bluefield Solar Income Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2021

COMPANY REGISTRATION NO: 56708

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General Information

Board of Directors (all non-executive)

JOHN RENNOCKS
(Chairman)

JOHN SCOTT
(Senior Independent Director)

PAUL LE PAGE
(Chairman of Audit Committee)

LAURENCE MCNAIRN

MERIEL LENFESTEY

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

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
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
45 Gresham Street
London, EC2V 7BF

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

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

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

Highlights

As at 30 June 2021 / *30 June 2020*

Net Asset Value (NAV) £471.4m *£433.5m*	**Dividend Target per Share** 8.00pps *7.90pps*
NAV per Share 115.83p *117.01p*	**Total return to Shareholders since IPO** 74.79% *79.89%*

Underlying Earnings[1] (pre amortisation of debt)	Underlying Earnings per share[1] (pre amortisation of debt)	Underlying Earnings per share [1] (post amortisation of debt)	Total return to Shareholders[2]	MWh Generated per MWp[3]
£48.6m	11.34p	9.16p	(3.79%)	939
£44.6m	*12.03p*	*9.53p*	*4.70%*	*1048*

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 36.
2. Total return to Shareholders is based on share price movement and dividends paid in the year.
3. Excludes assets invested during the period.

Environmental, Social & Governance (ESG)

Delivered Carbon Savings of 127,000 tonnes of CO_2e - which amounts to over 57,000 passenger vehicles taken off the road for one year[4]

Forward Focus

Further investment into the Company's solar and battery development pipeline has increased it to a combined total of C.700MW;

In July 2021, the Company completed its maiden wind investment, acquiring 109 small scale UK onshore wind turbines with the potential for future re-powering with larger turbines for an initial consideration of £63m.

4. The equivalent number of vehicles is calculated using a UK government conversion factor based on a medium sized petrol car.

Results Summary

	For the year ended 30 June 2021
Total operating income	£25,921,639
Total comprehensive income	£24,517,576
Total underlying earnings[1]	£48,663,667
IFRS Earnings per share	6.25p
Underlying EPS available for distribution (including brought forward reserves)[5]	11.09p
Total declared dividends per share for year	8.00p
Earnings per share carried forward (See Page **37**)	2.67p
NAV per share	115.83p
Share Price as at 30 June 2021	121.40p
Total return[6]	5.83%
Total return to shareholders[7]	(3.79)%
Total return to shareholders since inception[8]	74.79%
Dividends per share paid since inception	53.39p

5. Underlying EPS is calculated using underlying earnings available for distribution divided by the average number of shares.
6. Total return is based on NAV per share movement and dividends paid in the year.
7. Total return to Shareholders is based on share price movement and dividends paid in the year.
8. 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 income distributions, by being invested in solar energy assets located in the UK. The Company also has the ability to invest a minority of its capital into wind, hydro and energy storage 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 period was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 Bluefield Services Limited (BSL), a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by BSIFIL. In August 2017 Bluefield Operations Limited (BOL), a company with the same ownership as the Investment Adviser, commenced providing operation and maintenance services to the Company and provides services to 50 of the investment SPVs held by BSIFIL as at year end.

In December 2020 Bluefield Renewable Developments Limited (BRD), a company with the same ownership as the Investment Adviser, commenced providing the Company with new build development opportunities.

Chairman's Statement

Introduction

As I wrote in my Chairman's statement in the previous annual report, due to the Covid-19 pandemic the period since March 2020 has again been a remarkable one.

During this time the UK, along with many other countries across the globe, has entered and exited a number of lockdowns. However, as the immunisation programme gathered momentum both at home and abroad, easing of social restrictions and the resumption of international travel mean it is with cautious optimism that we are now able to look forward to a point where life and activity resumes under new Covid-19 norms.

Looking back over the year ended 30 June 2021, the Board is particularly pleased with the way the Company and Investment Adviser have handled the complications to working life that the Covid-19 pandemic has presented.

The principal features of the period under review have been:

- Shareholders provided approval of ability to invest outside of solar infrastructure assets, notably in wind and energy storage.
- Shareholders approved an update to the Company's dividend policy.
- The Company completed, for a combined value of up to £195.6 million (including working capital), the acquisition of both a portfolio of 15 UK ground mounted operating PV assets and a single 70MWp asset.
- The Company, working with its development partners Bluefield Renewable Developments, Lightrock Power and Anglo Renewables, achieved planning consent in November 2020 for a 50MWp PV plant whilst its proprietary pipeline of subsidy free solar and battery developments grew to c.770MWp.
- The Company, through two over-subscribed share issues, successfully raised £45m in November 2020, followed by a further £105.1m raise post period end in July 2021.
- Two major milestones were passed post the end of the reporting period as the Company completed the acquisitions of its first wind assets (a portfolio of 109 wind turbines for £63m) alongside its first ready to build, co-located 45MWp solar and 25MWp battery opportunity for £5m (including land rights to the site).

- Power prices rose from a low of £24.18/MWh in April 2020, during the first wave of the pandemic, to a twelve month high in December 2020 £54.98/MWh before rising dramatically during H1 2021 to highs of £95m/MWh in May/June 2021 as both gas and carbon pricing jumped significantly while the global recovery from the pandemic accelerated.

- Despite varying degrees of lockdown restrictions, the Company's principal O&M provider, Bluefield Operations, has continued to provide full contractual services and is a key element behind the highly pleasing technical performance of the portfolio.

These themes are dealt with in more detail below.

At the year end the Net Asset Value per share in the Company was 115.83pps (30 June 2020: 117.01pps), with on target dividends declared for the period totalling 8.00pps. The share price declined from 134.5p at 30 June 2020 to 121.4p at 30 June 2021, due largely to a de-rating of the renewable generation sector following heavy issuance. This equates to a total return for Shareholders for the period of -3.79%. At the time of writing, the share price has recovered marginally in the post year end period. The performance of the assets of the Company and how this is reflected in returns to Shareholders is set out in detail in the Investment Adviser's report on page **37**.

