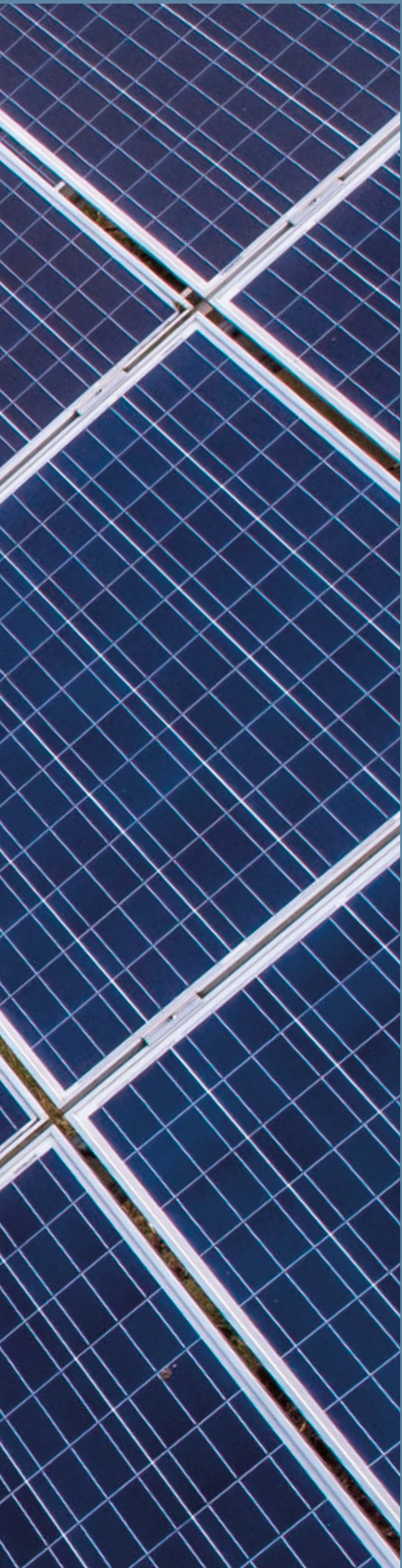
- A Guernsey Green Fund shall not be invested in contravention of limits or restrictions imposed under its principal documents or prospectus.

The Company fulfils the above investment criteria by investing in a diversified portfolio of solar energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield sites. The Group targets long life solar energy infrastructure, expected to generate stable renewable energy output over a 25 year asset life. The Company incorporates Environmental Social & Governance policies into its investment processes and is conscious of its environmental and social impact. The production of renewable energy equates to a significant amount of CO_2 emissions saved, representing a sustainable and ethical investment.

Paul Le Page
Director
21 September 2020

Laurence McNairn
Director
21 September 2020





Report of the Investment Adviser

JAMES ARMSTRONG
MANAGING PARTNER

GIOVANNI TERRANOVA
MANAGING PARTNER

NEIL WOOD
PARTNER

1. About Bluefield Partners LLP

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

Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives. As Investment Adviser, Bluefield takes responsibility, fully inclusive within its advisory fees, for selection, origination and execution of investment opportunities for the Company, having executed over 50 individual SPV acquisitions on behalf of BSIF since flotation in July 2013.

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

Covid-19 Contingency Planning

Despite the swift onset of the Covid-19 pandemic in March 2020, the Board was pleased to see how quickly and effectively our Investment Adviser and key service providers – Bluefield Services and Bluefield Operations – responded and successfully implemented remote working policies for all individuals working on Bluefield Solar.

The Investment Adviser moved ten Bluefield Solar focused personnel out of its London office in order to work remotely overseeing the investment performance of the existing assets, portfolio enhancement (including lease extensions) and the Company's power sales strategy whilst Bluefield Services, the Bristol-based business that oversees asset monitoring, reporting, technical asset management and financial reporting successfully transitioned all employees to working remotely.

Bluefield Operations, the Company's principal O&M contractor also ensured safe remote working for all its staff. Furthermore, it successfully obtained 'key worker' status for all relevant field-based engineers so that O&M services provided to the Company's portfolio remained unaffected.

In total over 50 people have been working 'remotely' on Bluefield Solar full time since March and it is a credit to the management teams and individuals how effective their operations have been.

Activity that has been evidenced, as outlined in the Investment Adviser's report, by the strong operational performance of the portfolio before, during and after the strict lockdown measures were first introduced by the UK Government in March 2020.

In addition, as part of the winter maintenance programme, Bluefield Services completed a major review of the status of the portfolio's spare parts and ordered replacements where necessary.

A period of above-average irradiation puts into sharp focus a solar portfolio's ability to convert that natural resource into electrical energy. What is particularly pleasing about the performance is that the high levels of irradiation we experienced were captured and converted into electricity by the portfolio.

Bluefield Services, the Bristol based technical asset management business that looks after all aspects of the portfolio's services, from monitoring through to contract enforcement, has again delivered above budget performance. This performance is attributable to our highly skilled and aligned team of asset management professionals working diligently and expertly (and currently from home) on the portfolio which benefits the Company every year.

2. Portfolio: Acquisitions, Performance and Value Enhancement

Portfolio

As at 30 June 2020, the Company held an operational portfolio of 90 PV plants (consisting of 49 large scale sites, 39 micro sites and 2 roof top sites) with a total capacity of 478.8MWp, with the portfolio displaying strong diversity through: geographical variety (as shown by the map on page 14), a range of proven PV technologies and infrastructure (arising from the solar PV farms having been constructed by a number of experienced solar contractors), and a blend of asset sizes with capacities ranging from microsites to substantial, utility-scale solar farms (including two plants at c.50MWp).

Acquisitions

During the 12 month period to 30 June 2020, the Investment Adviser reviewed over 700MWp of acquisition opportunities, which included both subsidised portfolios (500MWp) as well as a small number of ready to build subsidy free assets (c. 200MWp). The Investment Adviser continued to apply its stringent acquisition criteria to these opportunities and consequently only three of the projects assessed, totalling 13.5MWp, went on to be recommended to the BSIF Board.

These projects, called Gretton, Thornton and Wormit were acquired for £13.9m (including working capital and transaction fees) in January 2020. The projects all qualify for 1.3 ROC tariffs and were purchased using the Company's RCF which, as at 30 June 2020, stands drawn at £44.1m (out of £50m).

Post Period End Acquisition

On 21 August 2020, the Company successfully completed a material acquisition of a UK-based portfolio of 15 plants with a total installed capacity of 64.2MWp for an initial cash consideration of £106.6 million (including working capital) with deferred consideration of up to £2.1 million, contingent on securing asset life extensions. Notwithstanding the timing of the acquisition, the Company will receive the economic benefit of the portfolio from 1 January 2020.

The portfolio consists of 15 ground-mounted operational solar PV plants, with 8 sites clustered in the south west of England, 2 in west Wales and a further 5 across central and eastern England. The portfolio benefits from attractive subsidies; 13 of the projects are accredited under the Renewable Obligation Certificate ('ROC') regime with tariffs ranging from 1.4 – 2.0 ROCs, while two of the projects are accredited under the feed-in-tariff ('FiT') scheme. Including the FiT projects, the weighted average tariff for the portfolio is equivalent to c.1.8 ROCs/MWh. In the period 2021-2033 (2033 being the year in which the subsidies on the earliest plants begin to expire), the proportion of regulated revenues from this portfolio is projected to be approximately 66% (compared to 59% for the Company's existing portfolio).

The acquisition has been financed by a bespoke £110m three-year, interest only, re-drawable term loan at an effective all in cost of c.1.40% (being margin and swap rate) with National Westminster Bank plc, with the Company electing to hedge 75% of the loan over a notional 18-year period, at a swap rate of approximately 0.31% until 2038, to provide underlying rate certainty in anticipation of a refinancing scenario in or before August 2023.

Following the transaction, the Group's total outstanding debt has increased to £332.0 million and the total installed capacity of its portfolio has grown to 543 MWp.

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

Subsidy Free

The Investment Adviser has continued to monitor the progression of development across the market and through a select number of partners, has grown the Company's proprietary pipeline to over 350MWp.

Whilst there remains considerable opportunity for the Company's development pipeline to continue to grow, additions will only be done on a highly selective basis.

Performance

In the year to 30 June 2020 the portfolio, with a total installed capacity of 478.8MWp, achieved a net PR of 79.12% (2019: 81.5%), against a forecast of 81.22%, generating 4.88GWh of power, 8.3% above the forecasted level.

Table 1. Summary of BSIF Portfolio Performance for 2019/20:

	Actual 2019/20	Forecast 2019/20	Delta %	Actual 2018/19	Delta %
Weighted Average Irradiation (Hrs)[1,2]	1,322.5	1,190.5	+11.1%	1,265.6	+4.5%
Net Performance Ratio (%)[1,2]	79.1%	81.2%	-2.6%	81.5%	-3.0%
Generation Yield (MWh/MWp)[1,2]	1,047.3	966.8	+8.3%	1,032.0	+1.5%
Total unit Price – Power + ROCs +LDs3 (GBP 000's/MWh)	£133.42	£135.59	-1.6%	£129.97	+2.7%
Total Revenue – inc LDs (GBP 000's/MWp)	£139.74	£131.08	+6.6%	£134.12	+4.2%

Notes to table 1.
1. Excluding grid outages and significant periods of constraint or curtailment that were outside of the Company's control (for example, DNO-led outages and curtailments).
2. The table also excludes the Wormit, Thornton Lane and Gretton plants (13.5MWp, aggregated), acquired in January 2020 and Little Bear (5.0MWp) acquired in October 2018
3. Actual and forecast revenue figures include ROC recycle estimates in line with standard forecasts
4. Actuals also include LDs of £0.39m (FY2018/19 £0.44m) and insurance claim payments of £0.37m (FY 2018/19 £0.171m).

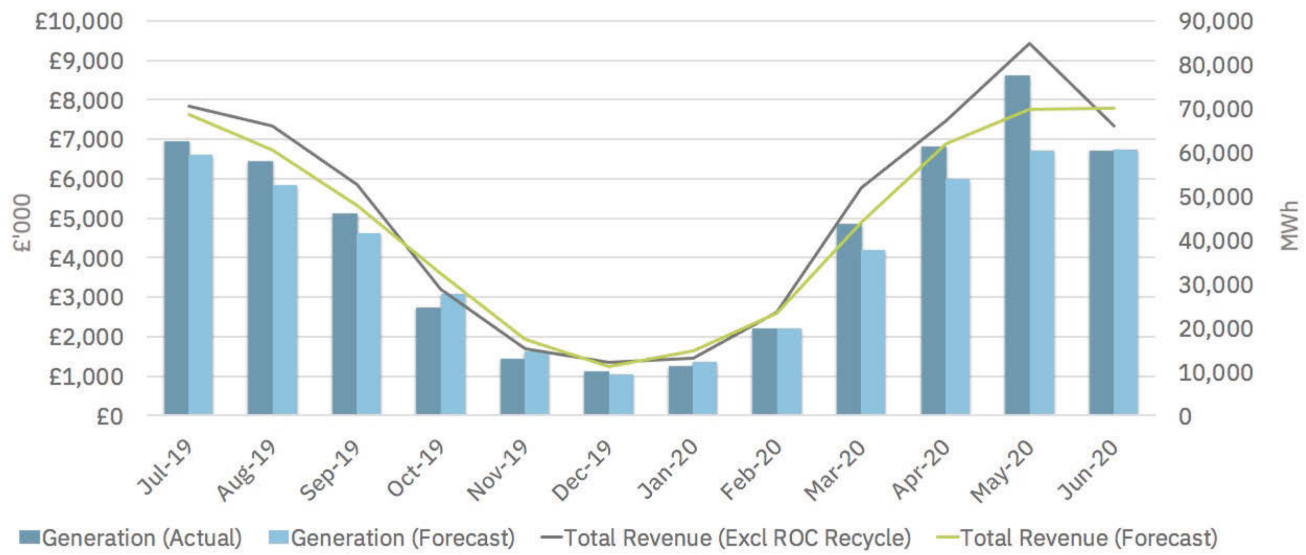
As shown in the table above, irradiation levels during the period were 11% higher than the Company's forecast and 4.5% above levels recorded in the previous reporting year with March, April and May 2020 experienced unusually high levels of irradiation.

The high irradiation levels gave rise to significantly higher-than-forecast generation (+8.3%) and +1.5% when compared to the previous financial year, with a total generation of 487.6 GWh (vs. 480.2 GWh FY2018/19).

Although the Total Unit Price was slightly below forecasted levels at £133.4/MWh (due to power price fixes in Q4 2020 being below the forecast curves from June 2019), the Total Revenue of £139.74/MWp was considerably higher than both expectations (+6.6%) and FY 2018/19 (+4.2%).

The portfolio's 'availability' (the total time the plant was operating, as a percentage of the maximum possible) was 97.4%, marginally lower than the forecasted level of 99%. This was in part due to replacement of failed HV equipment, for which insurance claims have been submitted, and in part due to limited supplier delays outside of the control of the Company as a result of the coronavirus pandemic. During these periods, temporary equipment was sourced to maintain generation where possible until the permanent replacement parts could be delivered and installed.

Figure 1. FY 2019/20 – Actual Generation and Revenue



Note: The figure excludes assets with a collective capacity of 13.6MWp, which were acquired during the reporting period

The portfolio's net Performance Ratio of 79.1% was slightly lower than the forecast of 81.2%, predominantly due to higher levels of irradiation reducing the efficiency of the plants (as shown by Figure 2 below) and a small number of unexpected outages on a limited number of plants (as outlined below in Table 3).

Taking each of the above points in turn; higher irradiation levels result in higher operating temperatures which in turn can cause a slight reduction in the overall level of a plant's efficiency and some loss of power due to inverter saturation (known as 'Clipping' - when the Direct Current ("DC") power from the PV array exceeds the maximum input level for the inverter which converts the power into Alternating Current ("AC") - during periods of exceptionally high irradiation levels). Although as the performance table on page 46 shows, this restriction is overwhelmingly compensated for by outperformance in absolute power generation.

Figure 2 - 2019/20 Actual Net PR and Irradiation

Note: Figure 2 excludes assets with a collective capacity of 13.5MWp which were acquired during the reporting period and therefore do not yet offer 12 months of performance data.

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

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

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

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

The impact of outages resulting from events within the control of the Company (for example, periods when a plant, or part of a plant, were shut to conduct essential maintenance or repairs) accounted for a loss of 2.84% of the Portfolio's total generation.

Outages and curtailments which were outside the control of the Company (for example, where these events are initiated by a DNO for them to undertake upgrade works in the local area) accounted for 0.70% of total generation. It should be noted that some of the network upgrade activities scheduled for March, April, May, and June were postponed due to the Covid-19 pandemic. As such, it is possible that an increased outage and curtailment regime from the DNOs may occur during the FY20/21 reporting period, when the upgrade works will probably need to be delivered by the respective DNOs.

The table below summarises the main outage events during the reporting period:

Table 2. Major Outage Events during 2019/20 Reporting Year

Generation Lost (MWh)	Revenue Lost (£)	Asset	Installed Capacity (MWp)	Brief description of Event
2,056	216.30	Southwick	47.9	Systemic failure of AC circuit boards. Full replacement programme underway by manufacturer. Insurance claim submitted and plant fully operational.
1,547	120.74	Hill Farm	15.2	Transformer failure between February 2020 and March 2020 due to grid voltage spikes. Insurance claim submitted and plant fully operational.
1,138	142.82	Hall Farm	11.4	Transformer failure between March 2020 and April 2020. Insurance claim submitted and plant fully operational.
1,264	170.70	Hardingham	20.1	Series of central inverter faults during the reporting year due to overheating. Replacements completed by manufacturer and plant fully operational.
770.00	96.37	Capelands	8.4	Transformer replacement program we initiated in February and completed in March 2020. All revenue losses covered by the EPC contractor.
350.35	27.67	Gypsum	4.5	14.5 days DNO outage to undertake repairs to substation.
349.36	39.97	Rookery	5.0	Lower grid voltage causing the Power Plant Controller to behave erratically.

During the financial year, the Company received £393.4k in LDs (£440k in FY18/19) for underperformance, revenue losses and the rectification of minor equipment defects.

In addition, the Company's subsidiaries received £375.4k of payments from insurance claims and a further £1.64m of business rates rebates, giving a combined total of £2.01m (FY18/19 combined: £0.33m).

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

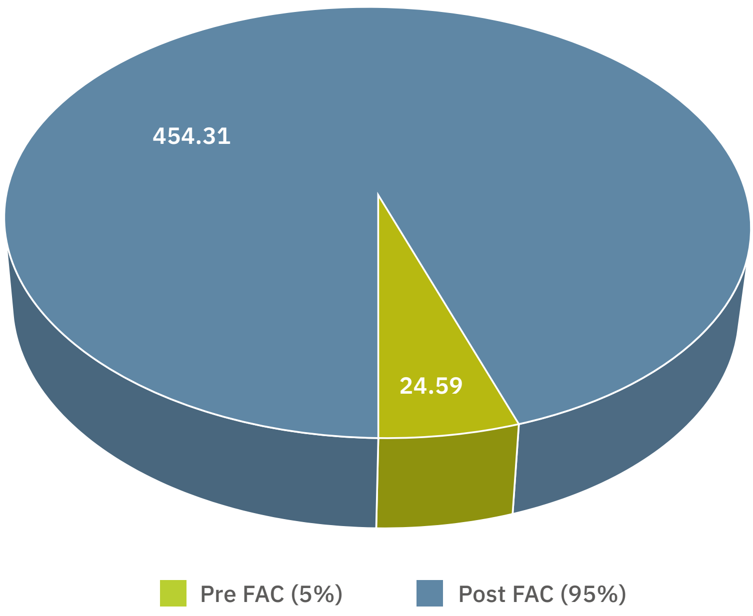
As at 30 June 2020, all but 3 PV plants, with a combined installed capacity of 454.31 MWp had successfully passed their warranty periods and achieved final acceptance, equating to 94.9% of the portfolio. The remaining 3 sites are expected to achieve final acceptance by 31 December 2020.

During the financial year 11 plants (combined capacity of 51.47MWp, representing 10.75% of the portfolio), completed and passed final acceptance testing.

Final acceptance occurs following the fulfilment of the contractual requirements by the EPC Contractor. These requirements entail the plant's performance being above the contractually warranted levels over an average of at least two years of testing period, as well as the asset being defect free. A comprehensive audit of the site for defects is conducted by BSL, all of which are remedied or provided for before the final acceptance is passed. Following this rigorous procedure and the issuance of the final acceptance certificate, the EPC Contractor is released from its contractual obligations, though some warranties will remain in place for the full statute of limitations period.

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

Figure 3. BSIF Portfolio Assets Under EPC Warranty ('pre-FAC') and post-FAC, as at 30 June 2020



As at 30 June 2020, the O&M contracts for a further 13 assets (totalling 73.03MWp) were transferred to Bluefield Operations Limited ('BOL'). BOL now provides O&M services on a total of 36 plants with a combined capacity of 365.68MWp, equating to 76.4% of the portfolio.

Using BOL as the O&M provider to these 36 assets has provided annual operational cost savings of c. £269.3k, in addition to the tangible operational benefits from increased contractual service levels and faster response times through a close operational working relationship with the asset manager, BSL.

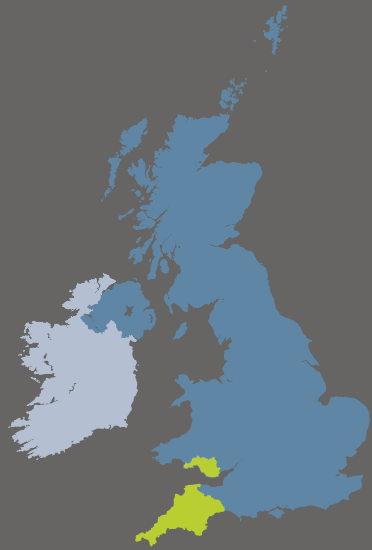
The Company's operating portfolio as at 30 June 2020 and the electricity generated in the 2019/20 financial year is shown below:

Table 3. BSIF Portfolio Generation for 2019/20 by Asset:

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2020 (Actual, MW/h)
West Raynham	55.9	50.0	53,699,121
Southwick	61.0	47.9	48,405,178
Elms	32.8	28.9	31,156,781
Hardingham	22.7	20.1	19,911,461
Pentylands	21.4	19.2	20,044,679
Molehill	23.1	18.0	20,917,576
Hoback	19.0	17.5	18,712,898
Littlebourne	22.0	17.0	18,590,805
Goosewillow	19.0	16.9	18,447,782
Hill Farm	17.3	15.2	14,088,665
Roves	14.0	12.7	13,059,353
Pashley	15.4	11.5	13,000,715
Hall Farm	13.4	11.4	9,888,645
Sheppey	12.0	10.6	11,756,293
Betingau	11.2	10.0	9,166,091
Capelands	8.6	8.4	8,260,189
North Beer	9.3	6.9	7,355,070
Ashlawn	7.6	6.6	6,784,913
Redlands	6.4	6.2	6,371,584
Saxley	7.0	5.9	6,038,817
Holly Farm	7.2	5.0	5,672,967
East Farm	7.2	5.0	5,638,773
Durrants	6.4	5.0	5,544,257
Clapton	6.3	5.0	5,485,796
Romsey	5.8	5.0	5,608,890
Old Stone	5.7	5.0	5,318,042
Salhouse	5.6	5.0	5,418,876
Frogs Loke	5.6	5.0	5,140,269

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2019 (Actual, MW/h)
Place Barton	5.5	5.0	5,345,670
Court Farm	5.5	5.0	5,631,503
The Grange	5.4	5.0	5,288,261
Bunns Hill	5.3	5.0	5,333,424
Oulton	5.3	5.0	5,208,613
Rookery	5.2	5.0	4,928,605
Kellingley	5.0	5.0	5,278,718
Kislingbury	5.0	5.0	5,260,159
Willows	4.6	5.0	4,931,100
Trethosa	5.8	4.8	4,885,289
Folly Lane	5.3	4.8	5,048,029
Gypsum	4.4	4.5	4,425,750
Tollgate Farm	4.6	4.3	4,401,838
Burnaston	14.4	4.1	4,009,266
Galton Manor	5.5	3.8	4,256,607
Barvills	3.3	3.2	3,644,579
Langlands	3.1	2.1	2,131,638
Goshawk (10 micro sites)	2.0	1.1	1,183,623
Butteriss (20 micro sites)	2.3	0.8	652,245
Corby	2.3	0.5	393,598
Promothames (9 micro sites)	1.3	0.4	364,835
Little Bear	6.8	5.0	5,507,480
SUB-TOTAL	**556.8**	**465.3**	**487,595,312**
Assets acquired during the reporting period			
Wormit	5.1	5.0	2,721,602
Gretton	5.1	4.9	2,859,254
Thornton Lane	3.7	3.6	1,869,690
SUB-TOTAL	**13.9**	**13.5**	**7,450,546**
GRAND TOTAL	**570.7**	**478.8**	**495,045,857**

Swansea, Devon and Cornwall



Betingau
Swansea

Investment Date	December 2013
Capacity (MWp)	10.0
Panel Supplier	Sharp / REC
EPC Contractor	Prosolia
Subsidy Vintage	1.6 ROC

Capelands
Barnstaple

Investment Date	**August 2014**
Capacity (MWp)	8.4
Panel Supplier	S-Energy
EPC Contractor	Juwi Renewables
Subsidy Vintage	1.4 ROC

Langlands
Ashill

Investment Date	February 2017
Capacity (MWp)	2.1
Panel Supplier	**Yingli**
EPC Contractor	Ikaros
Subsidy Vintage	2.0 ROC

Little Bear
Exeter

Investment Date	October 2018
Capacity (MWp)	5.0
Panel Supplier	Canadian Solar
EPC Contractor	Canadian Solar
Subsidy Vintage	1.2 ROC

Old Stone
Totnes

Investment Date	January 2017
Capacity (MWp)	5.0
Panel Supplier	JA Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.2 ROC

Place Barton
Totnes

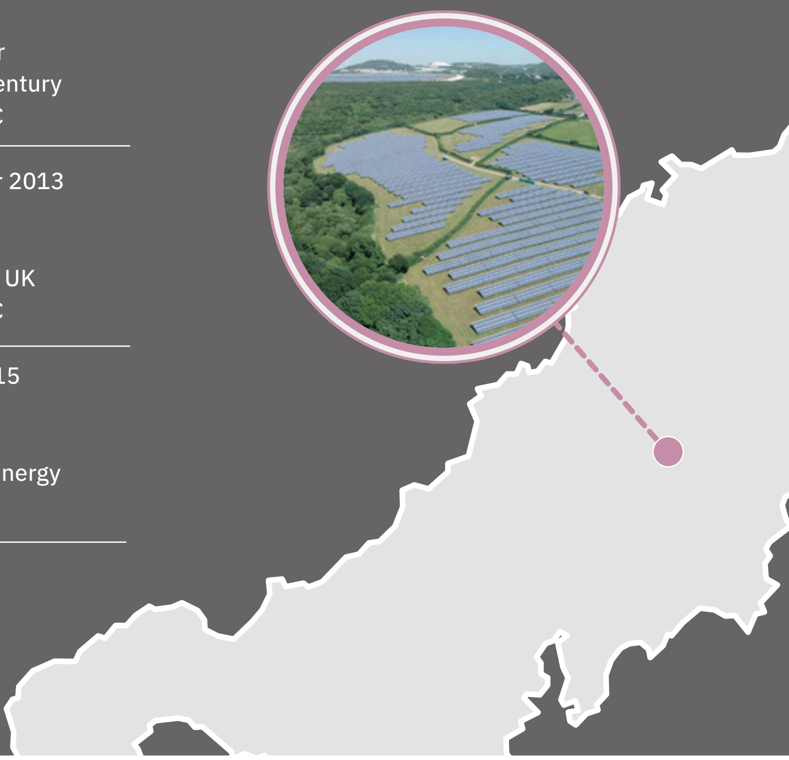
Investment Date	January 2017
Capacity (MWp)	5.0
Panel Supplier	JA Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.2 ROC

North Beer
Launceston

Investment Date	October 2013
Capacity (MWp)	6.9
Panel Supplier	Hareon
EPC Contractor	Parabel UK
Subsidy Vintage	2.0 ROC

Trethosa
St Austell

Investment Date	July 2015
Capacity (MWp)	4.8
Panel Supplier	REC
EPC Contractor	Wirsol Energy
Subsidy Vintage	FiT



Newport, Somerset and Dorset

Court Farm
Llanmartin

INVESTMENT DATE	December 2016
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Parabel UK
SUBSIDY VINTAGE	1.2 ROC

Ashlawn
Axbridge

INVESTMENT DATE	August 2014
CAPACITY (MWP)	6.6
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Parabel UK
SUBSIDY VINTAGE	1.4 ROC

Redlands
Bridgwater

INVESTMENT DATE	August 2014
CAPACITY (MWP)	6.2
PANEL SUPPLIER	S-Energy
EPC CONTRACTOR	Juwi Renewables
SUBSIDY VINTAGE	1.4 ROC

Clapton
Cucklington

INVESTMENT DATE	August 2014
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.2 ROC

Galton Manor
Overmoigne

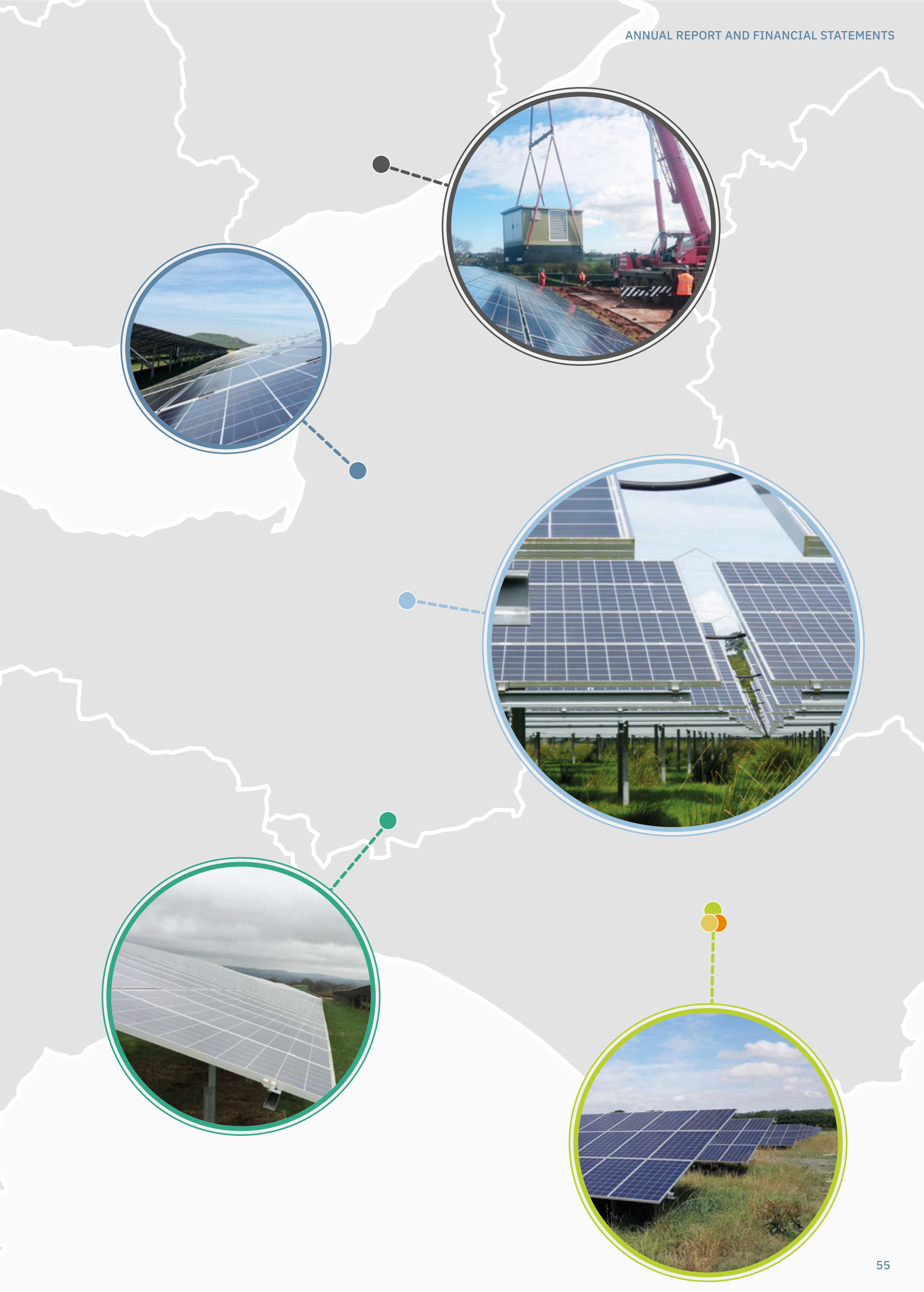
INVESTMENT DATE	March 2018
CAPACITY (MWP)	3.8
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.2 ROC

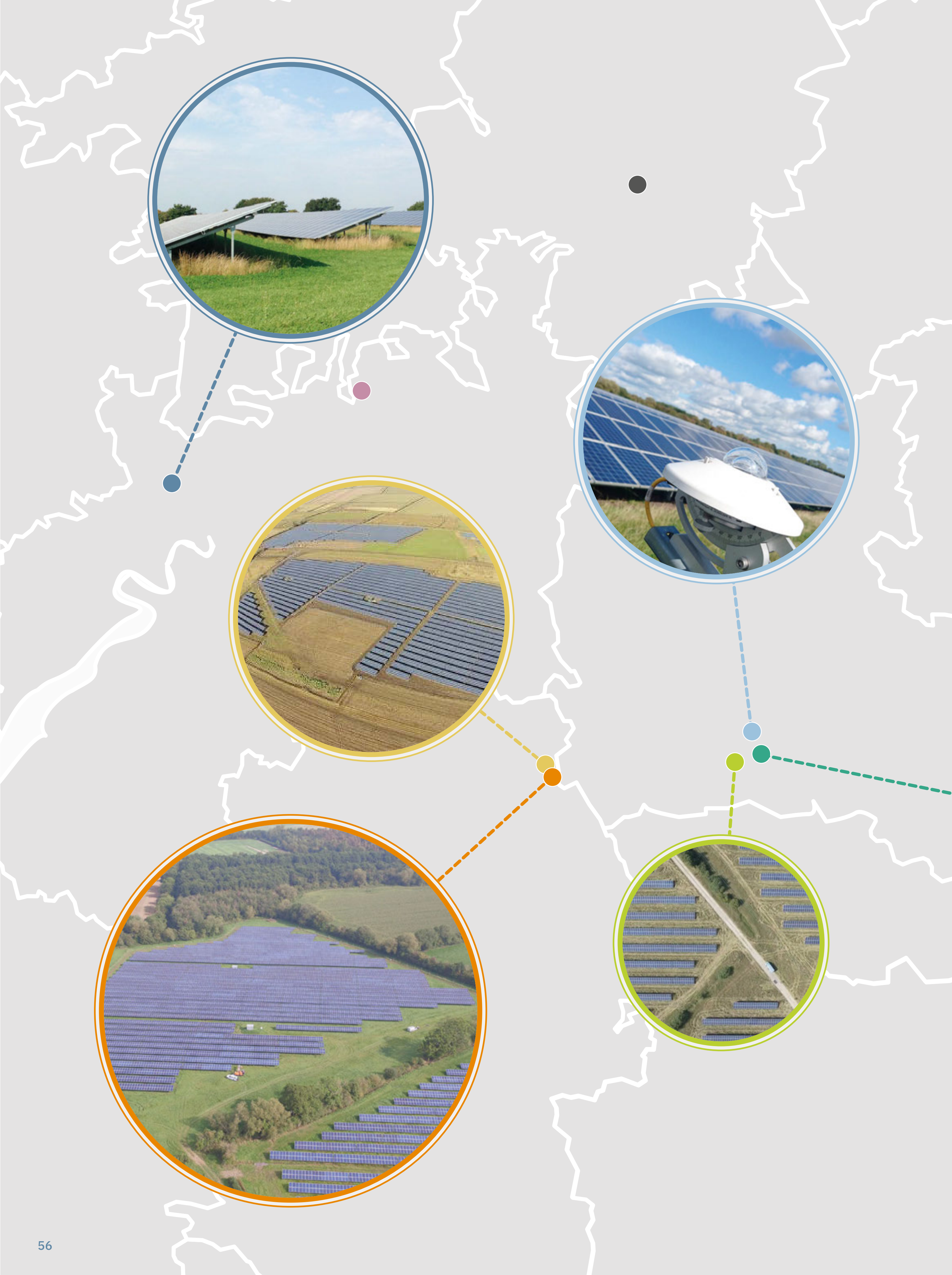
Holly
Overmoigne

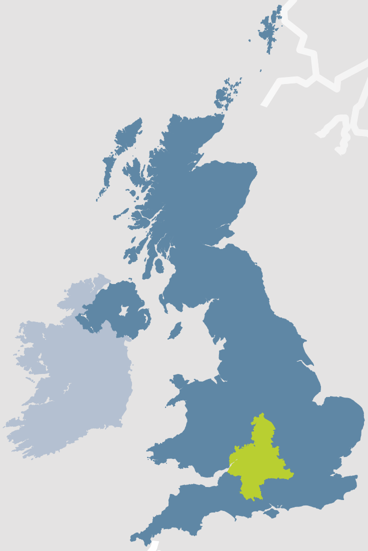
INVESTMENT DATE	March 2018
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.2 ROC

East
Overmoigne

INVESTMENT DATE	March 2018
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.2 ROC







Warkwickshire, Gloucheststhire, Oxfordshire and Wiltshire

Tollgate
Leamington Spa

INVESTMENT DATE	January 2016
CAPACITY (MWP)	4.3
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

Grange
Newent

INVESTMENT DATE	February 2016
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

Elms
Wantage

INVESTMENT DATE	February 2015
CAPACITY (MWP)	28.9
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	1.4 ROC

Goosewillow
Steventon

INVESTMENT DATE	Aug & Nov 2013
CAPACITY (MWP)	16.9
PANEL SUPPLIER	Trina
EPC CONTRACTOR	Ikaros Solar
SUBSIDY VINTAGE	1.6 ROC

Hill Farm
Abingdon

INVESTMENT DATE	October 2013
CAPACITY (MWP)	15.2
PANEL SUPPLIER	Yingli
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.6 ROC

Roves
Sevenhampton

INVESTMENT DATE	March 2015
CAPACITY (MWP)	12.7
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	1.4 ROC

Pentylands
Highworth

INVESTMENT DATE	February 2014
CAPACITY (MWP)	19.2
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Conergy
SUBSIDY VINTAGE	1.6 ROC

Gretton
Gretton

INVESTMENT DATE	January 2020
CAPACITY (MWP)	4.9
PANEL SUPPLIER	AEG
EPC CONTRACTOR	CTF Solar
SUBSIDY VINTAGE	1.3 ROC

Yorkshire, Lincolnshire, Staffordshire, Derbyshire, Northamptonshire, Leciestershire and Cambridgeshire

Kellingley
Beal

INVESTMENT DATE	June 2017
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Trina
EPC CONTRACTOR	TSF Construction
SUBSIDY VINTAGE	1.2 ROC

Folly Lane
Boston

INVESTMENT DATE	December 2015
CAPACITY (MWP)	4.8
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

Willows
Uttoxeter

INVESTMENT DATE	November 2016
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.2 ROC

Burnaston
Burnaston

INVESTMENT DATE	April 2016
CAPACITY (MWP)	4.1
PANEL SUPPLIER	Sharp
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

Gypsum
Sileby

INVESTMENT DATE	December 2016
CAPACITY (MWP)	4.5
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Parabel UK
SUBSIDY VINTAGE	1.2 ROC

Corby
Corby

INVESTMENT DATE	December 2016
CAPACITY (MWP)	0.5
PANEL SUPPLIER	Azur
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

Kislingbury
Kislingbury

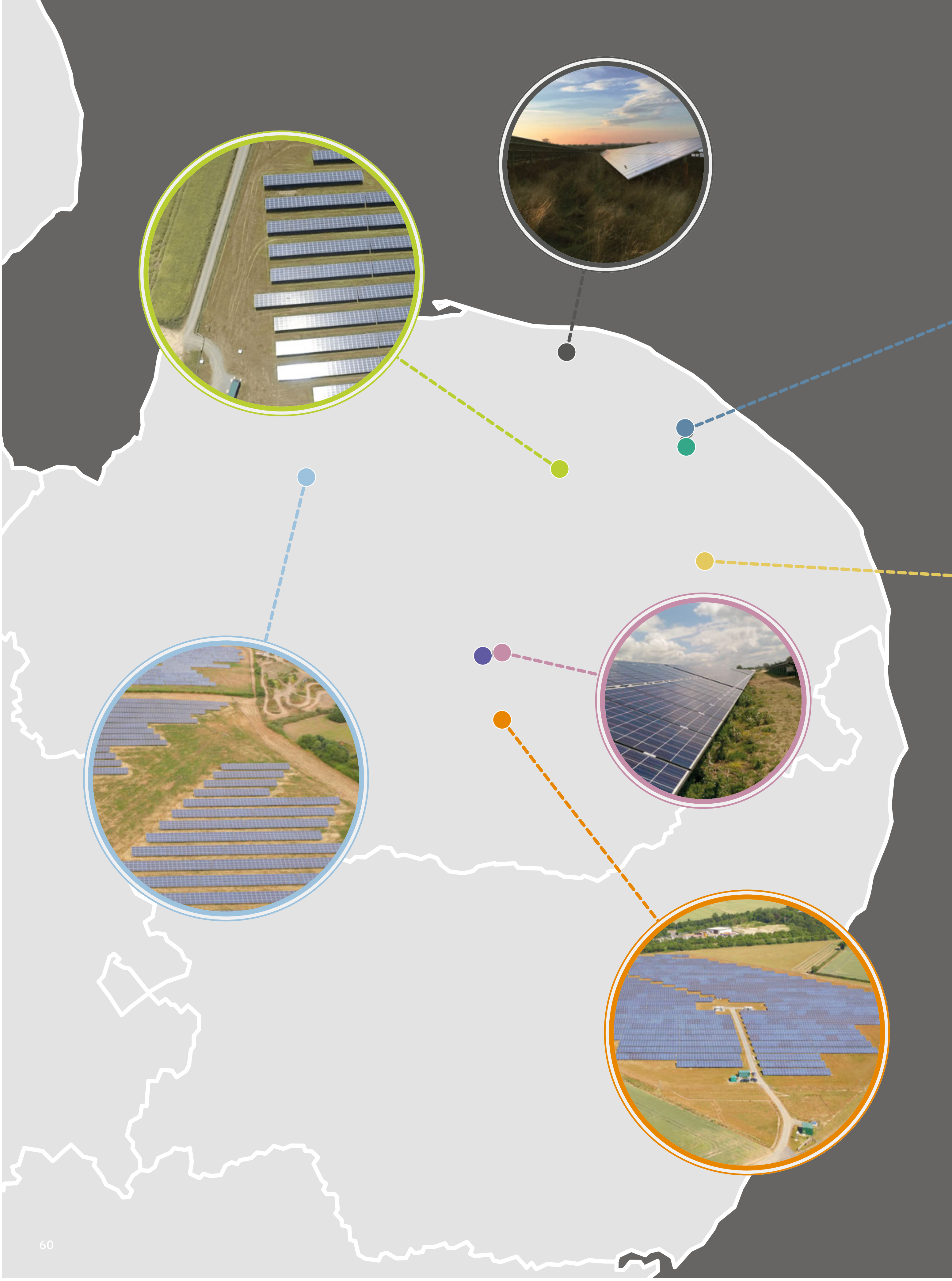
INVESTMENT DATE	December 2016
CAPACITY (MWP)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.2 ROC