Key Events

During the period, in August 2020, the Company completed the acquisition of 15 solar plants totalling 64.2 MWp (a mixture of FiT and ROC assets with an average ROC of 1.8) and then, in January 2021, announced the acquisition of Bradenstoke Solar Farm, a 1.4 ROC, 70MWp ground mounted solar farm located in Wiltshire whilst considerable progress has also been made with respect to the Company's solar and battery development activities.

At the time of writing the total pipeline currently stands at 593MWp of solar (with 81MWp currently in planning and a further c.254MWp close to submission) and 179MWp of battery projects (of which a co-located 19MWp project is in planning).

Furthermore, two highly significant transactions have been completed post period end, in August 2021; the first was the purchase of a portfolio of 109 operational wind turbines for approximately £63m and the second the project rights to a ready to build co-located 45MWp solar and 25MWp battery opportunity (Please see the Acquisitions section of the Investment Adviser's report on page **21** for further details).

The Board is particularly encouraged by these post period end acquisitions as they marked the first investments made by the Company into non-solar technologies since Shareholders approved a broadening of the Company's mandate in July 2020.

With both the operational solar and wind acquisitions benefitting from high proportions of regulated revenue, they not only underpin our objective to sustain market leading earnings and dividend payments in the years ahead, but also 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.

Beyond growing the earnings potential of the Company, the Board is pleased that these investments, totalling c.£263 million, were financed by successful equity raises in November 2020 of £45m and £105.1m in July 2021 as well as a carefully structured mix of the Company's increased and extended £100m RCF and a bespoke 3 year £110m term loan from NatWest with an associated interest rate hedge.

At the time of writing, the Group's total outstanding debt has increased to c.£340.4 million and its leverage level stands at c.37% of GAV; comfortably in line with the range the Directors have previously outlined as desirable for the Company of between 35% - 45%.

Finally, the Board and the Investment Adviser were delighted to achieve planning consent in November 2020 with respect to Yelvertoft Solar Farm, a 50MWp plant located in Northamptonshire. We have exercised our option to construct the project and we are looking forward to updating Shareholders on construction timings for both this plant and the co-located 45MWp solar and 25MWp battery project in the coming months. Consent for the Company's first subsidy-free development project marks an important milestone for the Company and its ambition to support the de-carbonisation of the UK's electricity network, and the UK Government's net-zero ambitions.

As ever, the Investment Adviser continues to evaluate further solar, wind and battery storage investment opportunities and the Board will continue to ensure that these potential new projects are capable of enhancing dividends by a judicious use of debt and equity financing.

Underlying Earnings and Dividend Income

The Underlying Earnings for the period, pre amortisation of long-term finance, were £48.6m or 11.34pps and underlying earnings for distribution, post debt repayments of £9.3m (2.17pps), of £39.3m (9.16pps).

The on-target operational performance of the Company's portfolio over the period to 30 June 2021, combined with the benefit of brought forward reserves of 1.93pps (adjusted for the new shares issued in the period to 30 June 2021), as well brought forward earnings (1.18pps) of the two solar acquisitions (being January 2020 for the 64MWp portfolio and April 2020 for the 70MWp project) made during the period, means the Company has exceeded the earnings required to support its dividend target of 8.00pps for the year to 30 June 2021, allowing the Company to retain its position as the sector's highest dividend distributor (on a pence per share basis).

Further details of Underlying Earnings are set out in the Investment Adviser's Report on page **36**.

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, as well as wider market assumptions now deployed on asset length, the Directors' Valuation as at 30 June 2021 now includes 490MWp (c.80% of the portfolio by capacity) being valued on the basis of an additional 5 - 15 years of operational life, resulting in a weighted average life of the portfolio of 30.2 years (vs. 27.4 years in June 2020), reflecting both new acquisitions and asset life extensions.

The equity discount rate of 6.00% remains unchanged from 30 June 2020, however following the Spring Budget in 2021, the tax rate within the valuation has been increased from 19% to 25% from April 2023 for the remaining life of each asset. The Directors' Valuation also includes the latest power curves, available as at 30 June 2021, from three leading forecasters.

The Company's valuation policy balances recommendations from the Investment Adviser (as a product of a comprehensive DCF model) with benchmarking against comparable transactional activity for UK based solar assets. As a result of the continued demand for subsidised solar assets, the range of values witnessed by the Investment Adviser and Board for assets equivalent to those in the Company's portfolio remains between £1.20m/MWp and £1.40m/MWp.

By valuing the Company's operational portfolio at an Enterprise Value of £770.1m (£1.26m/MWp), the Directors' Valuation as at 30 June 2021 sits sensibly at the lower end of precedent public market transactions and in keeping with the Company's valuation methodology of 'willing buyer/willing seller'.

Power Prices and BREXIT Impact

From the historic lows seen in Q2 2020, as the UK Government placed the country into a nationwide lockdown in response to the Covid-19 pandemic, power prices rose steadily during the second half of 2020 (increasing from £24.18/MWh in April 2020 to £54.98MWh in December 2020).

This increase in pricing has not only accelerated during H1 2021 across both day ahead (£79.21 per MWh in June 2021) and season ahead (Winter 21 baseload reached highs of £95.35 per MWh) and continues to rise at the time of writing.

This increase in baseload pricing from December 2020 has been driven by a combination of factors; easing of national and international restrictions, rising carbon pricing (which returned to pre pandemic levels) and increasing gas prices as re-opening the global economy has coincided with extended outages in the UK on both nuclear and fossil-fuelled generating stations, as well below average winter temperatures.

The Company's flexible PPA strategy has meant it was able to manage the timing of power price fixes to avoid the lows in April 2020, before carefully fixing selected asset tranches to take advantage of rising power prices during the second half of 2020 and first half of 2021.

As such, the average contracted price for the portfolio achieved per MWh for contracts starting post 30 June 2021 of £61.7 per MWh is considerably higher than the average contracted price for the twelve month period to 30 June 2021 of £48.20 per MWh (vs. day ahead base load price of £58.02 per MWh for the same period).