Hoback
Royston

INVESTMENT DATE	June 2014
CAPACITY (MWP)	17.5
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.4 ROC

Thornton Lane
Thornton

INVESTMENT DATE	January 2020
CAPACITY (MWP)	3.6
PANEL SUPPLIER	AEG
EPC CONTRACTOR	CTF Solar
SUBSIDY VINTAGE	1.3 ROC



Norfolk

Hall Farm
East Beckham

Investment Date	December 2013
Capacity (MWp)	11.4
Panel Supplier	Hanwha Q Cells
EPC Contractor	Ikaros Solar
Subsidy Vintage	1.6 ROC

Bunns Hill
North Walsham

Investment Date	December 2015
Capacity (MWp)	5.0
Panel Supplier	Neo Solar Europe
EPC Contractor	Solar Century
Subsidy Vintage	1.3 ROC

Frogs Loke
North Walsham

Investment Date	December 2015
Capacity (MWp)	5.0
Panel Supplier	Canadian Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.3 ROC

West Raynham
West Raynham

Investment Date	June 2015
Capacity (MWp)	50.0
Panel Supplier	Trina
EPC Contractor	MAETEL / ACS
Subsidy Vintage	1.4 ROC

Oulton
Oulton

Investment Date	February 2016
Capacity (MWp)	5.0
Panel Supplier	Canadian Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.3 ROC

Salhouse
Norwich

Investment Date	June 2015
Capacity (MWp)	5.0
Panel Supplier	REC
EPC Contractor	Wirsol Energy
Subsidy Vintage	1.3 ROC

Rookery
Attleborough

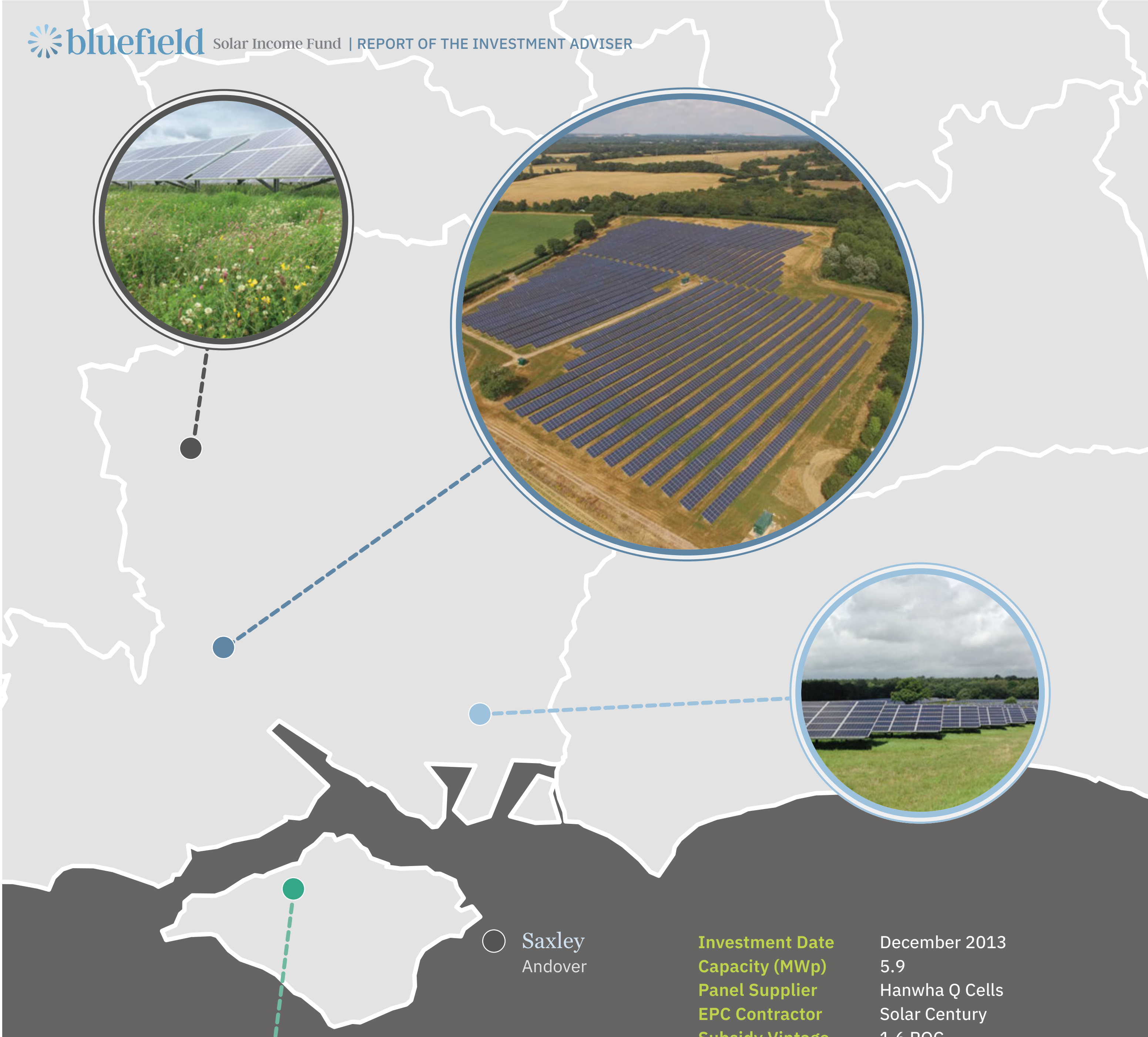
Investment Date	January 2016
Capacity (MWp)	5.0
Panel Supplier	Canadian Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.3 ROC

Hardingham
Wicklewood

Investment Date	September 2013
Capacity (MWp)	14.9
Panel Supplier	Hanwha Q Cells
EPC Contractor	Solar Century
Subsidy Vintage	1.6 ROC

Hardingham X
Wicklewood

Investment Date	November 2014
Capacity (MWp)	5.2
Panel Supplier	Hanwha Q Cells
EPC Contractor	Solar Century
Subsidy Vintage	1.4 ROC



Saxley
Andover

Investment Date	December 2013
Capacity (MWp)	5.9
Panel Supplier	Hanwha Q Cells
EPC Contractor	Solar Century
Subsidy Vintage	1.6 ROC

Romsey
Romsey

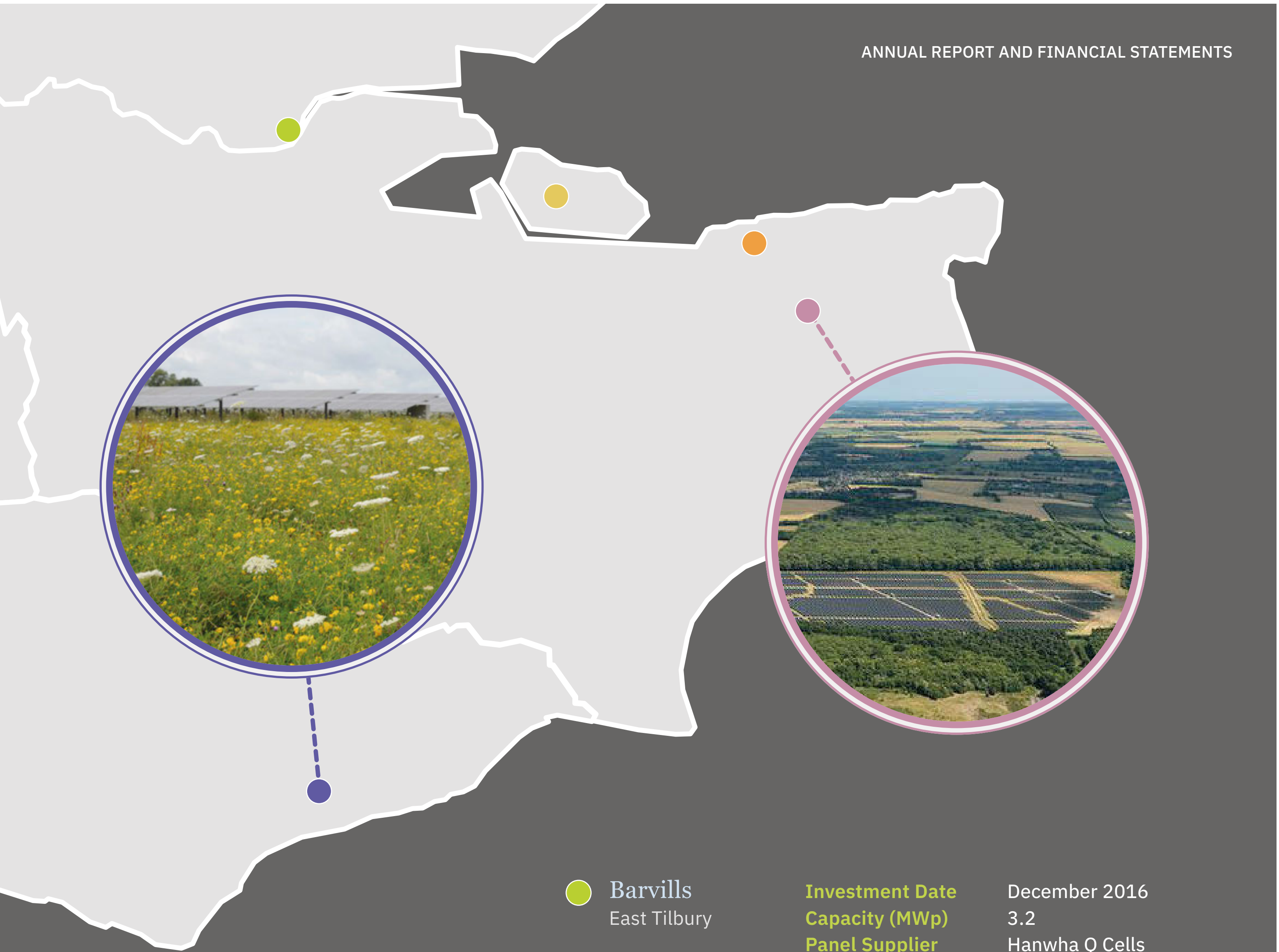
Investment Date	February 2016
Capacity (MWp)	5.0
Panel Supplier	Canadian Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.3 ROC

Southwick
Fareham

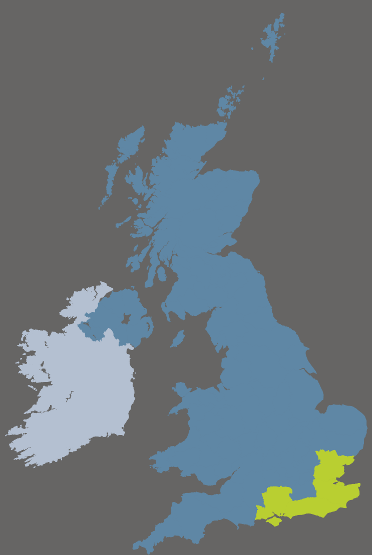
Investment Date	January 2016
Capacity (MWp)	47.9
Panel Supplier	JA Solar
EPC Contractor	Solar Century
Subsidy Vintage	1.4 ROC

Durrants
Newport

Investment Date	September 2014
Capacity (MWp)	5.0
Panel Supplier	REC
EPC Contractor	REC Systems
Subsidy Vintage	FiT



Isle of Wight, Hampshire, Essex, Kent and Sussex



Site	Location	Investment Date	Capacity (MWp)	Panel Supplier	EPC Contractor	Subsidy Vintage
Barvills	East Tilbury	December 2016	3.2	Hanwha Q Cells	Parabel UK	1.2 ROC
Sheppey	Isle of Sheppey	January 2014	10.6	Yingli	Solar Century	1.4 ROC
Molehill	Herne Bay	January 2016	18.0	Hanwha Solar One	Vogt Solar	1.4 ROC
Littlebourne	Cantebury	January 2016	17.0	Hanwha Solar One	Vogt Solar	1.4 ROC
Pashley	Bexhill on Sea	January 2016	11.5	Hanwha Solar One	Voght Solar	1.4 ROC

Other UK Assets and Multiple Sites

Butteriss Downs
20 sites

INVESTMENT DATE	August 2015
CAPACITY (MWP)	0.8
PANEL SUPPLIER	Trina / LDK
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

Promothames
9 Sites

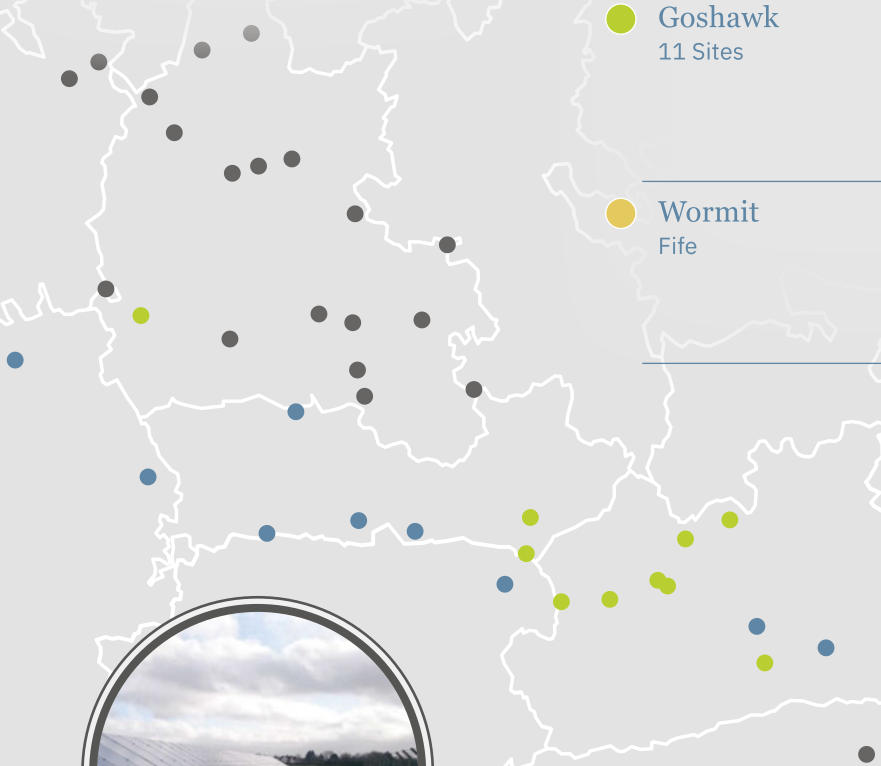
INVESTMENT DATE	August 2015
CAPACITY (MWP)	0.4
PANEL SUPPLIER	Trina
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

Goshawk
11 Sites

INVESTMENT DATE	September 2014
CAPACITY (MWP)	1.1
PANEL SUPPLIER	Trina / Suntech
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

Wormit
Fife

INVESTMENT DATE	January 2020
CAPACITY (MWP)	5.0
PANEL SUPPLIER	AEG
EPC CONTRACTOR	CTF Solar
SUBSIDY VINTAGE	1.3 ROC



Value Enhancement Initiatives

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

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

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

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

Over the last 12 months the programme has continued to progress well, with negotiations concluded and lease variations exercised (through option agreements) on 29 assets with a combined total of 245MWp, representing 50.00% of the portfolio as at 30 June 2020. Of these 29 assets, 23 (combined total of 205.6MWp) have received successful planning determinations following the execution of the extension options.

To date, 100% of the planning submissions have been successful, often with the amended terms receiving unanimous support from the relevant planning authority. At the time of writing, Sheppey (10.6MWp) is currently awaiting approval, with a further 4 assets (20MWp) being prepared for submission in October 2020.

As a reflection of the successful progress made regarding negotiations with landlords and receipt of positive planning determinations the Directors believe it appropriate, within the June 2020 Directors' Valuation, to value 245MWp (106.5MWp in Jun 19) of the portfolio on the basis of a 40 year operational life.

Looking ahead, if the Company were to decide it appropriate to value all assets on the basis of 40 year operational lives (being the remaining 50% of the portfolio) the prospective valuation uplift would be c .£29.9m or c.8.1pps.

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

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

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

The historical rates payments made by 39 SPVs between the 2012/13 and 2018/19 tax years were reviewed, as well as the 2 remaining years in the current cycle (2019/20 and 2020/21). A range of discrepancies was identified which has led to a total of £1.9m in rebates and future savings being secured (net of professional fees). A second phase, reviewing historical rates payments relating only to the 2017 cycle, is now underway for 16 assets.

PPA Strategy

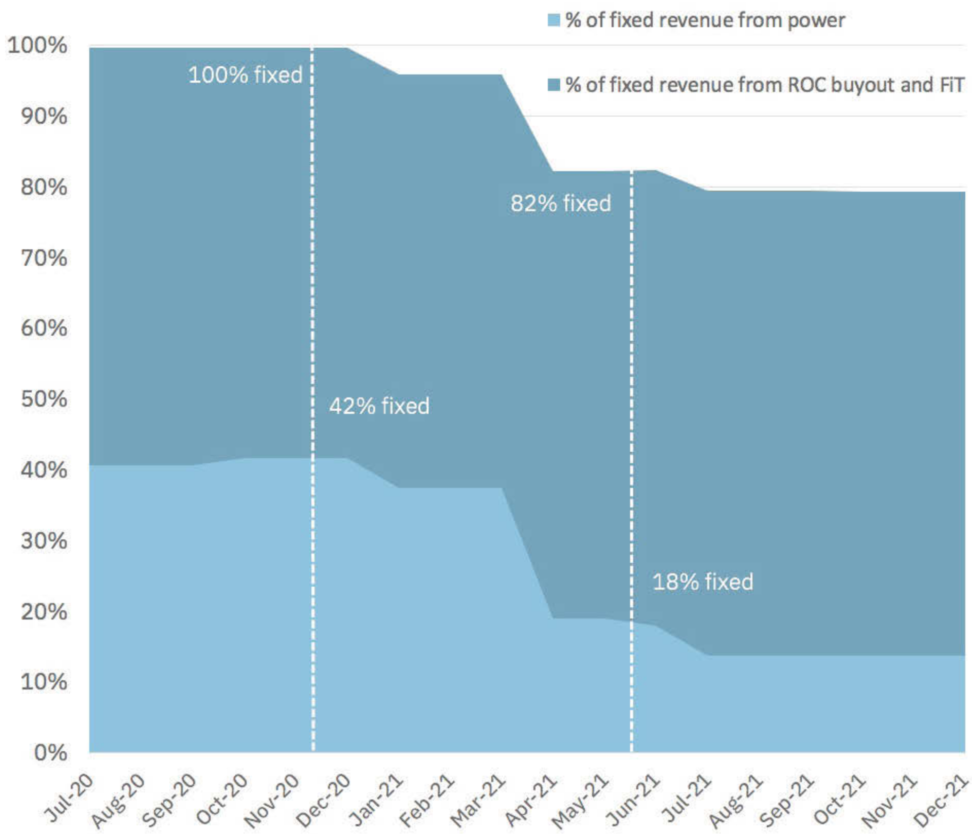
Over the year the Company maintained its strategy of fixing power price contracts for periods between 12 and 36 months with the majority of contracts continuing to be struck for a minimum of 18 months (the average required duration under the LTF agreement with Aviva).

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

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

The graph below shows that as at 30 June 2020 the Company has a price confidence level of 100% to December 2020 and c.82% to June 2021 over the pricing of its power and subsidy revenue streams.

Figure 4. % of BSIF revenues fixed as at 30 June 2020



Note: There is c.95MWp of capacity (some 20% of the portfolio) which benefits from long term offtake agreements, with 10 years remaining. These agreements have built in floor prices, which are automatically applied in the absence of direct short-term power price fixes.

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

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

Revenues and Power Price

The portfolio's revenue streams in the reporting period, excluding ROC recycle estimates, show that the sale of electricity accounted for 41.0% of the Company's income. Regulated revenues from the sale of FiTs and ROCs accounted for 59.0%.

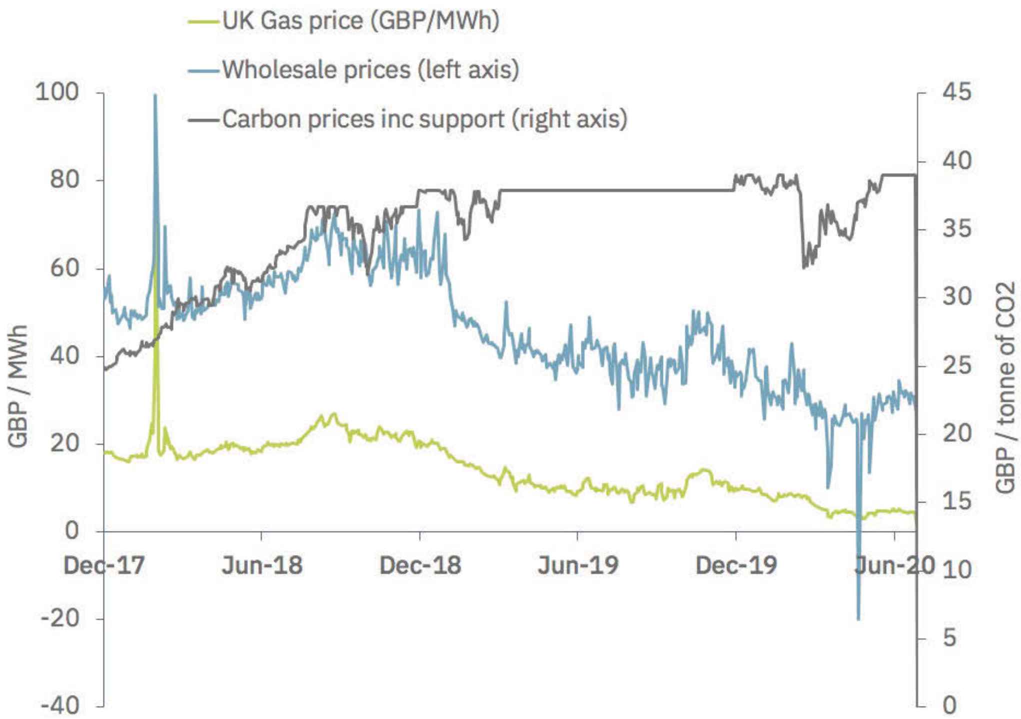
Looking back over the Company's financial year, the wholesale power market movement has been weaker than the period to June 2019.

Prices continued to be impacted by the global oversupply of LNG, and the saturated UK gas storage levels, both of which have been key drivers of the UK power market since March 2019 but conditions were exacerbated by the stringent lock down conditions imposed in March 2020 in response to Covid-19 and the material depression this created regarding overall demand for electricity in the UK.

Whilst European carbon prices did offer some support to the UK power market up to March 2020, they were also dramatically impacted by the onset of Covid-19 as lockdown measures introduced across Europe severely reduced both industrial demand and emissions from the aviation sector. This resulted in the carbon market initially losing c. 35% of its value, before recovering to pre-Covid-19 levels by June 2020.

Consequently, the inevitable impact of the drivers outlined above was a year-on-year decrease of 36.3% between the UK day ahead market base load power price for the 12 months to 30 June 2019 of £55.01 per MWh to £35.06 per MWh for the 12 months to 30 June 2020.

As a further illustration of the points mentioned above, the below charts compare the wholesale electricity prices versus gas and carbon over the last 30 months.



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

The downward movement of the wholesale power market has not been reflected in the Company's average seasonal weighted power price for the period to 30 June 2020, which rose by 7.1% from £50.18 per MWh the 12 months ending 30 June 2019 to £53.76 per MWh to 30 June 2020 as the Company continued to benefit from the contribution of offtake agreements struck for up to 27 months from September 2018 when prices reached six year highs (up to £67 per MWh) as well as avoiding fixing any PPAs during the period April 2020 and July 2020.

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

Targeted Charging Review - Potential Changes to the treatment of BSUoS

Background

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

In November 2019, Ofgem confirmed a number of findings from the TCR that are relevant to the Company. These were:

- From April 2021 the BSUoS benefit will be removed. Historically this has been worth up to £2.50/MWh, but since the Directors' Valuations have never recognised this as a forward benefit (it is included in fixed PPAs) there is no impact to the portfolio valuation or forecast revenue streams and;

- From April 2022, BSUoS was expected to be charged based on gross generation, meaning that embedded generators (e.g. solar and onshore wind) may have to pay a charge. However, following the unforeseen impact of Covid-19, the timing for implementation of this change is now uncertain (some estimates are from April 2025) as is the exact way in which it will be applied. Although two main options have been proposed: 1) directly applying the charge to all generators; or 2) applying the charge to suppliers, in which case the charge would likely lead to a decrease in wholesale power prices.

Potential future impact on the Company's valuations and earnings

Were the reform to conclude that BSUoS be applied as a charge, at c.£2/MWh from April 2022, then the BSIF valuation could be reduced by c.£8m (c.2.1pps) based on the blended forecast power curve adopted for the Company's 30 June 2020 valuation.

However, given the proposal is under consultation and the outcome has not yet been finalised, neither the Investment Adviser nor the Directors believe it appropriate that any speculative assumptions on the outcome of the review should be included in the Company's 30 June 2020 valuation.

3. Analysis of underlying earnings

The total generation and revenue earned in 2019/20 by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	17,005	0.7	4.8
2.0 ROC	9,490	0.6	1.0
1.6 ROC	92,475	5.1	7.8
1.4 ROC	255,869	12.8	18.7
1.3 ROC	53,847	2.8	3.7
1.2 ROC	66,435	3.7	4.2
Total	**495,122**	**25.7**	**40.2**

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 2019, Ofgem announced that the value for ROC recycle for the period April 2018 to March 2019 (CP17) was £6.80/MWh (equivalent to 13.9% of CP17 ROC buyout prices). This was in line with the ROC Recycle estimate the Company had recognised in its 30 June 2019 Financial Statements.

However, a further 'late payment' amount of £1.06/MWh was also announced in December 2019, equating to a further £658k. Accordingly this amount has been included within 'Other Revenue' earnings for the period to 30 June 2020.

The table below demonstrates that the portfolio generated underlying earnings, pre debt amortisation, of £44.6m (12.03pps) and underlying earnings for distribution, post debt repayments of £9.2m (2.50pps), of £35.3m (9.53pps).

As a result, after meeting the FY19/20 dividend target of 7.90pps, the Company has been able to increase its dividend reserves from 0.60pps to 2.23pps

Underlying Portfolio Earnings

	Full year to 30 June20 (£m)	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)	Full year to 30 June 17 (£m)
Portfolio Revenue	65.9	63.6	56.2	47.9
Liquidated damages and Other Revenue*	3.8	0.8	1.7	1.3
Portfolio Income	**69.7**	**64.4**	**57.9**	**49.2**
Portfolio Costs	-14.1	-13.1	-12.9	-11.4
Project Finance Interest Costs	-0.6	-0.6	-0.7	-0.7
Total Portfolio Income Earned	**55.0**	**50.7**	**44.3**	**37.1**
Group Operating Costs#**	-5.8	-5.4	-4.3	-4.2
Group Debt Costs	-4.6	-4.6	-4.2	-4.4
Underlying Earnings	**44.6**	**40.7**	**35.8**	**28.5**
Group Debt Repayments	-9.2	-8.8	-8.3	-3.4
Underlying Earnings available for distribution	**35.3**	**31.9**	**27.5**	**25.1**
Bought forward reserves	2.3	1.1	1.1	0.8
Total funds available for distribution -1	**37.6**	**33.0**	**28.6**	**25.9**
Target distribution* **	**29.3**	**28.4**	**27.5**	**24.6**
Actual Distribution -2	**29.3**	**30.7**	**27.5**	**24.8**
Underlying Earnings carried forward (1-2)	**8.4**	**2.3**	**1.1**	**1.1**
Excess Distribution Paid	**0.0**	**2.3**	**0.0**	**0.2**

* Other Revenue includes ROC mutualisation, ROC recycle late payment CP 17, insurance proceeds, O&M settlement agreements and rebates received.
\# Includes the Company and BSIFIL (included within BSIFIL is a group tax charge of £1.2m vs £284k June 2019).
** 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.

SUNSET AT ELMS

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

	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)	Full year to 30 June 17 (£m)
Target Distribution (RPI dividend)	29.3	28.4	27.5	24.6
Total funds available for distribution (inc reserves)	**37.6**	**33.0**	**28.6**	**25.9**
Average Number of shares in year*	370,499,622	369,883,530	369,866,027	342,735,213
Target Dividend (pps)	7.9	7.68	7.43	7.18
Total funds available for distribution (pps) - 1	**10.13**	**8.91**	**7.73**	**7.55**
Total Dividend Declared & Paid (pps) - 2	7.90	8.31	7.43	7.25
Reserves carried forward (pps) ** - 1-2	2.23	0.60	0.30	0.30

* Average number of shares is calculated based on shares in issue at the time each dividend was declared.
** Reserves carried forward are based on the shares in issue at the corresponding year end.
*** An additional dividend of 0.63pps was paid for the year ended 30 June 2019.

4. NAV and Valuation of the Portfolio

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

Valuations are carried out on a six-monthly basis as at 31 December and 30 June each year with the Company committed to conducting independent reviews as and when the Board believes it benefits the Shareholders to do so (in the period 2013-2019 two independent valuation reviews were commissioned).

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

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2020 was £624.3m (30 June 2019, £622.1m).

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

Valuation Component (£m)	June 2020	June 2019	June 2018
Enterprise Portfolio DCF value (EV)	602.7	605.2	592.5
Deduction of Project Co debt	-10.8	-11.7	-12.5
Projects valued at cost (amount invested)	0.0	0.0	0.0
Project Net Current Assets	32.4	28.6	24.2
Directors' Valuation	**624.3**	**622.1**	**604.2**
Portfolio Size (MWp)	**478.8**	**465.3**	**460.3**

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

(i) Competition for operational assets has remained high, with demand for subsidised renewable assets continuing to outpace the trend of falling long term power forecasts. As such, the range of pricing on subsidised solar assets equivalent to the ROC weighting of the Company's portfolio (average c.1.4ROC) has been between c.£1.20m/MWp and c.£1.40m/MWp. Accordingly, to ensure the Company's portfolio sensibly reflects market pricing as at 30 Jun 2020, the Directors have reduced the discount rate to 6.00% (versus 7.18% in June 2019 and 6.50% in December 2019);

(ii) Progress continued regarding the Company's asset life extension programme (as outlined in the Portfolio section), with 245MWp (107MWp as at 30 June 2019) of the Company's portfolio now valued on the basis of an additional 15 years of operational life. The Board continues to believe the most suitable method to value the additional cash flows from these assets is to apply a combination of prudent assumptions on performance and maintenance reserve as well as an increased discount rate of 7.5% (vs 8.5% in June 2019) over the final 10 years of extended operating life. As at 30 June 2020, the weighted average life of the portfolio was 27.4 years (June 2019; 24.2 years);

(iii) As reported in the Company's 30 June 2019 annual accounts and the December 2019 Interim Statements, the Board took the decision in H1 2019 to subscribe, on an initial 12 month trial basis, to a third power price forecaster. This trial period has been successful and so the Board, subject to consultation with the Investment Adviser, considers it appropriate that this third forecaster's power curve, blended with those of the other two leading forecasters historically used, be adopted in the 30 June 2020 Directors' Valuation.

Discounting Methodology and Discount Rate

The Directors' Valuation is based on the discounting of post-tax, projected cash flows of each investment, based on the Company's current capital structure, with the result then benchmarked against comparable market multiples. The discount rate applied on the post-tax levered project cash flows is the weighted average discount rate.

In addition, the Board continues to adopt the approach under the 'willing buyer/willing seller' methodology, that the valuation of the Company's portfolio be appropriately benchmarked on £/MWp basis against comparable portfolio transactions. As the period to 30 June 2020 has continued to see high levels of competition for large scale portfolios of equivalent or lower ROC banding to the Company's, within a pricing range of £1.20m/MWp - £1.40m/MWp, the Board believes it appropriate to maintain a prudent benchmarking approach to market activity in respect of the valuation of the BSIF portfolio.

As a result, by valuing the portfolio at an EV of £602.7m (June 2019: £605.2m), and an effective price of £1.26m/MWp (June 2019: £1.30m/MWp), using a discount rate of 6.00%, the Board remains conservatively within the pricing range of precedent market transactions.

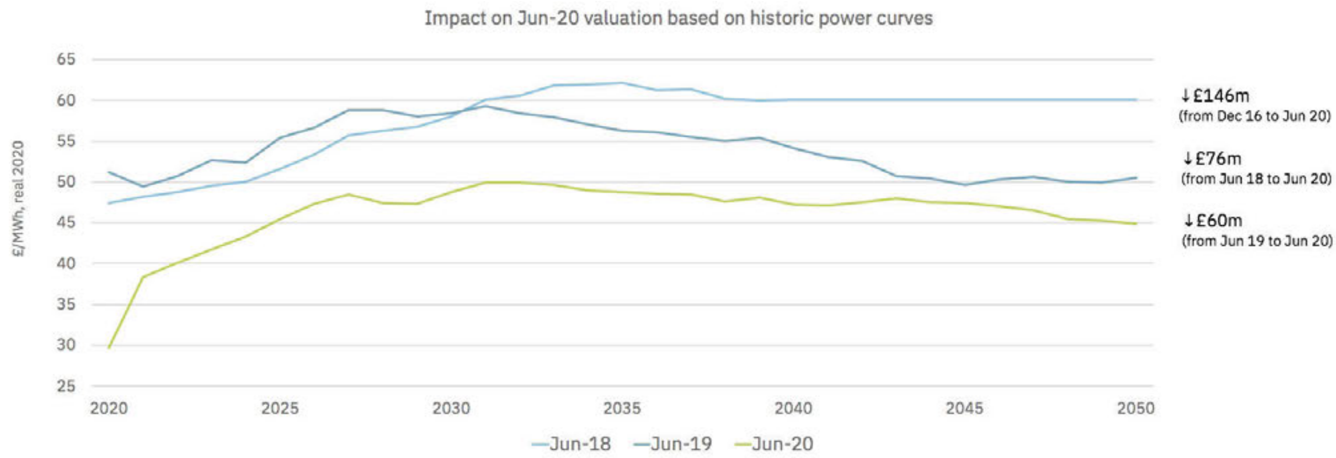
The Company continues to apply the conservative assumption that 70% (£30.1m) of the amounts drawn under the RCF (£44.1m as at 30 June 2020) will be converted into long term fully amortising debt on maturity in September 2021, at an interest rate of 3.50%.

The average EBITDA interest tax shield from third party long term debt (£178.7m) and inter-company debt (£80m) equates to 17.9% over the life of the long term debt, being 27% (15% from external shielding and 12% from internal shielding) in 2020 and falling thereafter with amortisation of the debt, and remains conservative with respect to the 30% level permitted under the fixed ratio test of the corporate interest restriction rules.

Power Price

The blended forecast of three leading consultants used within the latest Directors' Valuation, as shown graphically below, is based on forecasts released in June and July 2020 and implies a compound annual growth rate, in real terms from 2020, over the 30 year forecast of 1.39% per annum from a starting point in the low £30s / MWh to £45/ MWh in 2050.

For illustration purposes, the graph also includes the impact on the June 2020 valuation if historic curves from June 2018 and June 2019 were used in place of the latest blended curve as well as a reference to the December 2016 curve (as this was the last point where forecasters assumed continuous increases in power prices).



The impact of Covid-19 has meant power prices in the short term have fallen significantly (as outlined in the PPA section on page 65), but pricing expectations over both the medium and longer term horizons have also been lowered as a consequence of projected lower gas prices in the long term, higher renewable penetration driving down prices post 2030, and higher levels of interconnection capacity to European markets, where prices are forecast to be lower.

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

Plant Performance

In the twelve month period to 30 June 2020, a further 11 plants (combined capacity 51.5MWp) passed FAC testing. This process triggers the end of performance related EPC warranties and, in the context of the valuation approach, marks the first point at which long term operational performance can potentially be adopted within the future cash flows of the project.

The percentage of the Company's portfolio now being valued with reference to PR from operational or final acceptance (this covers a minimum of 2 years of operational data) is 91% (425MWp) compared to 88% (409MWp) in June 2019. The weighted average PR for these plants, including the effects of degradation, is 82.4% (June 2019: 82.6%).

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

Inflation

Consistent with the change in June 2019, the Directors have continued to apply an inflation assumption between 2020 and 2024 of 3.00% and from 2025 onwards of 2.75%.

Other Cash flow Assumptions

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

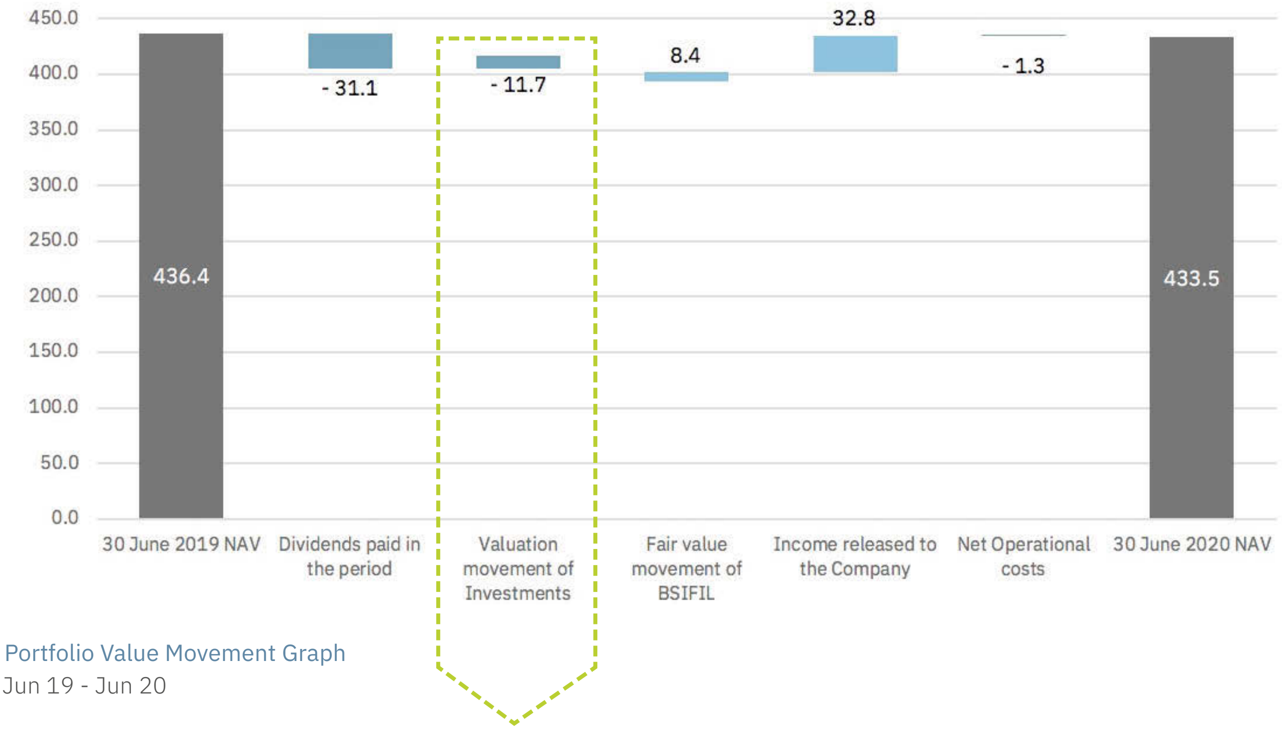
NAV movement

In the period, the Company paid total dividends of £31.1m, being 4.51pps in total for the third and fourth interim dividends in respect of the year ended 30 June 2019 and 3.90pps in total for the first and second interim dividends in respect of the year ended 30 June 2020.

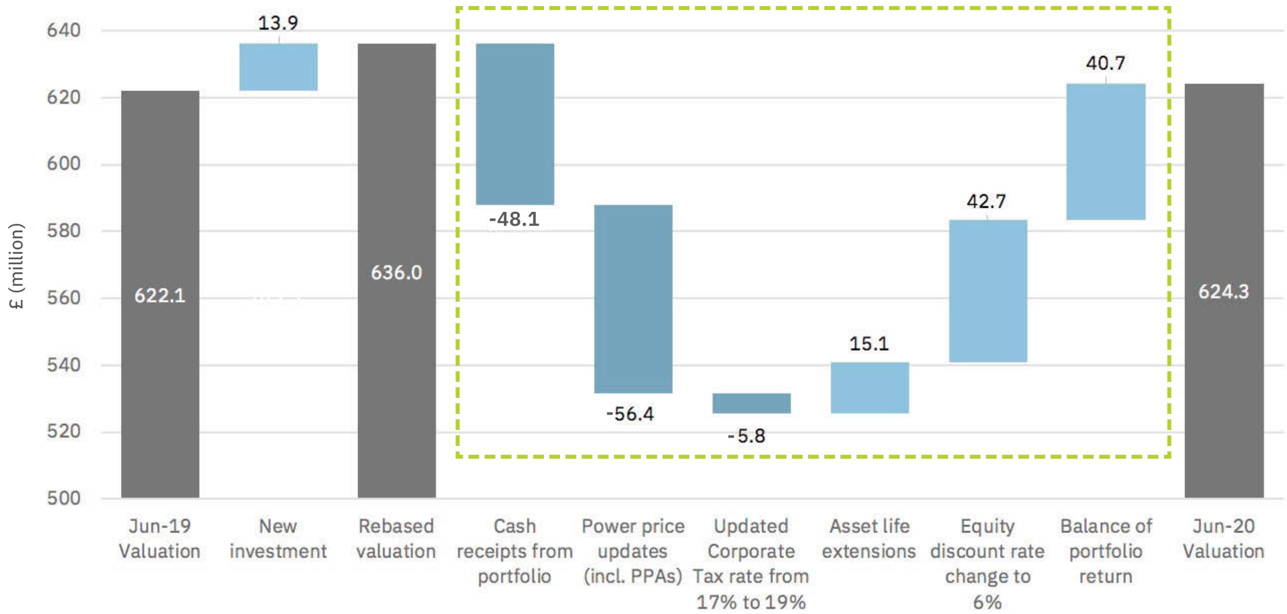
Over the period the Company's NAV has decreased by £2.9m, from £436.4m as at 30 June 2019, to £433.5m as at 30 June 2020. Adjusting the 30 June 2019 NAV of £436.4m for the dividends paid in the period (£31.1m) results in an uplift in the NAV of the Company during the period of £28.9m.