On 24 December 2020 the UK and EU finally reached a post-Brexit trade deal, one week before the end of the transition period. Whilst the deal provides a framework for future energy market relations between the UK and EU, Great Britain will no longer be part of the Internal Energy Market ("IEM"), and some uncertainty remains over the future of GB carbon pricing and cross border electricity trading across interconnectors.

Whilst plans are in place to develop models to address both of these issues and GB carbon pricing has broadly tracked that of the EU during 2021, the lack of certainty in the short term has led to increased volatility in day ahead and intraday power prices.

At the time of writing, it is clear that the UK economy is experiencing inflationary pressures and that, in the short term, RPI is likely to exceed the 3% level which is embedded in our financial forecasts. Economic commentators are divided on whether this will be a short-lived phenomenon, or whether higher inflation will endure for some time. In addition to increasing our operating costs, inflation has immediate consequences for your Company: it increases the interest payments on the inflation-linked segment our long term debt (currently some £64 million), but the cost of this is more than compensated by the indexation provisions in our regulated revenues.

Looking beyond the near term and out over the next 20 years, whilst de-carbonisation is expected to drive an increase in demand for electricity, medium to long term power price predictions have been lowered (from predictions in June 2020 and December 2020) as forecasters continue to predict that, despite rising demand for electricity, pricing will be suppressed by falling commodity prices and increased renewable generation post-2030. (Please see page **38** in the Investment Adviser's report for a graph illustrating the blended power curves used by the Company in the Directors' Valuation.)

Covid-19 Contingency Planning

As I have outlined in my previous two Chairman's Statements (for June 2020 and December 2020), the Board has been happy with the services provided in relation to technical management of the Company's portfolio by Bluefield Services and Bluefield Operations during the extended period of the Covid-19 pandemic. Despite numerous lockdowns, both companies have continued to provide full and uninterrupted services - a credit to the management of the businesses and the dedication of their staff.

The Board would like to express its thanks to the Investment Adviser and all its staff for their exceptional efforts in supporting the Company during this unprecedented period.

Environmental, Social and Governance

I have previously discussed how ESG considerations have become increasingly important to Shareholders over the past few years and the pandemic has only served to accelerate this view.

However, as we have also outlined, one consequence of this for Shareholders is that it can be difficult to understand the basis upon which companies are making ESG disclosures and whether companies' ESG policies are correctly identifying both the risks and opportunities that ESG considerations are creating.

In response to this, the Board and the Investment Adviser have been working on the completion of a Materiality study in order to provide a clear and transparent ESG 'audit' of the Company; the results of this comprehensive review, I am delighted to advise, are published in the ESG section on page **45**.

In addition to the above I have instigated a Board refreshment programme as this year marks the 8th anniversary of the Company's listing on the LSE and I shall advise shareholders of our initial Board changes ahead of the AGM.

TURBINE, HARROGATE, FROM WIND PORTFOLIO ACQUIRED JULY 2021

Conclusion

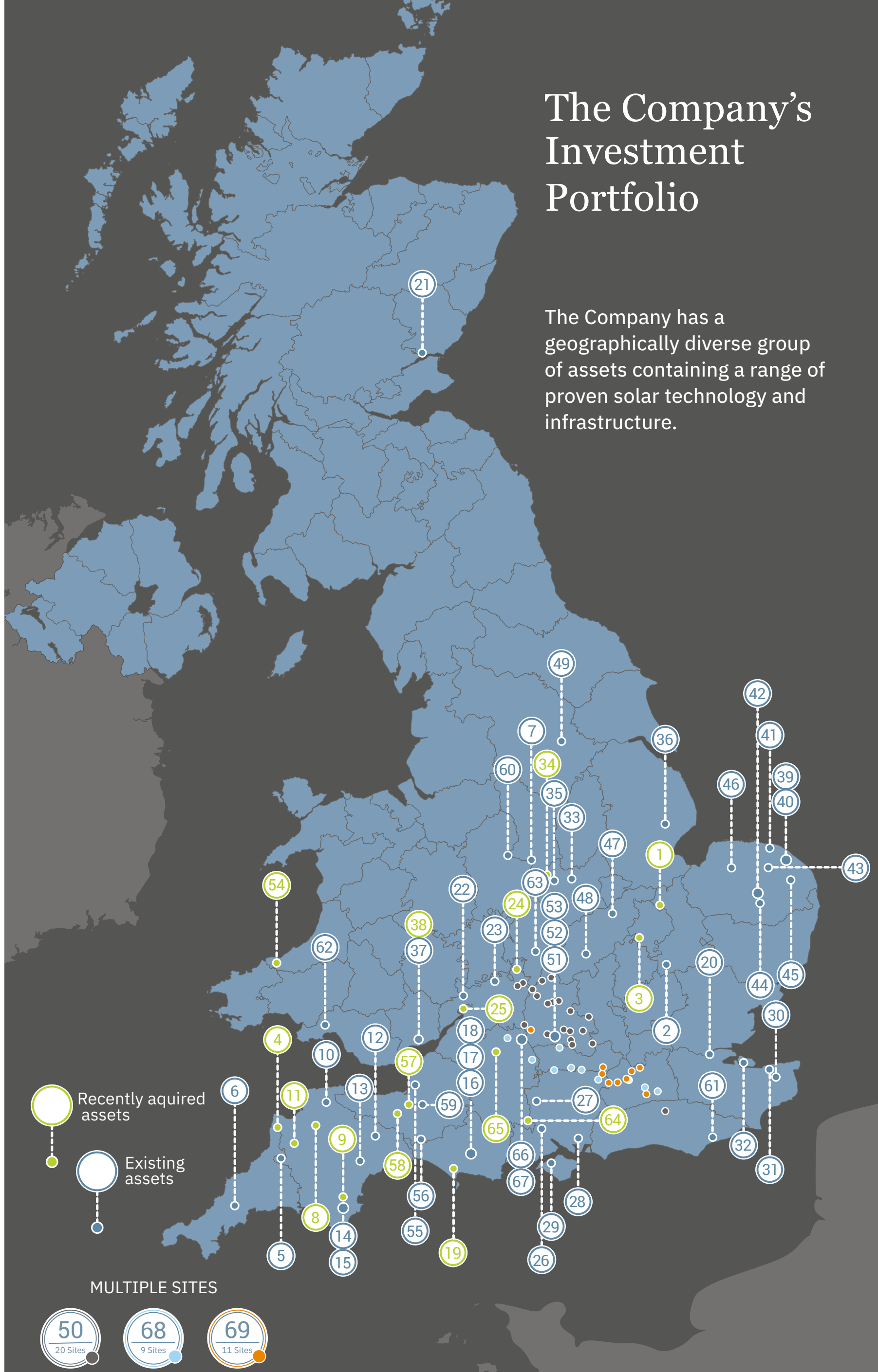
The recent activities of the Company have been immensely pleasing. After a period of portfolio consolidation, the Company has not only acquired over 134MWp of solar projects with a high proportion of regulated revenues, but crucially (post period end) has made maiden investments into an operational onshore wind portfolio and a consented co-located solar and battery storage project.