A breakdown in the movement of the NAV of the Company over the period and how this interacts with the movement in the valuation of the portfolio is illustrated in the charts below. Post period end, in August 2020 the Company paid the third interim dividend for the 2019/20 financial year of 1.95pps.

NAV Movement Graph



Portfolio Value Movement Graph
Jun 19 - Jun 20



Directors' Valuation movement

		(£million)	As % of re-based valuation
30 June 2019 Valuation		622.1	
Additions in the period#	13.9		
Re-based Valuation		636.0	
Cash receipts from portfolio	(48.1)		(7.7)%
Power price movement	(56.4)		(9.9)%
Updated Corporate Tax rate to 19.0%	(5.8)		(0.9)%
Asset life extensions	15.1		2.4%
Equity discount rate change to 6.0%	42.7		6.9%
Balance of portfolio return	40.7		6.6%
30 June 2020 Valuation		**624.3**	**(1.9%)**

Addition in the period reflects acquisition of Wormit, Thornton Lane and Gretton plants (13.5MWp in aggregate), acquired in January 2020

Each movement between the re-based valuation and the 30 June 2020 valuation is considered in turn below:

Cash receipts from the Portfolio

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

Power price movement

The Company's three independent forecasters released updated forecasts in April and June 2020 and these have been applied to the Directors' Valuation. The impact of adopting an even blend of three independent forecasters as well as the latest power price fixes, against power price expectations applied in the 30 June 2019 valuation, results in a valuation decrease of £56.4m.

Increase in Corporation Tax to 19%

In March 2020, the UK Government announced that proposed reduction in Corporation Tax from 19% to 17% from April 2020 was being postponed. As such, the Directors' valuation has duly recognised this change and this results in a reduction in value of £5.8m compared to the 30 June 2019 valuation.

Asset life update

As at 30 June 2020, 245MWp of the Company's portfolio has been valued on the basis of 40 year operating life (versus 107 MWp in June 2019). To reflect the increased uncertainty in the latter period of each asset's lifetime, a discount rate of 7.50% (8.50% in June 2019) has been applied to all cash flows after a 30 year asset life. The £15.1m increase in valuation compared to 30 June 2019 reflects the progress of the Company's asset life extension programme over the last twelve months.

Equity Discount rate

To ensure the Directors' Valuation appropriately reflects transactional pricing for lowly levered, UK focused portfolios of subsidised solar assets within the UK, the Directors have reduced the weighted average discount rate from 7.18% in June 2019 to 6.0% in June 2020. This material reduction allows the rate applied in the Directors' Valuation to be prudently comparable to those now being applied by buyers in market transactions. The impact of closer aligning the discount rate to precedent market transactions, is an increase of £42.7m to the Directors' Valuation compared to 30 June 2019.

Balance of Portfolio Return

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

Other assumptions

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

There have been no material changes to assumptions regarding the future performance or cost optimisation of the portfolio when compared to the Directors' Valuation of 30 June 2019.

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

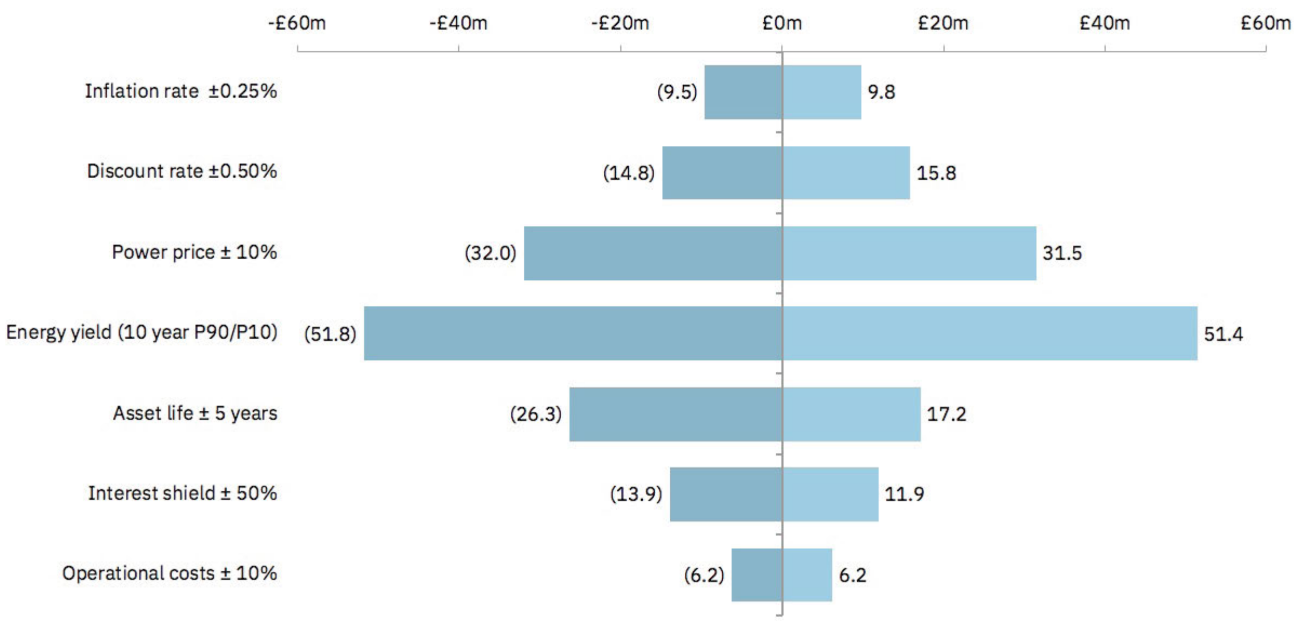
The assumptions set out in this section will remain subject to continuous review by the Investment Adviser and the Board.

Reconciliation of Directors' Valuation to Balance sheet

	BALANCE AT YEAR END		
Category	30 June 2020(£m)	30 June 2019 (£m)	30 June 2018 (£m)
Directors' Valuation	624.3	622.1	604.2
BSIFIL Working Capital	20.9	19.5	18.8
BSIFIL Debt	(212.8)	(205.9)	(204.9)
Financial Assets at Fair Value per Balance sheet	**432.4**	**435.7**	**418.1**

Directors' Valuation sensitivities

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



5. Financing

Aviva Investors Long Term Facility

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

Loan	Original Amount (Sept 16)	Current Amount (Jun 20)	Tenor	Cost	Average Loan Life at drawdown
Fixed	**£121.5m**	**£104.6**	**Fully amortising over 18 years to 2034, sculpted to cash flows**	**All in cost of 287.5bps**	**10.6**
Index-Linked	**£65.5m**	**£62.6m**	**Fully amortising over 18 years to 2034, sculpted to cash flows**	**RPI plus 70bps**	**11.3**

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

During the period principal repayments of £8.0m, combined with indexation increases of £1.0m, resulted in a total outstanding balance to Aviva Investors as at 30 June 2020 of £167.2m (Fixed £104.6m, Index linked £62.6m).

The LTF is held by the Company's wholly-owned subsidiary, BSIFIL, and is the result of a deliberate structuring approach to maximise both transparency and portfolio management flexibility, whilst also delivering one of the lowest costs of capital in our sector (as at 3o June 2020, the blended all in debt cost of the facilities was 2.6%).

Thanks to the prudent leverage (33.8% of GAV* as at 30 June 2020), on the Company's base case projections the average DSCR remains close to 3 times, with the lowest point of coverage over the entire tenor projected to be in excess of 2.5 times.

RBSI Revolving Credit Facility

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

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

As at 30 June 2020 the Company's subsidiary had drawn £44.1m, out of £50m, from its RCF.

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

Project level debt

In addition to the LTF and the three year RCF, there is a small project finance loan of £10.8m secured against Durrants, a 5 MWp FiT plant located on the Isle of Wight.

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

* GAV is the aggregation to the portfolio's DCF value, Durrants' outstanding debt and the working capital balances from the portfolio and BSIFIL. As at 30 June 2020 the Company's GAV is £656.1m.

6. Market Developments

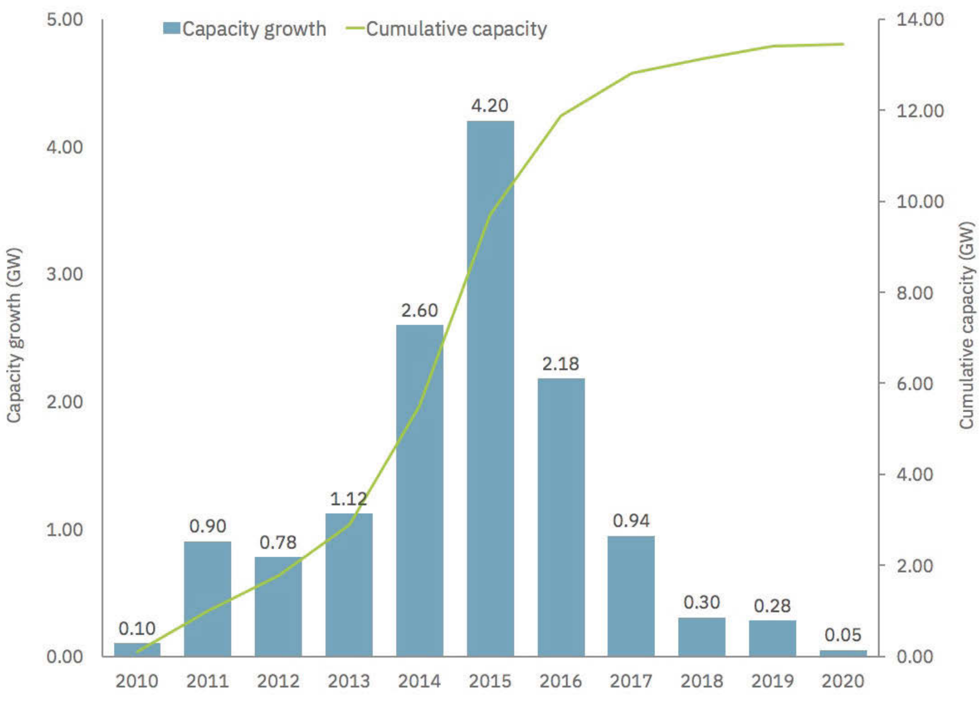
The first six months of the year have been characterised by the nationwide lockdown due to the Covid-19 pandemic and a change to life as we know it. Linked to fears concerning the pandemic, equity markets tumbled in March, after which a partial recovery was seen running into June.

After this period of volatility in the financial markets, UK equities recovered over half of 2019's losses in the first half of 2020. Between 1 July 2019 and 30 June 2020, the Company generated a total return to Shareholders of 4.7% compared to negative 15.36% for the FTSE 100 index. This compares to the previous twelve month period, when the Company yielded 19.12% compared to 2.71% for the FTSE 100 index.

In terms of the UK solar PV market, evidence suggests that there has been only a relatively small increase in the amount of capacity installed but that the momentum in project development activity has continued.

According to statistics published by the Department of Business, Energy & Industrial Strategy (BEIS), the cumulative capacity of solar PV installed in the UK was 13.45 GW as at the end of June 2020 (the latest available statistics). This represents a 1.4% uplift compared to June 2019 (figures are provisional). In terms of the size of new projects, most of the new capacity installed (55%) was in the 0 – 50 kW range but there was also 82 MW of capacity installed in the 5 – 50 MW range (40% of new capacity).

Operational capacity accredited under the RO scheme remains broadly unchanged at c.7.3 GW, representing 54% of the total solar capacity in the UK but only 2.2% of the number of installations. This indicates a high concentration of generation in utility scale sites. Capacity accredited under the FiT was 5.1 GW, which equates to about 38% of total solar capacity and 83% of all installations. Unaccredited capacity is reported to be 1.1 GW (8% of total installed capacity) and accounts for 15% of all installations.



* Source: BEIS

The activity in the UK secondary solar PV market has picked up since the start of 2020, with signs that activity may be returning to the levels seen in 2018 and earlier. According to the most recent figures from Bloomberg New Energy Finance (BNEF), 350MWp changed hands between January and June 2020, which is the same level of capacity that was subject to M&A activity in the whole of 2019. For reference, around 800MWp of solar PV capacity changed hands in 2018.

Activity in the subsidy-free market has also continued to gather pace, despite interruptions during the period related to Covid-19. Significant development activity is now being carried out within the UK and estimates from Solar Power Media indicate that that there is now a c. 10 GW pipeline of large-scale solar projects in the development phase (as at the end of July 2020), which is more than triple the capacity compared to the beginning of 2019 (3.3 GW).

However, whilst development activity remains high the level of construction remains limited to a small number of community funded projects and a few larger projects. The Solar Power Portal database suggests 187 MW is currently under construction (9 projects), with a further 2.5 GW awaiting construction.

With a portfolio of 543MWp, following the acquisition of 64.2MWp in August 2020, the Company continues to maintain a strong position within the UK solar market, as it operates about 6% of the country's utility-scale solar PV capacity. As an established and experienced market participant, this will be a strong foundation as the Company continues to assess unsubsidised opportunities.

7. Regulatory Environment

Net zero target

In June 2019, Parliament passed legislation requiring the government to reduce the UK's emissions of greenhouse gases so that it is a 'net zero' emitter by 2050. Since the target was introduced, the Government has announced a HM Treasury Net Zero Review. The review is expected to be published in autumn 2020 and will set out principles to guide decision-making in the transition to net zero. In particular, it will focus on how the UK can maximise economic growth opportunities from its transition to a green economy, while also ensuring that emissions are not exported elsewhere.

UK Carbon Budgets

Carbon budgets were introduced under the 2008 Climate Change Act. They are legally binding greenhouse-gas reduction targets that are set for five-year periods, with the ultimate goal of reducing emissions from in-line with the UK's emissions targets. The budgets are developed considering the advice of the Committee on Climate Change (the CCC) and are set by Parliament 12 years in advance to provide sufficient long-term guidance to investors.

So far, five carbon budgets have been set. The fifth budget (which was set in 2016 for the period 2028-2032) limits UK greenhouse gas emissions to 1,725Mt carbon dioxide equivalent (CO_2e), excluding international shipping and aviation. The CCC recommended that the target should be met without the use of international carbon credits (apart from the EU ETS). Most relevant to the Company, the CCC recommended that the government should implement policies to reduce the power sector's carbon intensity to below 100gCO2/kWh in 2030 compared with 450g CO_2/kWh in 2014. This represents a target reduction of 78% with respect to 2014 levels and would be a positive step for renewables deployment.

The CCC has reported that the targets for the first and second carbon budgets were achieved and that the UK is on course to meet the third target; however, it is not on track to meet the fourth or fifth budgets. The CCC is due to issue its recommendations for the sixth Carbon Budget in December 2020. This will be the first budget to reflect the Government's net zero by 2050 target.

Update on the Contracts for Difference (CfD) scheme

On 2 March 2020, the Department for Business, Energy and Industrial Strategy ("BEIS") launched a consultation to seek views on proposed changes to the CfD scheme for the next auction, Allocation Round 4 (AR4). AR4 is due to take place in 2021 and will bring back the inclusion of "established" technologies such as onshore wind and solar PV, which have not been included since the first allocation round in 2015. Although certain design principles for AR4 are known based on previous auctions (for example, a CfD with a 15-year strike price inflated in line with CPI inflation), there are still a number of unknown parameters, such as the budget, allocation for onshore wind and solar and rules related to negative power price periods. The consultation closed on 29 May 2020 and BEIS is currently analysing the feedback.

8. Environmental, Social and Governance

ESG Report from Bluefield Solar's Investment Adviser & Key Service Providers

Evolution of ESG within the Investment Adviser

Bluefield Partners LLP, appointed Investment Adviser to the Company in July 2013, was established in 2009 as a solar investor before renewable energy was mainstream and a commitment to ESG considerations was an elective choice.

Since the establishment of the Investment Adviser we have built one of the largest solar energy portfolios in the UK. In 2013, when establishing the Company, we elected to have a high level of oversight and governance via a fully independent board. The Board ultimately approves any investment and we have sought to deliver sector leading transparency in our reporting. But there is much more to do, and we look forward to highlighting where we are today and to a path of constant evaluation and improvement.

Purpose of this Report

This report is the first full ESG report generated by the Investment Adviser and Bluefield Group's subsidiaries. It will act as a benchmark, highlighting current ESG activities and providing a platform on which an informed ESG strategy can be delivered. The report will be produced annually, creating transparency for Shareholders and highlighting the Bluefield Group's ongoing commitment to ESG activities.

The Bluefield Group is made up of three separate, complementary businesses: Bluefield Partners LLP, Bluefield Services Ltd and Bluefield Operations Ltd. This business model provides a unique opportunity to integrate and report on ESG factors across all portfolio related tasks.

Environmental Considerations

Introduction

The threat posed by climate change has resulted in regional and global initiatives to slow the acceleration of global warming. Environmental change (and its unpredictability) will create both risks and opportunities, with the potential to significantly impact the profitability of investments. To generate sustainable, long-term returns, these risks must be acknowledged and incorporated into investment strategies.

Renewable Energy Generation

The Bluefield Group is committed to having a positive environmental impact, most notably through the production of clean, renewable energy. The Investment Adviser was founded to attract capital into renewable energy assets and, through the funds it acts as Investment Adviser to, produces thousands of megawatts of clean energy each year. As a result, thousands of tonnes of CO_2 are saved from being released into the atmosphere annually, supporting climate initiatives and the UK's commitment to end its contribution to global warming by 2050.

Carbon Balancing

The Bluefield Group is focused on minimising its negative environmental impact, but some impact from its activities is unavoidable. Given this reality, the group seeks to mitigate its impact, and where this is not possible, chooses to offset. Through partnership with C-Level, offsetting has been completed in 2018 and 2019 and the Bluefield Group is certified Carbon Balanced through investment in two C-Level projects.

Bluefield continually seeks solutions to further reduce its impact. This includes the potential use of electronic vehicles in the future, as suitable options become available.

Case Study: Hadza Hunter Gatherers

Based in the Yaeda Valley, Tanzania, this project empowers this community to conserve their land and safeguard it against deforestation. This scheme was the winner of the 2019 UN Equator Award for nature based sustainable development.

Case Study: Communitree in Nicaragua

This scheme goes further than conventional tree planting initiatives, providing long-term support for local communities. To date, this project has invested US$4 million in communities and has captured over 700,000 tonnes of CO_2

Land Management

Bluefield Operations Ltd is responsible for ensuring each asset under management is fully compliant with its Land Environmental Management Plan (LEMP). This ensures the asset has no net negative impact on the surrounding environment, and in some cases can enhance the diversity of the fauna and flora present. Under correct management, a solar farm can return intensively farmed land back into natural meadows, increasing diversity and returning nitrates to soils.

Working with environmental specialist TWIG, the focus in 2019 was given to evaluating the success of land measures previously implemented. Where initial landscape or planting schemes did not succeed as hoped, due to factors such as poor weather, measures were either repeated or revisions to the LEMP were proposed.

Molehill case study

Following previous unsuccessful attempts to control a broadleaf weed species at Molehill solar park, a new strategy was developed in 2019 in collaboration with the landowner. Spot treating heavily infested areas, alongside wildflower seeding, effectively reduced the broadleaf succession whilst also enhancing biodiversity.

Biodiversity

Bluefield is committed to supporting biodiversity and intends to take a considered and informed approach to increasing biodiversity across the portfolio. Benchmarking constitutes the first step in this process and as reported in the 2018/19 Annual Report, the Bluefield Group has already undertaken a desktop biodiversity benchmarking study. Distinctive biodiversity enhancement measures were identified across the portfolio, including wildflower seeding, bird/bat box installations and the placement of beehives.