Whilst it is disappointing to see a compression in the share price premiums enjoyed by the Company and its renewable peers, the Board believes that the diversification of the Company's portfolio and its share register, mark a key inflection point in the life of the Company. I am grateful to both our existing and new shareholders and my Board colleagues for their support in a busy year.

John Rennocks
Chairman
4 October 2021

The Company's Investment Portfolio

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



Cambridgeshire
1 BLACKBUSH
Wittlesey 3.4 MWp
2 HOBACK
Royston 17.5 MWp
3 STOW LONGA
Stow Longa 5.3 MWp

Cornwall
4 EASTCOTT
Bude 5.0 MWp
5 NORTH BEER
Launceston 6.9 MWp
6 TRETHOSA
St Austell 4.8 MWp

Derbyshire
7 BURNASTON
Burnaston 4.1 MWp

Devon
8 BEAFORD
Winkleigh 5.2 MWp
9 BIDWELL
Dartington 6.1 MWp
10 CAPELANDS
Barnstaple 8.4 MWp
11 FOXCOMBE
Hollacombe 5.3 MWp
12 LANGLANDS
Ashill 2.1 MWp
13 LITTLE BEAR
Exeter 5.0 MWp
14 OLD STONE
Totnes 5.0 MWp
15 PLACE BARTON
Totnes 5.0 MWp

Dorset
16 EAST FARM
Overmoigne 5.0 MWp
17 HOLLY FARM
Overmoigne 5.0 MWp
18 GALTON MANOR
Overmoigne 3.8 MWp
19 NOTTINGTON
Buckland Ripers 6.0 MWp

Essex
23 BARVILLS
East Tilbury 3.2 MWp

Fife
21 WORMIT
Wormit 5.0 MWp

Gloucestershire
22 GRANGE
Newent 5.0 MWp
20 GRETTON
Gretton 4.9 MWp
24 NORTON HALL
Mickleton 2.8 MWp
25 STANTWAY
Westbury 1.8 MWp

Hampshire
26 ROMSEY
Romsey 5.0 MWp
27 SAXLEY
Andover 5.9 MWp
28 SOUTHWICK
Fareham 47.9 MWp

Isle of Wight
29 DURRANTS
Newport 5.0 MWp

Kent
30 LITTLEBOURNE
Canterbury 17.0 MWp
31 MOLEHILL
Herne Bay 18.0 MWp
32 SHEPPEY
Isle of Sheppey 10.6 MWp

Leicestershire
33 GYPSUM
Sileby 4.5 MWp
34 LOUNT FARM
Ashby-de-la-Zouch 2.5 MWp
35 THORNTON
Thornton 3.6 MWp

Lincolnshire
36 FOLLY LANE
Boston 4.8 MWp

Newport
37 COURT FARM
Llanmartin 5.0 MWp
38 HAZEL
Newport 2.8 MWp

Norfolk
39 BUNNS HILL
North Walsham 5.0 MWp
40 FROGS LOKE
North Walsham 5.0 MWp
41 HALL FARM
East Beckham 11.4 MWp
42 HARDINGHAM
Wicklewood 14.9 MWp
42 HARDINGHAM X
Wicklewood 5.2 MWp
43 OULTON
Oulton 5.0 MWp
44 ROOKERY
Attleborough 5.0 MWp
45 SALHOUSE
Norwich 5.0 MWp
46 WEST RAYNHAM
West Raynham 50.0 MWp

Northamptonshire
47 CORBY
Corby 0.5 MWp
48 KISLINGBURY
Kislingbury 5.0 MWp

North Yorkshire
49 KELLINGLEY
Beal 5.0 MWp

Oxfordshire
50 BUTTERISS DOWNS
20 Sites 0.8 MWp
51 ELMS
Wantage 28.9 MWp
52 GOOSEWILLOW
Steventon 16.9 MWp
53 HILL FARM
Abingdon 15.2 MWp

Pembrokeshire
54 ABERPORTH
Cardigan 1.4 MWp

Somerset
55 ASHLAWN
Axbridge 6.6 MWp
56 CLAPTON
Cucklington 5.0 MWp
57 COBBS CROSS
Bridgewater 5.7 MWp
58 LOWER MARSH
Taunton 5.9 MWp
59 REDLANDS
Bridgwater 6.2 MWp

Staffordshire
60 WILLOWS
Uttoxeter 5.0 MWp

Sussex
61 PASHLEY
Bexhill on Sea 11.5 MWp

Swansea
62 BETINGAU
Swansea 10.0 MWp

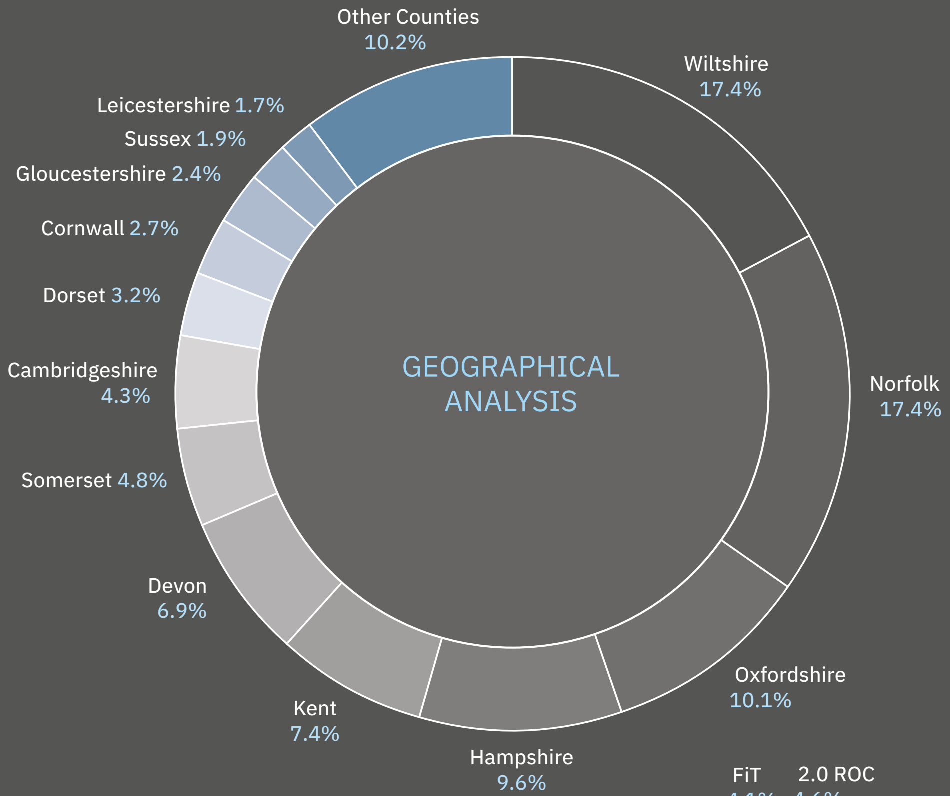
Warwickshire
63 TOLLGATE
Leamington Spa 4.3 MWp

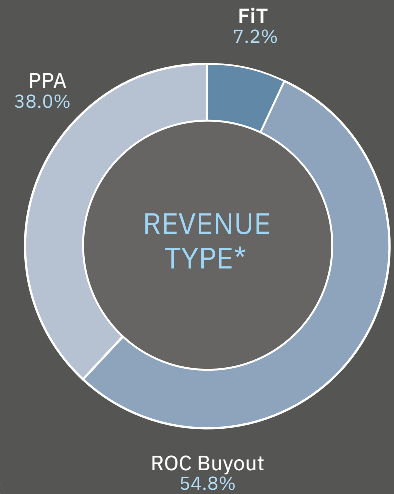
Wiltshire
64 BIG FIELD
Hamptworth 5.0 MWp
65 BRADENSTOKE
Chippenham 70.0 MWp
66 PENTYLANDS
Highworth 19.2 MWp
67 ROVES
Sevenhampton 12.7 MWp

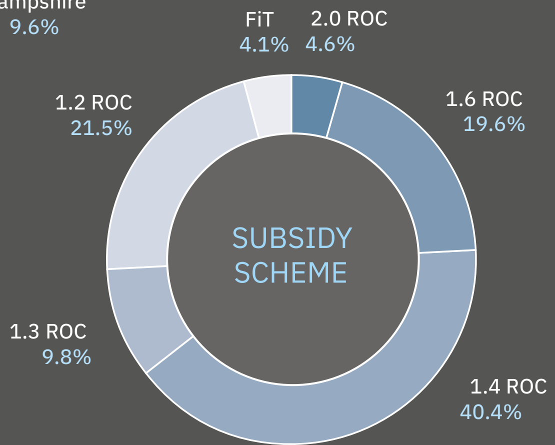
Multiple Locations
68 PROMOTHAMES
9 Sites 0.4MWp
69 GOSHAWK
11 Sites 1.1 MWp

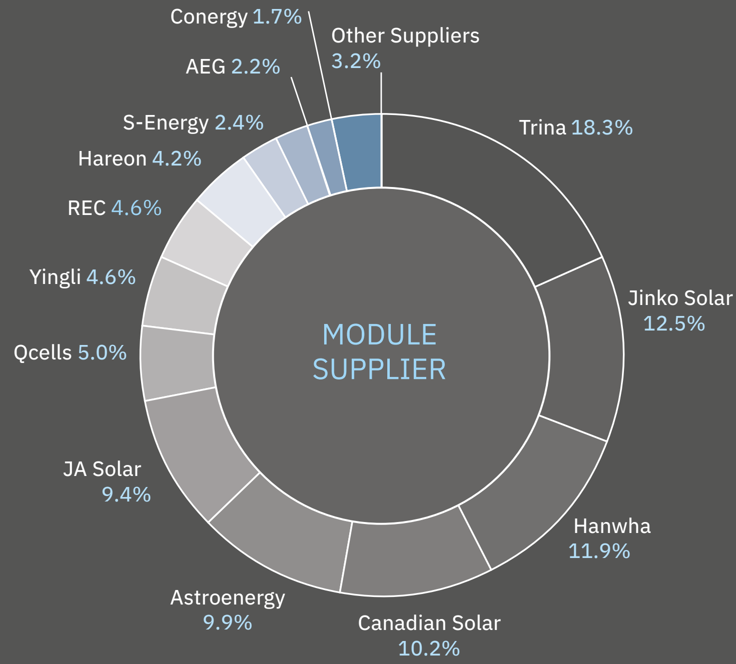
Analysis of the Company's Investment Portfolio