Enhancement Measure	% BSIF portfolio (large scale sites only) with measure
Wildflower Seeding	86%
Bird box	60%
Bat box	62%
Beehives	4%
Grazing	32%

The focus for the upcoming financial year is to benchmark biodiversity through ecological surveys. The quantitative data obtained will be used to measure the effectiveness of additional biodiversity enhancement measures implemented in the future. A small sample of sites will be surveyed initially, potentially in collaboration with a University.

Sheep grazing

Many sites within the portfolio allow sheep grazing, demonstrating that solar farms can support farming. Grazing also provides a cost-effective way of managing grassland in solar farms while increasing its conservation value.

Beehives

Bluefield has been trialling placement of beehives on various sites, supporting local bee farmers as well as surrounding ecosystems. There are plans for the widespread deployment of hives across the portfolio.

Social Considerations

Introduction

The Bluefield Group strives to achieve the highest levels of social responsibility and aims to maximise its positive impact on local communities and provide a dynamic environment for its workforce.

Covid-19 Response

The Bluefield Group adjusted efficiently to the circumstances imposed by the Covid-19 pandemic, continuing to run as normal with only slight adjustments to service. In accordance with Government instructions on 23 March, all employees who were able to work from home were asked to do so with immediate effect. Key workers were identified and remained working as normal, with additional measures implemented to mitigate Health & Safety risk.

Mental health remained a priority, with managers frequently meeting with employees about their mental and physical well-being. No organisational redundancies took place and the majority of staff have been able to work effectively from home locations.

Employees were encouraged to help with local initiatives to support the pandemic relief efforts and were granted paid time off to do so if they indicated interest.

The Bluefield Group acknowledges that working practices will differ in the post-pandemic era. Work is underway to define the 'new normal' and how employees can be best supported to achieve a good work/life balance.

Bluefield Culture

Bluefield is an equal opportunities employer and believes all employees should be treated fairly and equitably. There is zero tolerance for bullying or harassment and mental health is treated as a priority. A staff Engagement Survey will be introduced at the end of 2020 to provide insight into job satisfaction and inform strategies to further enhance employee experience.

A strong Health and Safety (H&S) culture has been generated within the group, with further detail listed in the 'Health and Safety' section of this report.

Staff Development

The Bluefield Group promotes a learning culture and growth mindset. An annual training budget is maintained per employee and internal talent is regularly identified and developed, with numerous progression pathways within the business. During the last 12 months there were 8 internal promotions across the group – over 10% of the total employees as at 30th June 2020.

Case Study – Nunzia

"I joined Bluefield Partners LLP as a document manager after completing my law degree. Though I joined as a paralegal, Bluefield offered me the opportunity to study for my Legal Practice Course. During my two-year training contract, I was given flexibility to complete my studies and with Bluefield's support I am now a fully qualified lawyer.

Education

Work Experience & Internships

The Bluefield Group provides internships, apprenticeships and work experience for students across the UK, increasing awareness of career opportunities within the renewable energy sector and further promoting Bluefield's objective of sustainability. Last year, the Bluefield Group provided 8 work experience placements (including an apprenticeship). Two of these placements resulted in permanent job offers within the Monitoring and Administration teams.

George Oxley case study

"I completed an internship with Bluefield during summer 2019 and gained knowledge and experience of the renewable sector. Upon completing my degree, I was keen to apply to Bluefield for a full-time position and was offered the role of a Monitoring and Performance Engineer. I have no doubt that my internship helped with my application and I look forward to my future with Bluefield."

Engagement with Universities

The Bluefield Group has attended multiple University events, promoting the group as an employer of choice. Included was the University of Bristol's first Sustainability Careers Event. CEO of Bluefield Services Ltd, Howard Johns, ran voluntary seminars for students at Bristol and Exeter Universities, discussing the climate emergency and the role of renewable energy in its resolution. The seminars proved popular and several students subsequently applied for future placements within the Bluefield Group.

Governance

The Bluefield Group's reputation and integrity could not have been achieved without strict governance and controls. Each Bluefield business is independent of the other and its governance is carefully crafted, with each company led by a different management team. This ensures the fiduciary duty to act in the best interest of each company, is paramount. At the same time, common goals and aspirations are developed to focus group direction.

Commitment to ESG

ESG principles have been intrinsic to the development of the Bluefield Group. The group is committed to upholding ESG considerations and creating a transparency with regard to its accountability by reporting annually to its Shareholders. Responsibility for ESG was placed with the Portfolio Director and has been fully supported at the highest level by the Directors of the companies.

Third party due diligence

A comprehensive vetting process has been developed to ensure subcontractors are suitably qualified, carry appropriate levels of insurance and have planned works in a safe manner. This is primarily achieved through use of a sub-contractor questionnaire and analysis of contractor certification. Training in these matters is undertaken by appropriate staff. Searches and checks are tools that are applied during initial tenders and negotiations, as well as during formal audits. The Group focuses on ensuring that none of its counterparties have ever been sanctioned by worldwide authorities.

Anti-Bribery, Money Laundering and Slavery

Internal policy requires that the companies, and all those who work for them and with them, uphold principles embodied in the anti-bribery, anti-money laundering and anti-slavery/trafficking legislation. These requirements are reflected in contractual obligations and may be followed up with annual audit requirements of contractors. Policies are subject to periodical reviews and renewed as appropriate, with staff trained on a yearly basis.

Compliance

Regulation and compliance direct Bluefield's decision making and underpin all work undertaken. Widespread awareness of legal obligations throughout the senior teams ensures a vigilant company approach. The Investment Adviser uses third party compliance advisers to ensure its regulatory obligations are met through annual audit on business activities. Annual training on regulation and internal policies is given to relevant staff.

Asset Management ensure compliance with the specific conditions associated with each asset, throughout the asset's lifetime. Internal processes and procedures are used alongside the Asset Management platform to ensure all regulations are adhered to, with regular site visits confirming that environmental conditions are being met.

GDPR

Staff compliance with GDPR regulation is a priority. Risk impact assessments have been conducted across every department to ensure that GDPR principles are embedded throughout the group. Comprehensive policies have been implemented and reviewed regularly, and all employees undertake mandatory GDPR training. The result is a workforce highly aware of confidentiality matters, with full understanding around data treatment and retention.

Cyber Security

Cyber security has been a focus for the Bluefield Group. In addition to formal training in this area, there has been careful penetration testing on systems and benchmark studies on one of the largest solar farms, to identify risks. Active plans are underway to strengthen security across the portfolio and office networks.

Transparency & Reporting

Over the last year significant investment has been made into systems, improving transparency and making reporting automated and consistent across the group. Creation of a data warehouse and implementation of a specialist Asset Management system will allow for more powerful and frequent reporting on the status of the assets, and a more standardised approach to portfolio management.

PRI

In 2019 the Investment Adviser became signatory to the Principles of Responsible Investment (PRI). The PRI principles are part of the Investment Adviser's due diligence when making acquisitions. Compliance with these principles is reported to the Company board before any acquisition is completed.

Health and Safety

The Bluefield Group has a rigorous approach to Health & Safety management, with Health & Safety awareness embedded at every level of the organisation. The on-site activities of Bluefield Operations Ltd pose the highest risk and are therefore a key area of focus.

Comprehensive Health & Safety policies and processes, created alongside specialist consultants, are frequently reviewed to ensure compliance with the latest Health & Safety guidance. Every task, whether corrective maintenance or just a site visit, is proceeded by Health & Safety analysis. This identifies the set of risk assessments and method statements required.

Technology is integral to the Health & Safety management approach. Documenting Health & Safety information electronically allows for powerful Health & Safety reporting and ensures a consistent method of Health & Safety management across a remote, field-based team. Office staff can be notified in minutes of the latest Health & Safety risk assessments, reports and incidents on site.

During the last contractual year, Bluefield Operations Ltd spent over 2,350 contracted hours on corrective maintenance. There were no major Health & Safety issues to declare.

Corporate Responsibility

Partnership

The Bluefield Group believes that collaboration between organisations is essential to maximising the positive impact society can have on climate change. The group supports a number of schemes focused on the preservation and restoration of the environment, including several tree planting initiatives. The Bluefield Group will continue to contribute to a variety of schemes during the upcoming financial year.

Wild Aligned Programme

Developed by C Level, Wild Aligned allows organisations to go further with their commitment to reforestation and rewilding. It provides opportunities for organisations to have direct involvement with native tree planting initiatives. Reforestation partners include: The Children's Forest, Forests without Frontiers and Rewilding from Within.

Charities

The Bluefield Group organises an annual charity event. For the 2019 fundraiser, employees cycled from Bristol to the London office. Beneficiaries of the event included: MIND, Julian House and the Bumblebee Conservation Trust. If staff undertake additional fundraisers, historically Bluefield matches the donations raised.

Objectives for the upcoming year include aligning each business with an appropriate charity and the introduction of corporate responsibility days across the group.

Contribution to Sustainable Development Goals

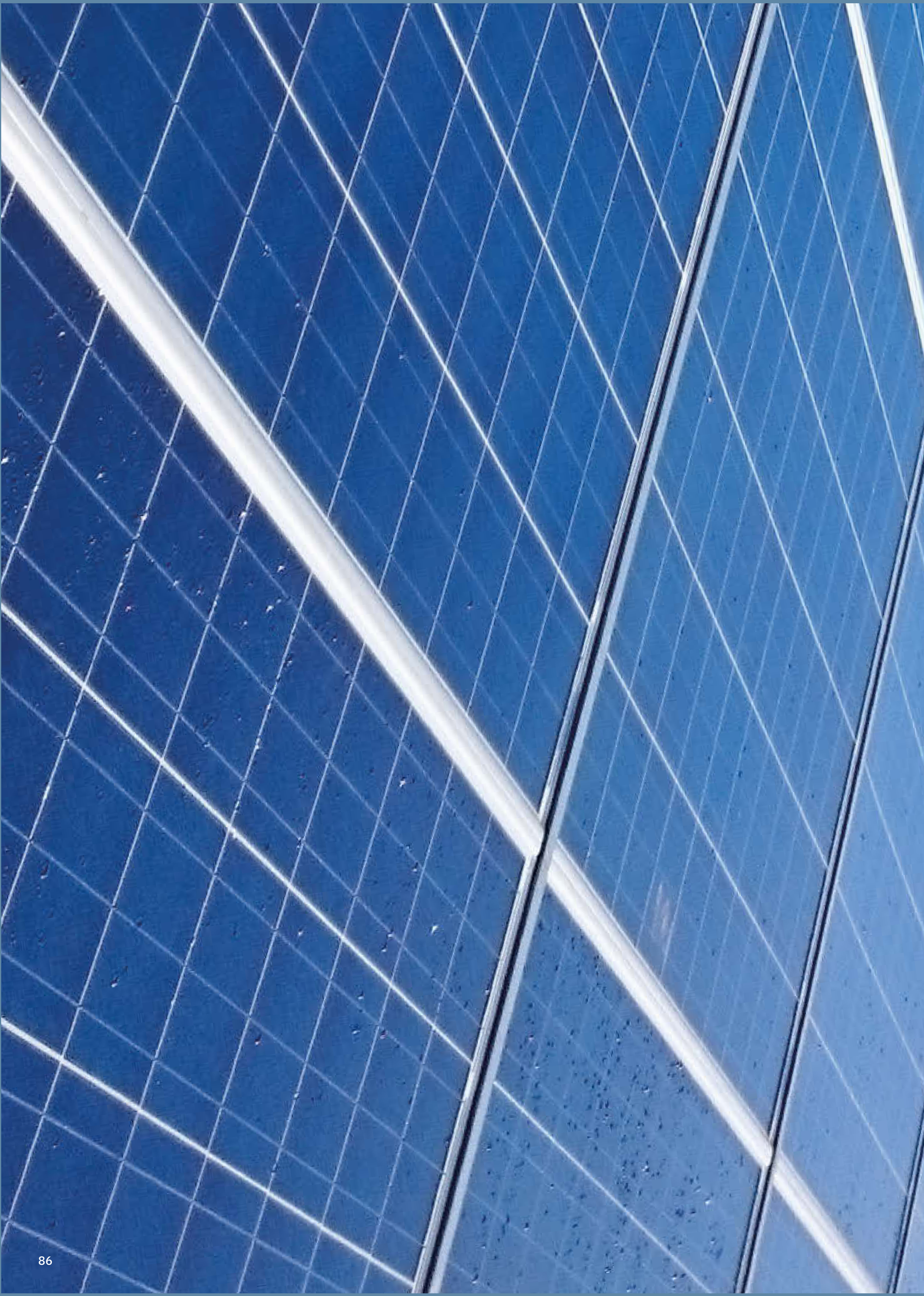
The Bluefield Group understands the importance of the SDGs and their role in the positive development of human society. Moving forward, the Bluefield Group hopes to incorporate Sustainable Development Goals (SDGs) into its ESG strategy.

Looking Forward

The Bluefield Group is committed to increasing its ESG activities. This report, the first of its kind for Bluefield, has been created to act as a benchmark from which an ESG strategy can be devised and integrated across the group.

Over the next year the Bluefield Group will continue to develop its strategy, as well as continuing with current ESG activities. An ESG report will be produced annually, providing transparency to Shareholders and highlighting Bluefield's ongoing dedication to maximising the positive impact it has on the societies and environments it is part of.

Bluefield Partners LLP
21 September 2020



Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2020.

General Information

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

Principal Activities

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

The Company's objective was to target a dividend of 7pps in respect of its second financial year ended 30 June 2015, with the intention of the dividend rising annually in line with UK RPI thereafter. The dividend target for its seventh financial year ended 30 June 2020 was 7.90pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 9 to 13, Strategic Report on pages 19 to 41 and in the Report of the Investment Adviser on pages 43 to 85.

Listing Requirements

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

Results and Dividends

The results for the year are set out in the financial statements on pages 105 to 129.

The dividends for the year are set out in the financial statements in Note 14 on page 124.

Share Capital

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

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

Shareholdings of the Directors

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2020 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2020	% holding at 30 June 2020	Ordinary Shares of £1 each held 30 June 2019	% holding at 30 June 2019
John Rennocks*	316,011	0.09	316,011	0.09
John Scott	512,436	0.14	452,436	0.12
Laurence McNairn	441,764	0.12	441,764	0.12
Meriel Lenfestey	-	-	-	-
Paul Le Page	70,000	0.02	70,000	0.02

*including shares held by PCAs

Directors' Authority to Buy Back Shares

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

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

On incorporation, the Company passed a written resolution granting the Board general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission. A resolution to renew such authority was passed by Shareholders at the AGM held on 26 November 2019. Therefore, authority was granted to the Board to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following the AGM held on 26 November 2019 at a price not exceeding the higher of (i) 5% above the average mid-market values of Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. The Board intends to seek renewal of this authority from the Shareholders at the next AGM scheduled to be held on 26 November 2020.

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

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

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

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 24 July 2020.

Substantial Shareholdings

As at 21 September 2020, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights over 3% as Shareholders of the Company.

Shareholder	Shareholding	% Holding
Newton Investment Management	44,858,860	12.11
BlackRock	32,194,783	8.69
Legal & General Investment Management	24,617,401	6.64
CCLA Investment Management	23,964,426	6.47
Gravis Capital Management	23,932,457	6.46
L&P Group	19,930,005	5.38
Hargreaves Lansdown, stockbrokers (EO)	18,728,896	5.06
Aberdeen Standard Capital	17,123,059	4.62
JM Finn, stockbrokers	14,841,562	4.01

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. There have been no changes that have been notified to the Company with respect to the substantial shareholdings since 30 June 2020.

Independent Auditor

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

The Audit Committee will periodically review the appointment of KPMG and the Board recommends their appointment. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 97 to 100.

Articles of Incorporation

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

Going Concern

At 30 June 2020, the Company had invested in 90 solar plants, committing £566.3 million to SPV investments. The Company through its direct subsidiary, BSIFIL, has access to a RCF which, together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and RCF.

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

The current worldwide Coronavirus outbreak (Covid-19), declared by the World Health Organization as a global health emergency in March 2020, has caused disruption to businesses and economic activity. The Board and Investment Adviser have been closely monitoring this and indeed all other material macro sources of uncertainty related to Covid-19 and its potential impact on the Company and its operations.

The Investment Adviser activated its business continuity plan and its regular working pattern has changed to remote working, though all staff are continuing to assume their day-to-day responsibilities remotely. There has been regular communication with its employees, as well as with its investors. In addition, the Investment Adviser is continuing to explore potential investment opportunities in this new environment, so that the Company can best position the portfolio for the future.

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

Internal controls review

Taking into account the information on principal risks and uncertainties provided on pages 27 to 34 of the strategic report and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors

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

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

Fair, Balanced and Understandable

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

Financial Risks Management Policies and Procedures

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

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Strategic Report on pages 27 to 34.

Annual General Meeting

The AGM of the Company will be held on 26 November 2020 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to Shareholders together with this Annual Report.

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

By order of the Board

Paul Le Page
Director
21 September 2020

Laurence McNairn
Director
21 September 2020

Board of Directors

John Rennocks

(Chairman)

John Rennocks was appointed as non-executive Chairman on 12 June 2013 and is Chairman of Utilico Emerging Markets, an investor in infrastructure and related assets in emerging markets and AFC Energy plc, a developer and manufacturer of alkaline fuel cells. He has broad experience in emerging energy sources, support services and manufacturing.

Mr Rennocks previously served as a non-executive director of Greenko Group plc, a developer and operator of hydro and wind power plants in India, non-executive deputy chairman of Inmarsat plc, a non-executive director of Foreign & Colonial Investment Trust plc, as well as several other public and private companies, and as Executive Director-Finance for Smith & Nephew plc, Powergen plc and British Steel plc/Corus Group plc. Mr Rennocks is a Fellow of the Institute of Chartered Accountants of England and Wales.

John Scott

(Senior Independent Director)

John Scott was appointed as a non-executive director of the Company on 12 June 2013 and is a former investment banker who spent 20 years with Lazard and is currently a director of several investment trusts. Mr Scott has been Chairman of Impax Environmental Markets plc since May 2014 and Chairman of Alpha Insurance Analysts since April 2013. In May 2017, he was appointed Chairman of Jupiter Emerging and Frontiers Income Trust.

In June 2017, he retired as Chairman of Scottish Mortgage Investment Trust PLC after 8 years and, until the company's sale in March 2013, he was Deputy Chairman of Endace Ltd. of New Zealand. He has an MA in Economics from Cambridge University and an MBA from INSEAD. He is also a Fellow of the Chartered Insurance Institute.

Paul Le Page

(Chairman of the Audit Committee)

Paul Le Page was appointed as a non-executive director of the Company on 12 June 2013 and is a former executive Director and Senior Portfolio Manager of FRM Investment Management Limited, a subsidiary of Man Group, and holds non-executive directorships at a number of London Stock Exchange listed investment funds. Mr. Le Page is Audit Committee Chair of UK Mortgages Limited and RTW Venture Fund Limited and was previously Audit Committee Chair of Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 16 years' Audit Committee experience within the closed end investment fund sector and has a broad-based knowledge of the global investment industry and product structures. Mr Le Page graduated from University College London and later received an MBA from Heriot Watt University in Electrical and Electronic Engineering and qualified as a Chartered Electrical Engineer whilst leading the development of robotic immunoassay equipment. He obtained an MBA from Heriot Watt University in 1999 which he used to switch from industrial R&D to investment research

Laurence McNairn

Laurence McNairn was appointed as a non-executive director of the Company on 1 July 2013. He was a founding director and co-owner of Heritage International Fund Managers Limited from 2006 where he was responsible for the operational delivery and client relationship management for a number of key relationships. Prior to his time with the Heritage Group Laurence was a director of Guernsey International Fund Managers Limited, a Baring Asset Management Group company. During his career with Heritage and Barings he held board appointments with a number of prominent Fund Management groups with particular focus on private equity, infrastructure, property and alternative investment funds. Prior to his career in fund management and administration Laurence was the Finance Director of an industrial electronics manufacturing company which was a subsidiary of a UK plc. Prior to this he worked in professional practice with KPMG. He is a member of the Institute of Chartered Accountants of Scotland and holds a degree in Accountancy and Operational Research from Strathclyde University.

Meriel Lenfestey

Meriel Lenfestey was appointed as a non-executive director of the Company on 1 April 2019. Ms Lenfestey founded Flow Interactive in 1997, a London based Customer Experience Consultancy providing creative strategic and tactical expertise across all sectors embracing digital transformation. Since exiting the business in 2016 she has held a portfolio of non-executive director and advisory roles across Energy, Telecoms, Transport, Infrastructure, Technology, E-gaming, Entrepreneurial Support and local charities. She is Chair of Gemserv, a provider of consultancy and governance services helping the Energy and Health markets embrace technology-driven change and deliver large programmes effectively; Senior Independent Director at Jersey Telecom who are leading the world in full fibre, delivering innovative global IOT (Internet of Things) services and providing local data and voice services; as well as holding non-executive director roles at International public partnerships (FTSE 250 INPP) and Aurigny Air Services. She has an MA in Computer Related Design from the Royal College of Art, a Financial Times Non-Executive Director Diploma and is a Fellow of the RSA.