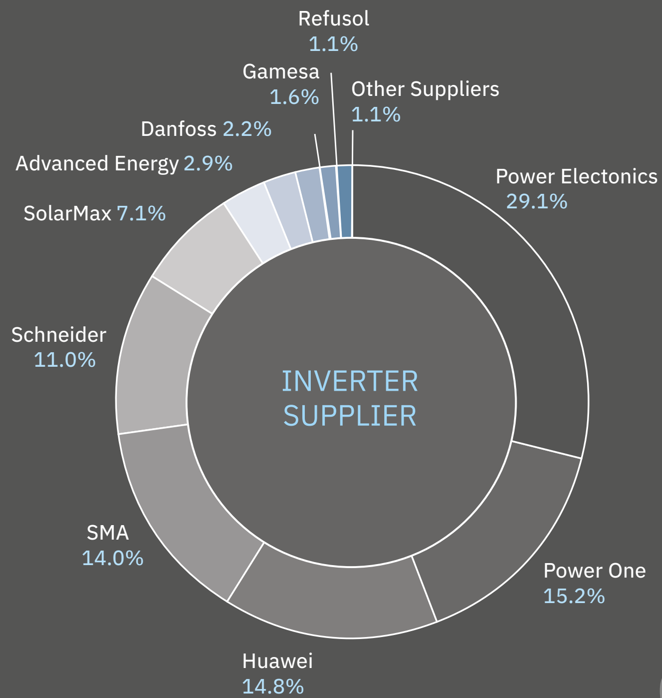
The Company's investment portfolio, analysed by geography, revenue type, subsidy tariff, module supplier and inverter supplier, as at 30 June 2021 is as follows:





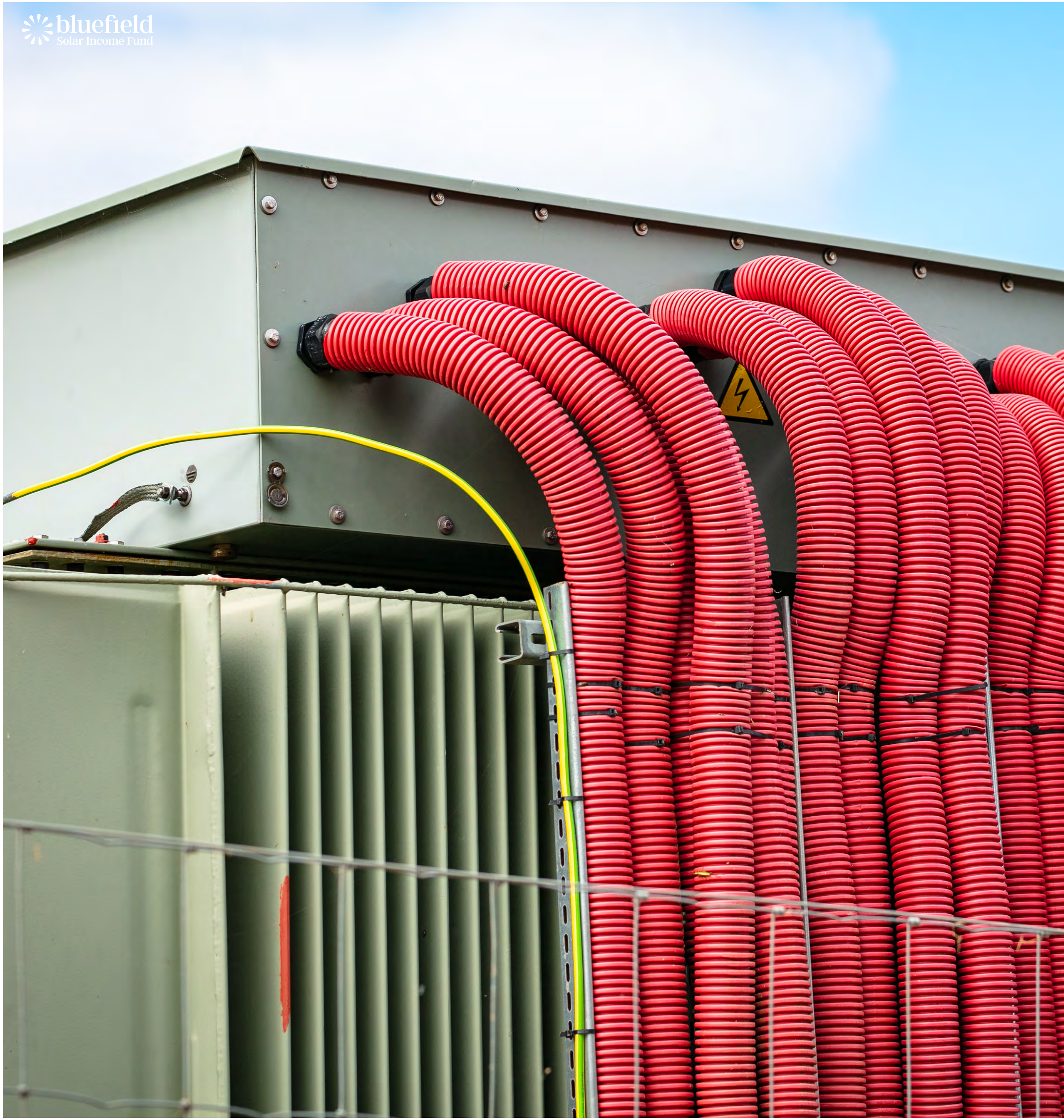






Note: Graph percentages are based on capacity

*Revenue is based on the Company's operating portfolio of 613 MWp and does not include estimated ROC Recycle Revenue



Strategic Report

1. Company's Objectives and Strategy

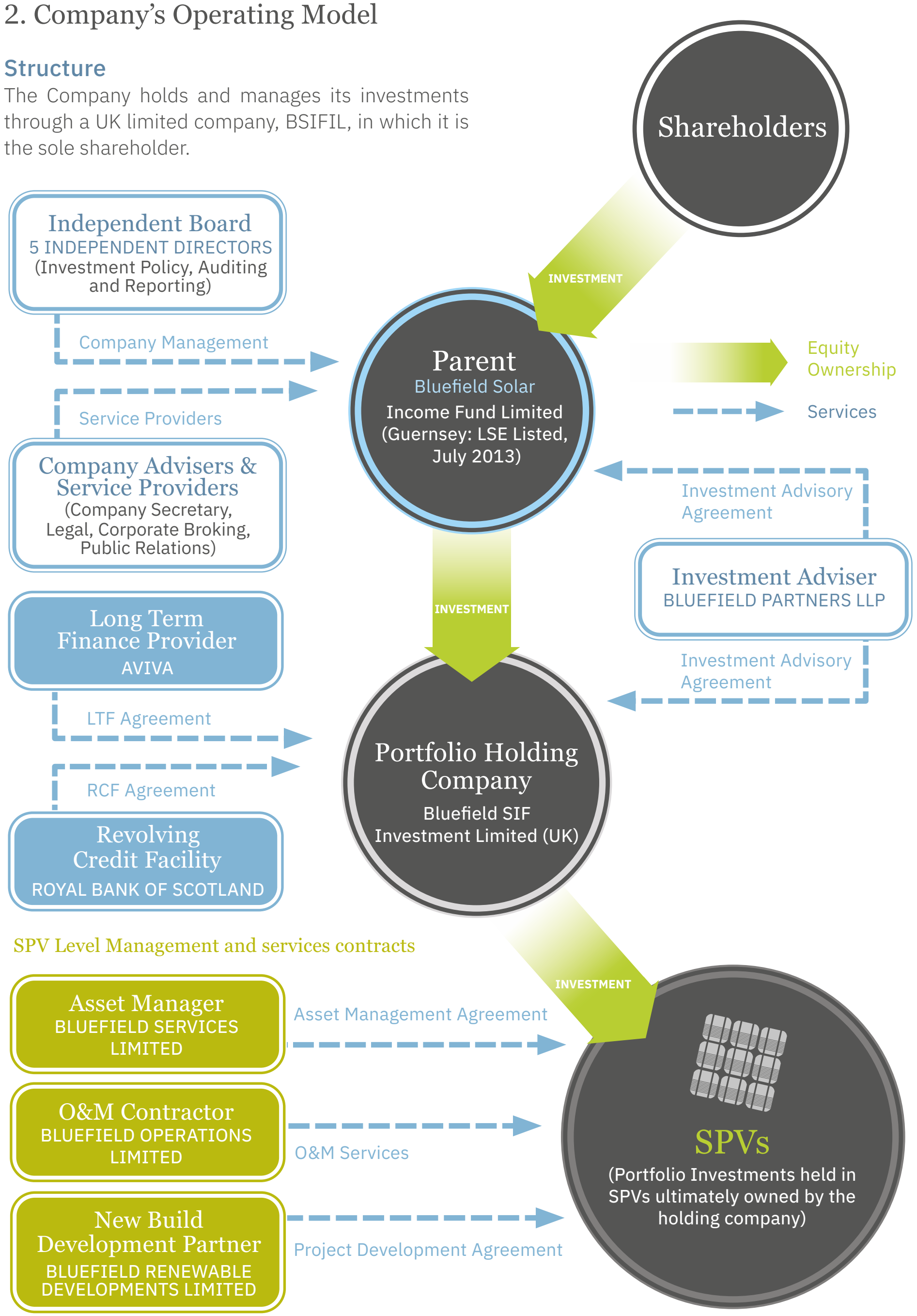
The Company seeks to provide Shareholders with an attractive, sustainable return, principally in the form of quarterly income distributions, by investing in a portfolio of large-scale UK based solar and wind energy infrastructure assets. The Company had a dividend target that was increased at the end of each financial year in line with RPI during the financial year. This was amended to a progressive dividend target following a shareholder vote on 6 July 2020. 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 2021 is 8.00pps and the Company has declared four interim dividends totalling this amount.

The Operational and Financial Review section on page **13** 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. Bluefield Operations Limited and Bluefield Renewable Developments Limited also have the same ownership as the Investment Adviser and provide operational management for the majority of the Company's investments and a pipeline of development projects for the Company respectively.

During the year the Investment Adviser has been paid a fee equivalent to 0.8% of NAV at 30 June 2021.

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

Administrator

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

Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are listed on page **57**.

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 renewable energy acquisitions and managing operational projects, 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 initially invested 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 targeted long life solar energy infrastructure, expected to generate renewable energy output over a minimum 25 year asset life. On 6 July 2020, Shareholders approved revisions to the Company's investment objectives and policies. The Company will no longer exclusively invest in solar infrastructure assets but will now have the ability to invest a minority of its capital into other renewable energy assets and energy storage assets; such a minority exposure will be limited to a maximum of 25% of the Company's GAV.

Individual assets or portfolios of assets are held within SPVs into which the Company invests through equity and/or debt instruments. The Company typically seeks legal and operational control through direct or indirect stakes of 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 also make use of non-recourse finance at the SPV level to provide leverage for specific solar energy infrastructure assets or new portfolios provided that at the time of entering into (or acquiring) any new financing, total non-recourse financing within the portfolio will not exceed 50% of the prevailing GAV.

The Company can invest up to 10% of the GAV into assets outside the UK to enable it to participate in acquisitions of portfolios with a mix of UK and non-UK assets, though it is not the Company's policy to be a long term holder of non-UK assets. Furthermore, up to 5% of the GAV may be invested into pre-construction UK solar development opportunities. In addition to the limitations above, the aggregate exposure to other renewable energy assets, energy storage technologies, UK solar development opportunities and non-UK assets will be limited to 30% of the Company's GAV.

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

The portfolio provides diversified exposure through investment in no less than 10 individual assets. Diversification is also achieved across various other factors such as technology, revenue streams, grid connection points, individual landowners and leases, providers of key components 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, FiTs and CfDs (or any such regulatory regimes that may replace them from time to time). Such regimes are currently underwritten by the UK Government, providing a level of fixed term, non-power market correlated revenues, typically for 20 years from the date of grid connection. 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. In addition, the Company may store energy or convert it into other forms for future sale.

The Company's investment policy has the flexibility to invest up to 5% of GAV into UK solar 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 renewables market are 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 renewable market has resulted in the Company being offered both operational and development 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.