Directors' Statement of Responsibilities

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

The Law requires the Directors to prepare financial statements for each financial year. Under the Law, the Directors are required to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law. Under the Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

By order of the Board

Paul Le Page
Director
21 September 2020

Laurence McNairn
Director
21 September 2020

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on pages 92 and 93 in the Board of Directors section of the annual report, confirms that to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chairman's Statement, Strategic Report, Report of the Directors and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties faced on pages 27 to 34.

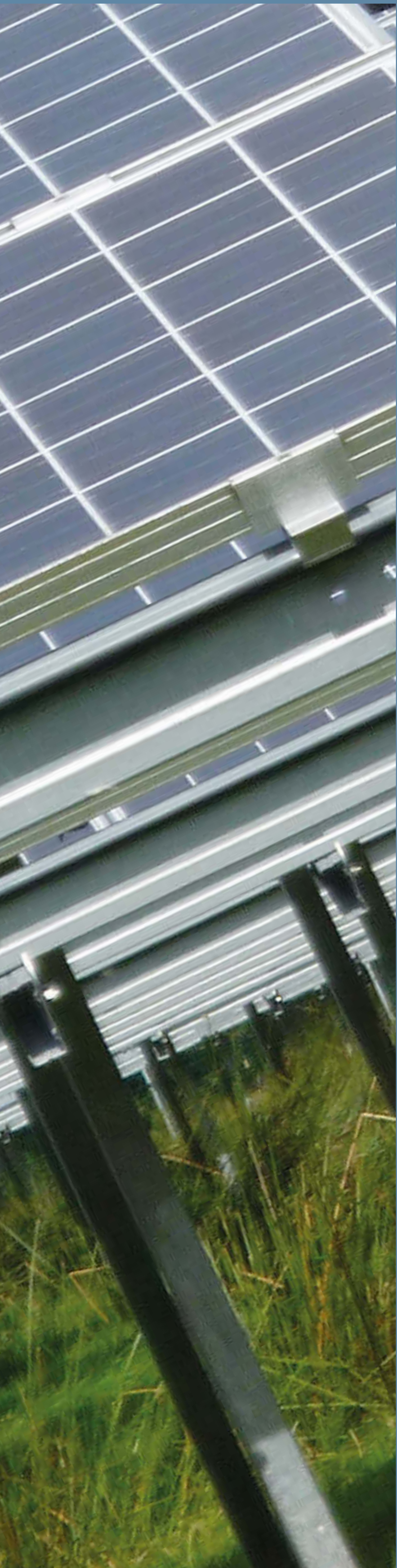
DUSK AT ELMS

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

By order of the Board

Paul Le Page
Director
21 September 2020

Laurence McNairn
Director
21 September 2020



Report of the Audit Committee

The Audit Committee, chaired by Paul Le Page and comprising all of the Directors set out on page 2, operates within clearly defined terms of reference (which are available from the Company's website, www.bluefieldsif.com) and includes all matters indicated by Rule 7.1 of the UK FCA's DTRs and the AIC Code. Appointments to the Audit Committee shall be for a period of up to three years, extendable for one or further three year periods. It is also the formal forum through which the Auditor will report to the Board of Directors.

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

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

Responsibilities

The main duties of the Audit Committee are:

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

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

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

Financial Reporting

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

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

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

Meetings

The Committee has met formally on 6 occasions in the year covered by this report. The matters discussed and challenged at those meetings were:

- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the Company's risk matrix;
- review of the accounting policies and format of the financial statements;
- review and approval of the audit plan of the Auditor and timetable for the interim and annual financial statements;
- review of the valuation policy and methodology of the Company's investments applied in the interim and annual financial statements;
- detailed review of the interim and annual report and financial statements;
- assessment of the effectiveness of the external audit process as described below; and
- a review of the process used to determine the viability of the Company.

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

Primary Area of Judgement

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

As outlined in Note 8 of the financial statements, the fair value of the BSIFIL's investments (Directors' Valuation) as at 30 June 2020 was £624,268,573 (2019: £622,055,477). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash flow methodology. The Directors have also considered transactions in similar assets and used these to infer the discount rate. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 8 in the financial statements.

The valuation of the BSIFIL's portfolio of solar assets (Directors' Valuation) as at 30 June 2020 has been determined by the Board based on information provided by the Investment Adviser.

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

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit Committee is driven primarily by the Company's assessment of its principal risks and uncertainties as set out on pages 27 to 34 of the Strategic Report, and it receives reports from the Investment Adviser and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

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

External Audit

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

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

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

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

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was also engaged to provide a review of the Company's interim information. Total fees paid amounted to £150,822 for the year ended 30 June 2020 (30 June 2019: £116,814) of which £133,744 related to audit and audit related services to the Company (30 June 2019: £94,406) and £17,078 in respect of non-audit services (30 June 2019: £22,253).

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

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

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

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

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

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2021.

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

On behalf of the Audit Committee

Paul Le Page
Chairman of the Audit Committee
21 September 2020

Independant Auditor's Report

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

Our opinion is unmodified

We have audited the financial statements of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2020, and of the Company's financial performance and the cash flows for the year then ended;

- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and

- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

Valuation of financial assets held at fair value through profit or loss:
£432,426,000; (2019: £435,736,000)

Refer to the Report of the Audit Committee on pages 97 to 100, note 2 (j) accounting policy and note 8 disclosures.

THE RISK

BASIS:
The Company's investment in its immediate subsidiary is carried at fair value through profit or loss and represents a significant proportion of the Company's net assets (2020: 99.8%; 2019: 99.8%). The fair value of the immediate subsidiary, which reflects its net assets value, predominantly comprises of the fair value (£624,269,000) of underlying special purpose vehicle solar project investments ("SPVs") and the immediate subsidiary level debt (see note 8).

The fair value of the SPVs has been determined using the income approach, discounting the future cash flows of underlying solar projects (the "Valuations"), for which there is no liquid market. The Valuations incorporate certain assumptions including discount rate, electricity price forecasts, useful economic life and other macro-economic assumptions.

In determining the discount rate used in the Valuations, the relevant long term government bond yields, cost of debt, specific asset risk and evidence of recent market transactions are considered.

The Valuations are adjusted for other specific assets and liabilities of the SPVs.

RISK:
The Valuations represent both a risk of fraud and error associated with estimating the timing and amounts of long term forecast cash flows alongside the selection and application of appropriate assumptions and the impact COVID-19 has had on those assumptions. Changes to long term forecast cash flows and/or the selection and application of different assumptions may result in a materially different valuation of financial assets held at fair value through profit or loss.

OUR RESPONSE

Our audit procedures included, but were not limited to:

CONTROL EVALUATION:
We assessed the design and implementation of controls over the Valuations.

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

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

BENCHMARKING THE VALUATION ASSUMPTIONS:
With support from our KPMG valuation specialist, using their experience in valuing similar assets, we assessed and challenged the appropriateness of the Company's key assumptions including discount rate, useful economic life and other macro-economic assumptions applied in the Valuations, and the impact COVID-19 has had on those assumptions, by:

- assessing, for a risk based selection, the historical accuracy of the cash flow forecasts against actual results in order to assess their reliability; and

- benchmarking against independent market data and relevant peer group companies, where available.

ASSESSING TRANSPARENCY:
We have considered the adequacy of the Company's disclosures made in accordance with IFRS 13 (see note 8) including the use of estimates and judgements in arriving at fair value.

We assessed whether the disclosures around the sensitivities to changes in assumptions reflected the risks inherent in the valuation of the SPVs.

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

Materiality for the financial statements as a whole was set at £8,374,000, determined with reference to a benchmark of Net Assets of £433,505,000, of which it represents approximately 2% (2019: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £418,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

We have nothing to report on going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's activities including where relevant the impact of the COVID-19 pandemic and the requirements of the applicable financial reporting framework. We analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Disclosures of emerging and principal risks and longer-term viability

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

- the directors' confirmation within the viability statement (page 32 and 33) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated; and
- the directors' explanation in the viability statement (page 32 and 33) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy; or

- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 94, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Rachid Frihmat

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors,
Guernsey
21 September 2020

Statement of Financial Position

As at 30 June 2020

Assets	Note	Year ended 30 June 2020 (£ '000)	Year ended 30 June 2019 (£ '000)
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	8	432,426	435,736
Total non-current assets		**432,426**	**435,736**
CURRENT ASSETS			
Trade and other receivables	9	768	768
Cash and cash equivalents	10	747	278
Total current assets		**1,515**	**1,046**
TOTAL ASSETS		**433,941**	**436,782**
Liabilities			
CURRENT LIABILITIES			
Other payables and accrued expenses	**11**	436	386
Total current liabilities		**436**	**386**
TOTAL LIABILITIES		**436**	**386**
NET ASSETS		**433,505**	**436,396**
Equity			
Share capital		368,712	368,013
Other reserves		-	699
Retained earnings		64,793	67,684
TOTAL EQUITY	**13**	**433,505**	**436,396**
Shares			
Ordinary Shares in issue at year end	13	370,499,622	369,883,530
Net asset value per Ordinary Share (pence)	7	117.01	117.98

These financial statements were approved and authorised for issue by the Board of Directors on 21 September 2020 and signed on their behalf by:

Paul Le Page
Director
21 September 2020

Laurence McNairn
Director
21 September 2020

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

Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
Income			
Investment income	4	725	725
Interest income from cash and cash equivalents		2	1
		727	**726**
Net gains on financial assets held at fair value through profit or loss	8	28,851	46,166
Operating income		**29,578**	**46,892**
Expenses			
Administrative expenses	5	1,338	1,967
Operating expenses		**1,338**	**1,967**
Operating profit		**28,240**	**44,925**
Profit and total comprehensive income for the year		**28,240**	**44,925**
Earnings per share: Basic and diluted (pence)	12	7.63	12.15

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

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

Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Number of Ordinary Shares	Share capital (£'000)	Other reserves (£'000)	Retained earnings (£'000)	Total equity (£'000)
Shareholders' equity at 1 July 2019		**369,883,530**	**368,013**	**699**	**67,684**	**436,396**
SHARES ISSUED DURING THE PERIOD:						
Ordinary Shares to be issued in settlement of variable fee	16	616,092	699	(699)	-	-
Dividends paid	13,14	-	-	-	(31,131)	(31,131)
Total comprehensive income for the period		-	-	-	28,240	28,240
Shareholders' equity at 30 June 2020		**370,499,622**	**368,712**	**-**	**64,793**	**433,505**

For the year ended 30 June 2019

	Note	Number of Ordinary Shares	Share capital (£'000)	Other reserves (£'000)	Retained earnings (£'000)	Total equity (£'000)
Shareholders' equity at 1 July 2018		**369,883,530**	**368,013**	**-**	**50,983**	**418,996**
SHARES ISSUED DURING THE PERIOD:						
Ordinary Shares issued in settlement of variable fee	16	-	-	699	-	699
Dividends paid	13,14	-	-	-	(28,224)	(28,224)
Total comprehensive income for the period		-	-	-	44,925	44,925
Shareholders' equity at 30 June 2019		**369,883,530**	**368,013**	**699**	**67,684**	**436,396**

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

Statement of Cash Flows

For the year ended 30 June 2020

	Note	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Total comprehensive income for the year		28,240	44,925
Adjustments:			
Increase in trade and other receivables		-	(14)
Increase in other payables and accrued expenses		50	28
Movement in other reserves relating to Investment Adviser shares *	16	-	699
Net gains on financial assets held at fair value through profit or loss	8	(28,851)	(46,166)
Net cash used in operating activities		**(561)**	**(528)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from investments held at fair value through profit or loss	8	32,161	28,528
Net cash generated from investing activities		**32,161**	**28,528**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(31,131)	(28,224)
Net cash used in financing activities		**(31,131)**	**(28,224)**
Net increase/(decrease) in cash and cash equivalents		469	(224)
Cash and cash equivalents at the start of the year		278	502
Cash and cash equivalents at the end of the year	**10**	**747**	**278**

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

*The issuance of shares during the year was a non-cash transaction. Refer to Note 16 for further information

Notes to the Financial Statements

for the year ended 30 June 2020

1. General information

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

The financial statements for the year ended 30 June 2020 comprise the financial statements of the Company only (see Note 2 (c)).

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

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

ROMSEY

2. Accounting policies

a) Basis of preparation

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

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

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

The Company has not adopted any new standards, amendments or interpretations to existing standards in the accounting period.

New and Revised Standards

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

The Company has not adopted early any standards, amendments or interpretations to existing standards that have been published and will be mandatory for the Company's accounting periods beginning after 1 July 2020 or later periods.

New Standards

Revised and amended standards		IASB effective date
IFRS 9 2015 – 2017 cycle	Financial Instruments (Amendments regarding pre-replacement issues in the context of the LIBOR reform)	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IAS 1	Presentation of Financial Statements (Amendments regarding the definition of material)	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments regarding the definition of material)	1 January 2020

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

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

b) Going concern

At 30 June 2020, the Company had invested in 90 solar plants, committing £566.3 million to SPV investments. The Company, through its direct subsidiary, BSIFIL, has access to a RCF which together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company, through BSIFIL, expects to comply with the covenants of its long term loan and RCF.

The Board in its consideration of going concern has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performance of the current solar plants in operation and, at the time of approving the financial statements, has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. The current worldwide Coronavirus outbreak (Covid-19), declared by the World Health Organization as a global health emergency in March 2020, has caused disruption to businesses and economic activity. The Board and Investment Adviser have been closely monitoring this and it has been considered as part of its going concern assessment.

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

c) Accounting for subsidiaries

The Company makes its investments in the SPVs through its wholly owned subsidiary, BSIFIL.

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

d) Functional and presentation currency

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

e) Income

Monitoring fee income is recognised on an accruals basis.

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

f) Expenses

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

g) Finance costs

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

h) Dividends

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

i) Segmental reporting

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

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

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

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

j) Financial instruments

Classification and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

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

Investments at fair value through profit or loss

- **Classification**

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

- **Recognition and de-recognition**

  Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. A financial asset is de-recognised either when the Company has transferred all the risks and rewards of ownership; or it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or the contractual right to receive cash flow has expired.

- **Measurement**

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

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

ii) Cash and cash equivalents and trade and other receivables

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

iii) Financial liabilities

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

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on the trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability.

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

Financial liabilities measured at amortised cost

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

Derecognition of financial liabilities

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

k) Equity instruments

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

l) Share based payments

Investment Adviser's variable fee

The Company recognises the variable fee for the services received in a share based payment transaction as the Company becomes liable to the variable fee on an accruals basis. The variable fee will be accrued in the accounting period in which the Company exceeds its target distribution as per the Investment Advisory Agreement (see Note 5). A corresponding increase in equity is recognised when payment for the variable fee is made in an equity settled share based payment transaction based on the fair value of the services provided. Post year end, the Board approved revisions to the Investment Adviser base fee and the removal of the variable fee, which will apply from 1 July 2020 onwards (See Note 17 for further detail).

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

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

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

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

As disclosed in Note 8, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m/MWp basis against comparable portfolio transactions and on this basis a weighted average discount rate of 6.00% (7.18% as at 30 June 2019) has been utilised.

It is assumed that future long term debt will increase slightly. The average EBITDA interest tax shield from a combination of third party long term debt and intercompany Eurobond debt equates to 16.5% (June 2019: 16.5%) over the life of the long term debt as at 30 June 2020.

The Company continues to use a blended power forecast for the year ended 30 June 2020, but for the first time has adopted a third provider within the blended forecast. The inflation assumption for the period to June 2024 remains at 3% (June 2019: 3%) before reverting to the standard long term assumption of 2.75% (June 2019: 2.75%) thereafter.

4. Investment income

	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
Monitoring fee in relation to loans supplied (Note 16)	725	725
	725	**725**

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

5. Administrative expenses

	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
Investment advisory base fee * (see Note 16)	321	313
Investment advisory variable fee (see Note 16)	-	699
Legal and professional fees	108	145
Administration fees	302	292
Directors' remuneration	218	189
Audit fees	134	95
Non-audit fees	17	22
Broker fees	50	50
Regulatory Fees	44	43
Registrar fees	45	37
Insurance	8	8
Listing fees	31	16
Other expenses	60	58
	1,338	**1,967**

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

Investment Advisory Agreement

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

PANORAMA AT ELMS

The variable fee is based on the following:

(i) if in any year, the Company exceeds its distribution target (7.90pps for the year ended 30 June 2020 and increasing with the annual RPI), the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. In any year, the Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

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

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

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

Post year end, on 6 July 2020, the Board approved revisions to the Investment Adviser base fee and the removal of the variable fee which will apply from 1 July 2020 onwards

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

Administration Agreement

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

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5.0 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £7,500 and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

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

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

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

6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it paid an annual fee of £1,200 (2019: £1,200) (included within regulatory fees).

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

7. Net asset value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £433,504,651 (2019: £436,396,238) and the number of shares in issue at 30 June 2020 of 370,499,622 (2019: 369,883,530) Ordinary Shares.

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

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

	30 June 2020 Total (£'000)	30 June 2019 Total (£'000)
Opening balance (Level 3)	435,736	418,098
Change in fair value of financial assets held at fair value through profit or loss	(3,310)	17,638
Closing balance (Level 3)	**432,426**	**435,736**

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

	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
Unrealised change in fair value of financial assets held at fair value through profit or loss	(3,310)	17,638
Cash receipts from non-consolidated subsidiary*	32,161	28,528
Net gains on financial assets held at fair value through profit or loss	**28,851**	**46,166**

* Comprising of repayment of loans and Eurobond interest

Investments at fair value through profit or loss comprise the fair value of the SPV investment portfolio held by BSIFIL, the Company's single direct subsidiary, which is valued semi-annually by the Directors, and the fair value of BSIFIL's cash, working capital and debt balances.

A reconciliation of the SPV investment portfolio value to financial assets at fair value through profit or loss shown on the Statement of Financial Position is also shown below.

	30 June 2020 Total (£'000)	30 June 2019 Total (£'000)
SPV investment portfolio, Directors' Valuation	624,269	622,055
BSIFIL		
Cash	16,918	15,466
Working capital	4,012	4,035
Debt	(212,773)	(205,820)
	(191,843)	**(186,319)**
Financial assets at fair value through profit or loss	**432,426**	**435,736**

Fair value measurements

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

The fair value hierarchy has the following levels:

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities;

- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- **Level 3** – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2020. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, these are always expected to be classified as Level 3.

Directors' Valuation methodology and process

The same valuation methodology and process for operational solar plants is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2019. Solar plants under construction and not yet operational are valued at cost and exclude acquisition costs which are expensed in the period in which they are incurred, whilst investments that are operational are valued on a DCF basis over the life of the asset (typically more than 25 years) and, under the 'willing buyer-willing seller' methodology, prudently benchmarked on a £/MWp basis against comparable transactions for large scale portfolios. No assets were valued at cost as at 30 June 2020 (2019: Nil).

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

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

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

Judgement is used by the Board in determining the decrease of the weighted average discount rate from 7.18%, as at 30 June 2019, to 6.00% as at 30 June 2020 with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values have remained consistent at ca. £1.20-1.40/MWp for large scale portfolios and which the Board have used to determine that an effective price of £1.26m/MWp is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2020;

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

c. Inclusion of a prudent uplift with respect to asset extensions of 15 years on a subset (132 MWp) of the portfolio.

In order to smooth the sensitivity of the valuation to forecast timing or opinion taken by a single forecast, the Board continues to adopt the application of a blended power curve from leading forecasters. For the year ended 30 June 2020, the Company adopted a third provider, having previously used two, upon recommendation by its Investment Adviser and approval by the Board.

The fair value of operational SPVs are calculated on a discounted cash flow basis in accordance with the IPEV Valuation Guidelines. The Investment Adviser produces fair value calculations on a semi-annual basis as at 30 June and 31 December each year. Previously, in every third year, the Board had an external valuation or benchmarking exercise performed by an independent expert. Based on the availability of market data, the Board does not intend to continue this practice and will ask for an external valuation to be carried out from time to time at its discretion. An external benchmarking exercise was undertaken for the year ended 30 June 2018.

Sensitivity analysis

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

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

		30 JUNE 2020		30 JUNE 2019	
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%	(24.0)	(6.48)	(16.0)	(4.33)
	- 0.5%	25.7	6.94	16.3	4.41
Power prices	+10%	31.5	8.50	31.7	8.57
	-10%	(32.0)	(8.64)	(31.8)	(8.60)
Inflation rate	+ 0.25%	9.8	2.65	8.8	2.38
	- 0.25%	(9.5)	(2.56)	(8.5)	(2.30)
Energy yield	10 year P90	(51.8)	(13.98)	(50.6)	(13.68)
	10 year P10	51.4	13.87	50.3	13.60
Operational costs	+10%	(6.2)	(1.67)	(5.4)	(1.46)
	-10%	6.2	1.67	5.4	1.46
Interest Shield	+50%	11.9	3.21	9.5	2.57
	-50%	(13.9)	(3.75)	(10.3)	(2.78)
Asset Life	+5 Years	17.2	4.64	N/A	N/A
	-5 Years	(26.3)	(7.10)	N/A	N/A

9. Trade and other receivables

	30 June 2020 (£'000)	30 June 2019 (£'000)
CURRENT ASSETS		
Income from investments	725	725
Other receivables	12	23
Prepayments	31	20
	768	**768**

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

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

10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits held with maturities of up to three months. The carrying amount of these assets as at 30 June 2020 was £746,501 (2019: £277,876) and approximated their fair value. Cash held by BSIFIL, the Company's wholly owned subsidiary, as at 30 June 2020 is shown in Note 8.

11. Other payables and accrued expenses

	30 June 2020 (£'000)	30 June 2019 (£'000)
CURRENT LIABILITIES		
Investment advisory fees	78	78
Administration fees	74	73
Audit fees	135	95
Directors' fees	57	57
Other payables	92	83
	436	**386**

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

12. Earnings per share

	Year ended 30 June 2020	Year ended 30 June 2019
Profit attributable to Shareholders of the Company	£28,239,647	£44,925,088
Weighted average number of Ordinary shares	370,203,359	369,883,530
Basic and diluted earnings from continuing operations and profit for the year (pence per share)	**7.63**	**12.15**

13. Share capital

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

Number of Ordinary Shares	Year ended 30 June 2020 (Number)	Year ended 30 June 2019 (Number)
Opening balance	**369,883,530**	**369,883,530**
Shares issued as settlement of variable fee	616,092	-
Closing balance	**370,499,622**	**369,883,530**

Shareholders' Equity	Year ended 30 June 2020 (£'000)	Year ended 30 June 2019 (£'000)
Opening balance	**436,396**	**418,996**
Ordinary Shares issued in settlement of variable fee	699	-
Ordinary Shares to be issued in settlement of variable fee	(699)	699
Dividends paid	(31,131)	(28,224)
Retained earnings	28,240	44,925
Closing balance	**433,505**	**436,396**

On 23 December 2019, the Company issued 616,092 new Ordinary Shares to the Investment Adviser in respect of their variable fee for the financial year ended 30 June 2019 at a price of 113.47 pps.

Rights attaching to shares

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

14. Dividends

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

On 18 September 2019, the Board declared a fourth interim dividend of £7,323,694, in respect of the year ended 30 June 2019, equating to 1.98pps (fourth interim dividend in respect of the year ended 30 June 2018: 2.03pps), which was paid on 1 November 2019 to Shareholders on the register on 4 October 2019. In addition to the fourth interim dividend, an additional dividend of £2,330,267 (0.63pps) was declared which was paid on the same date to Shareholders on the register on 4 October 2019.

On 23 January 2020, the Board declared a first interim dividend of £7,224,743, in respect of the year ended 30 June 2020, equating to 1.95pps (first interim dividend in respect of the year ended 30 June 2019: 1.90pps), which was paid on 28 February 2020 to Shareholders on the register on 7 February 2020.

On 30 April 2020, the Board declared a second interim dividend of £7,224,743, in respect of the year ended 30 June 2020, equating to 1.95pps (second interim dividend in respect of the year ended 30 June 2019: 1.90pps), which was paid on 29 May 2020 to Shareholders on the register as at 11 May 2020.

Post year end, on 24 July 2020, the Board declared a third interim dividend of £7,224,743, in respect of the year ended 30 June 2020, equating to 1.95pps (third interim dividend in respect of the year ended 30 June 2019: 1.90pps), which was paid on 21 August 2020 to Shareholders on the register on 7 August 2020.

Post year end, on 22 September 2020, the Board declared a fourth interim dividend of £7,595,242, in respect of the year ended 30 June 2020, equating to 2.05pps (fourth interim dividend in respect of the year ended 30 June 2019: 2.03pps), which will be paid on or around 28 October 2020 to Shareholders on the register on 2 October 2020.

15. Risk management policies and procedures

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

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

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

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

Market price risk

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

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

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

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

Currency risk

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

Interest rate risk

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

The Company is also exposed, through BSIFIL, to interest rate risk via BSIFIL's index-linked element of its long-term debt facility (£64.6 million at 70 bps plus RPI as at 30 June 2020).

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

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

	Interest rate	Total as at 30 June 2020 (£'000)
Floating rate RBSI	0.00%	443
Fixed rate Lloyds	0.25%	304
		747

	Interest rate	Total as at 30 June 2019 (£'000)
Floating rate RBSI	0.00%	277
Fixed rate Lloyds	0.25%	1
		278

The valuation of BSIFIL's SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash flow technique when valuing the investments. The Investment Adviser reviews the discount rates semi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. The Group is exposed to interest rate risk on the Directors' Valuation of £624.3m (2019: £622.1m).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. BSIFIL's SPVs have entered into turnkey EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date BSIFIL's SPVs held performance bonds totalling £4,286,334 (2019: £10,446,168) with banks that have a credit rating which is of investment grade.

The Company's credit risk exposure is due to a portion of the Company's assets being held as cash and cash equivalents and accrued interest. The Company maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2020, the maximum credit risk exposure in relation to cash and cash equivalents held by the Company was £746,501 (2019: £277,876). If the cash and cash equivalents held by BSIFIL are included this increases to £17,664,313 (2019: £15,744,257). All cash and cash equivalents held by the Company and BSIFIL is with banks that have a credit rating which is of investment grade.

	Cash (£'000)	Fixed deposit (£'000)	Total as at 30 June 2020 (£'000)
RBSI	443	-	443
Lloyds	-	304	304
	443	**304**	**747**

	Cash (£'000)	Fixed deposit (£'000)	Total as at 30 June 2019 (£'000)
RBSI	277	-	277
Lloyds	-	1	1
	277	**1**	**278**

The carrying amount of these assets approximates their fair value.

Liquidity risk

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

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

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

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

	Less than one year (£'000)	Between one and five years (£'000)	After five years (£'000)	Total as at 30 June 2020 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	241,321	**241,321**
Trade and other receivables**	737	-	-	**737**
Cash and cash equivalents	747	-	-	**747**
LIABILITIES				
Other payables and accrued expenses	(436)	-	-	**(436)**
	1,048	-	241,321	**242,369**

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

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

	Less than one year (£'000)	Between one and five years (£'000)	After five years (£'000)	Total as at 30 June 2019 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	268,104	**268,104**
Trade and other receivables**	748	-	-	**748**
Cash and cash equivalents	278	-	-	**278**
LIABILITIES				
Other payables and accrued expenses	(386)	-	-	**(386)**
	640	-	268,104	**268,744**

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

Portfolio operational risk

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

Concentrations of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The concentrations of the Company's solar assets by geography, construction contractor and revenue type are shown on pages 12 to 15. This analysis forms an integral part of the financial statements.

Capital management policies and procedures

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

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

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

The Company has no imposed capital requirements.

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

16. Related party transactions and Directors' remuneration

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

The Chairman is entitled to an annual remuneration of £60,000 (2019: £60,000). The other Directors are entitled to an annual remuneration of £37,500 (2019: £37,500). Paul Le Page receives an additional annual fee of £7,500 (2019: £7,500) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

The total Directors' fees expense for the period amounted to £217,500 (2019: £189,375) of which £57,375 was outstanding at 30 June 2020 (2019: £57,375).

At 30 June 2020, the number of Ordinary Shares held by each Director is as follows:

	2020 Number of Ordinary Shares	2019 Number of Ordinary Shares
John Rennocks*	316,011	316,011
John Scott*	512,436	452,436
Laurence McNairn	441,764	441,764
Paul Le Page	70,000	70,000
Meriel Lenfestey	-	-
	1,340,211	**1,280,211**

*Including shares held by PCAs

John Scott and John Rennocks are Directors of BSIFIL. They receive an annual fee of £6,000 (2019: £6,000) each for their services to this company. Neil Wood and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL.

The Company and BSIFIL's investment advisory fees for the year amounted to £3,368,872 (2019: £3,214,023) of which £255,331 (2019: £256,236) was outstanding at the year end. Included within the investment advisory fee expense for 2019 is £699,080 earned in respect of performance fees for the year ended 30 June 2019. The Investment Adviser received the variable element of their 2019 fees through the issue of 616,092 Ordinary Shares on 23 December 2019 (see Note 13).

Fees paid during the period by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £2,358,016 (2019: £2,159,495). BSL provides asset management and other services relating to the operation of daily management activities of the solar project companies.

Fees paid during the period by SPVs to BOL, a company which has the same ownership as that of the Investment Adviser totalled £3,159,791 (2019: £1,486,408). BOL provides O&M and other services relating to the operation of daily management activities of the solar project companies.

The Company's monitoring fee income received from BSIFIL amounted to £725,000 (2019: £725,000) of which £725,000 was outstanding at the year end (2019: £725,000).

17. Subsequent events

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

On 6 July 2020, Shareholders approved revisions to the Company's investment objectives and policies at an EGM. The Company will no longer exclusively invest in UK based assets, with its minority exposure to non-UK assets limited to a maximum of 10% of the Company's GAV. The Company will also no longer exclusively invest in solar infrastructure assets but will now have the ability to invest a minority of its capital into wind and hydroelectric energy storage assets; such a minority exposure will be limited to a maximum of 25% of the Company's GAV. In addition to the above, the Company can invest up to 5% of its GAV into UK solar development opportunities that are pre-construction and may be without the requisite planning approvals at the time of investment. However, in addition to the specific investment limitations set out above, the aggregate exposure to other renewable energy assets (including non-subsidised assets) and energy storage technologies, UK solar development opportunities and/or non UK assets will be limited to a maximum of 30% of the Company's GAV calculated at the time of investment.

At the 6 July 2020 EGM, Shareholders approved the adoption of a progressive dividend distribution strategy to replace the index linked strategy previously adopted by the Company. Shareholders also approved revisions to the Investment Adviser's base fee and removal of the Adviser's variable which will apply from 1 July 2020 onwards. The base fee is payable quarterly in arrears in cash, at a rate equivalent to 0.8% 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.

Post year end, on 24 July 2020, the Board declared a third interim dividend of £7,224,743, in respect of year ended 30 June 2020, equating to 1.95pps (third interim dividend in respect of the year ended 30 June 2019: 1.90pps), which was paid on 21 August 2020 to Shareholders on the register on 7 August 2020.

On 20 August 2020, the Company completed the acquisition of a UK-based portfolio of 15 operational solar PV plants for an initial cash consideration of £106.6 million including working capital. The final consideration may be increased by up to £2.1 million, contingent on securing asset life extensions. The Company will receive the economic benefit of all cash flows from the portfolio from 1 January 2020. The Group has also agreed a new £110.0 million, three-year term loan facility with National Westminster Bank plc.

Post year end, on 22 September 2020, the Board declared a fourth interim dividend of £7,595,242, in respect of the year ended 30 June 2020, equating to 2.05pps (fourth interim dividend in respect of the year ended 30 June 2019: 2.03pps), which will be paid on or around 28 October 2020 to Shareholders on the register on 2 October 2020.

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 Management
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
BOL	Bluefield Operations Limited
Board	The Directors of the Company
Brexit	Departure of the UK from the EU
BSIF	Bluefield Solar Income Fund Limited
BSIFIL	Bluefield SIF Investments Limited being the only direct subsidiary of the Company
BSL	Bluefield Asset Management Services Limited
BSUoS	Balancing Services Use of System charges: costs set to ensure that network companies can recover their allowed revenue under Ofgem price controls
Business days	Every official working day of the week, generally Monday to Friday excluding public holidays

CAGR	Compound annual growth rate
Calculation Time	The Calculation Time as set out in the Articles of Incorporation
CCC	Committee on Climate Change
CfD	Contract for Difference
Company	Bluefield Solar Income Fund Limited
Companies Law	The Companies (Guernsey) Law 2008, as amended (see Law)
Consolidation Exception Amendments	The 18 December 2014 further amendments to IFRS 10 Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Cost of debt	The blended cost of debt reflecting fixed and index-linked elements
CRS	Common Reporting Standard
C shares	Ordinary Shares approved for issue at no par value in the Company
CSR	Corporate Social Responsibility
DCF	Discounted Cash Flow
DECC	Department of Energy and Climate Change
Defect Risk	An over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects
Directors' Valuation	Gross value of the SPV investments held by BSIFIL, including their holding companies
DNO	Distribution Network Operator
DSCR	Debt service cover ratio
DTR	The Disclosure Guidance and Transparency Rules of the UK's FCA
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
EIS	Enterprise Investment Scheme
EPC	Engineering, Procurement & Construction
EPS	Earning per share
ESG	Environmental, Social & Governance
EU	The European Union
EV	Enterprise valuation
FAC	Final Acceptance Certificate
FATCA	The Foreign Account Tax Compliance Act
Financial Statements	The audited annual financial statements
FiT	Feed-in Tariff
GAV	Gross Asset Value
GFSC	The Guernsey Financial Services Commission
Group	Bluefield Solar Income Fund Limited and Bluefield SIF Investments Limited
Guernsey Code	The Guernsey Financial Services Commission Finance Sector Code of Corporate Governance

GWh	Gigawatt hour
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	The International Valuation Standards Council
KID	Key Information Document
KPI	Key Performance Indicators
KPMG	KPMG Channel Islands Limited (see Auditor)
kWh	Kilowatt hour
kWp	Kilowatt peak
Law	Companies (Guernsey) Law, 2008 as amended (see Companies Law)
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
Lloyds	Lloyds Bank Group plc
LSE	London Stock Exchange plc
LTF	Long term facility provided by Aviva Investors Limited
Main Market	The main securities market of the LSE
MW	Megawatt (a unit of power equal to one million watts)
MWh	Megawatt hour
MWp	Megawatt peak
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
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class
Outage Risk	A higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage

P10	Irradiation estimate exceeded with 10% probability
P90	Irradiation estimate exceeded with 90% probability
PCA	Persons Closely Associated
PPA	Power Purchase Agreement
pps	Pence per share
PR	Performance ratio (the ratio of the actual and theoretically possible energy outputs)
PRIIPS	Packaged Retail and Insurance-Based Investment Products
PV	Photovoltaic
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
SPA	Share Purchase Agreement
SPVs	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
Sterling	The Great British pound currency
TISE	The International Stock Exchange (formerly CISE, Channel Islands Securities Exchange)
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
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

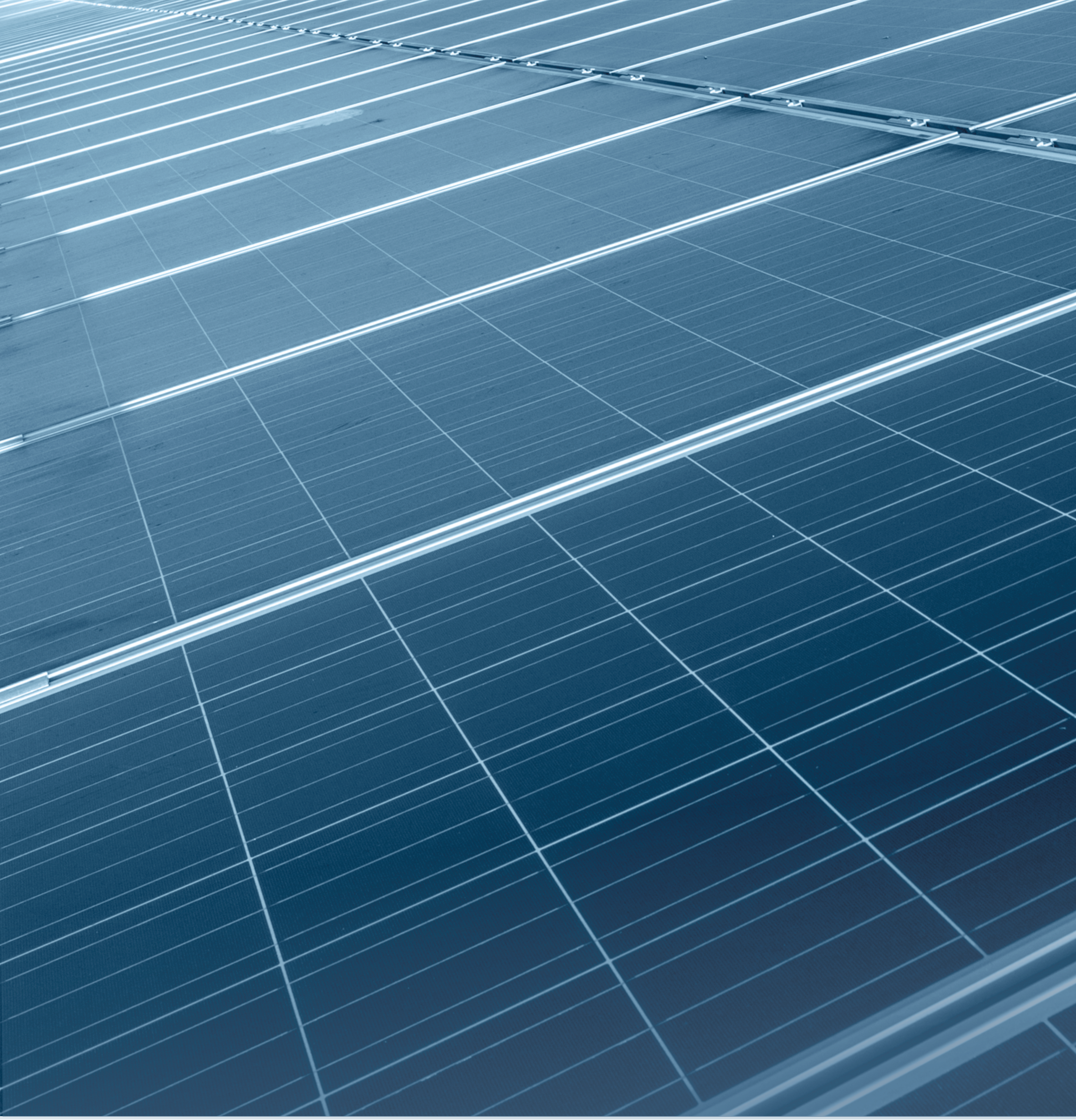
Alternative Performance Measures

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 Manager's investment strategy.	The quotient of the NAV per share at the end of the period (117.01p) and the NAV per share at the beginning of the period (117.98p), plus any dividends paid, minus one expressed as a percentage.
Shareholder Total 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 quotient of the price per share at the end of the period (134.5p) and the price per share at the beginning of the period (136.5p), plus any dividends paid, minus one expressed as a percentage. The measure excludes transaction costs.
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.
NAV per Ordinary Share	The Company's closing share price on the London Stock Exchange for a specified date.	A measure of the value of one ordinary share.	The net assets attributable to ordinary shares on the statement of financial position (£433.5m) divided by the number of ordinary shares in issue (370,499,622) 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 MWp basis.**	**Total income of the Company's portfolio owned for a full 12 months.**
PPA Revenue	Revenue generated through PPAs.	A measure to outline the revenue earned by the portfolio from power sales.	Total revenue from all power price sales during the period from the Company's portfolio.
Regulated Revenue	Revenue generated from the sale of FiTs and ROCs.	A measure to outline the revenue earned by the portfolio from government subsidies.	Total revenue from all subsidy income earned during the period from the Company's portfolio.

APM	DEFINITION	PURPOSE	CALCULATION
Ongoing charges ratio	The recurring costs that the Company has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the period.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for Shareholders.	Calculated in accordance with the AIC methodology detailed in the table below.
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 MWp and the plant's expected life divided by the total portfolio capacity in MWp.
Directors' Valuation	The gross value of the SPV Investments held by BSIFIL, including their holding companies.	A measure of the gross value of the Company's investment portfolio.	A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the gross value of the Company's Assets.	The total assets attributable to ordinary shares on the statement of financial position.

Ongoing Charges	Year to 30 June 2020		
	The Company	BSIFIL	Total (£)
Fees to Investment Adviser	320,640	3,048,232	3,368,872
Legal and professional fees	125,343	38,997	164,340
Administration fees	302,445	-	302,445
Directors' remuneration	217,500	12,000	229,500
Audit fees	133,744	23,460	157,204
Other ongoing expenses	238,560	1,816,196	2,054,756
Total expenses	**1,338,232**	**4,938,885**	**6,277,117**
Non-recurring expenses	**(25,560)**	**(1,434,366)**	**(1,459,926)**
Total ongoing expenses	**1,312,672**	**3,504,518**	**4,817,190**
Average NAV			**438,381,263**
Ongoing Charges (using AIC methodology)			**1.10%**



bluefield
Solar Income Fund