SHEEP GRAZING AT MOLEHILL

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

The Board and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts. The production of sustainable energy from the Company's portfolio is expected to save the emission of millions of tonnes of CO_2 throughout the life of the assets. In addition, the Company seeks to increase biodiversity at its sites by appropriate planting and landscaping of the land it manages, as detailed in the Environmental, Social and Governance report on pages **45** to **53**. 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 2021	As at 30 June 2020
Market Capitalisation (£'000s)	494,098	498,322
Share price	121.40p	134.50p
Total dividends per share declared in relation to the year	8.00p	7.90p
NAV (£'000s)	471,426	433,505
NAV per share	115.83p	117.01p
Total Return to Shareholders (based on share price and dividends paid in the year)	(3.79)%	4.70%

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 2021 £ million	Year ended 30 June 2020 £ 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)	25.2	28.8
Administrative expenses (Note 5 of the financial statements)	(1.4)	(1.3)
Total comprehensive income before tax	**24.5**	**28.2**
Tax	-	-
Total comprehensive income	**24.5**	**28.2**
Earnings per share	**6.25p**	**7.63p**

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

The total comprehensive income before tax of £24.5 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 1.14% (2020: 1.10%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation. See page **89** for a tabular calculation of the Company's ongoing charges ratio.

CONVERTER AT LITTLE BEAR

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 last undertaken by an independent third party for June 2018.

The Directors' Valuation adopted for the portfolio as at 30 June 2021 was £694.5m (Note 8 of the financial statements), representing a cumulative 10.72% 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 and Emerging Risks

Under the FCA's Disclosure Guidance and Transparency Rules, the Board is required to identify those material risks to which the Company is exposed and 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 five main areas of risk:

- Portfolio Management;
- Operational;
- External;
- Reputational; and
- Emerging.

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

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 Company has secured a development pipeline of 700MWp of unsubsidised solar capacity and has expanded its mandate to include wind.
2. Portfolio Operational Risk	Underperformance of solar plant versus expectations at acquisition.	BSL as asset manager prepares a quarterly operational summary for the Board that evaluates the performance of each plant against budget and highlights any issues to be addressed. The board has agreed KPIs for BSL with Bluefield LLP and is in the process of agreeing KPIs for Bluefield Operations Ltd (BOL), to monitor contractor performance as more projects are transitioned to BOL.

OPERATIONAL

Risk	Potential Impact	Mitigation
3. Valuation error	Valuations of the SPV investments are reliant on large and detailed financial models based on discounted cash flows. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and certain assumptions or methodologies applied may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited transactional data for solar PV generation against which the investment valuation can be benchmarked. Other inputs such as the price at which electricity and associated benefits can be sold are subject to government policies and support.	The discount factor applied to the cash-flows is reviewed by the Investment Adviser to ensure that it is set at the appropriate level. All papers supporting the Gross Asset Value calculation and methodology used are presented to the Board for approval and adoption. Ongoing quarterly reconciliations are performed between the SPVs and BSIF, with the Company committed to procuring a review of valuations by an independent expert at such times as the board deems appropriate. The first valuation was completed in June 2015. An additional and detailed independent review of the portfolio cash flow model was carried out as part of the long-term debt financing procurement process. An independent benchmarking exercise was last carried out as part of the June 2018 Financial Statements process. 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. 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 2021, the weighted average life of the portfolio is 30.2 years (vs 27.4 years in June 2020). The Company has secured development permission for its first unsubsidised solar plant and has added new technologies such as battery storage to its portfolio to mitigate the impact of the expiry of the FiT and ROC regimes.

EXTERNAL

Risk	Potential Impact	Mitigation
5. Unfavourable Weather and Climate Conditions	Weather related risks: annual income generation of the Company is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year. Global warming could impact supply and demand for electricity.	The Company has diversified the locations of its plants across the UK. The Group uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is relatively dispersed across the United Kingdom. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight, limiting short-term volatility when compared to other weather dependent electricity generation. The Group 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 Group. 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 periodically 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 and is currently developing its first battery storage site. This will give the added benefit of being able to 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 Group's Tax Advisers as necessary.
8. Changes to Government Plans	Decisions affecting the wholesale supply of electricity through either i) a flooded market or ii) other available forms of energy sources.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers.
9. Political risk	The decision by the UK to exit the EU has elevated levels of political uncertainty and may have an adverse impact on the Company. The Covid-19 pandemic has caused the government to take extraordinary measures in 2021, 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 long-term debt issue. There are however other unknown risks which may or may not occur in the medium and longer term and which the Board will monitor closely should they arise.
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.	BSL engaged a third-party consultant to implement a security case study at one of the Company's plants. The results of this are being used to assess and mitigate the risks facing the entire portfolio.
11. Adverse publicity	Adverse publicity within the Renewable Energy sector could damage the Company'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 Company's activities are fairly and accurately presented including through Broker, Stock Exchange announcements, press releases and web site maintenance. All incidences of adverse publicity are monitored via the Company's PR Adviser.

ASHLAWN

EMERGING RISKS

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.	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. Covid-19 continues to disrupt travel, however working from home remotely has been a successful transition with meetings being held virtually by telephone or video conference. The Investment Adviser monitors the situation within Government and any potential changes to power prices and will alert the Board accordingly. The Investment Advisor 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.
13. Inadequate ESG Reporting	Inadequate ESG reporting could lead to shareholder dissatisfaction and lack of demand for the Company's shares.	The Company has completed an ESG materiality review and has set the priorities for its ESG programme.
14. Board Succession	With the exception of Ms Lenfestey, all Board members joined the Company at the time of its creation in 2013. As the nine year director tenure limit is approached there is a risk of losing the skills cognisant of the challenges ahead as well as the background/running knowledge of the Fund.	The Company has initiated a succession plan and has engaged external consultants to identify suitably experienced candidates to replace the retiring Board members.

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 **15**, 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 next discontinuation vote is due to be held at the 2023 AGM and based on the Company's recent ability to raise capital the Directors have no reason to assume that shareholders would vote for discontinuation. For the purposes of modelling the Company's viability the discontinuation vote would have limited impact as a restructuring or sale of the Company's portfolio would be likely to require more than the three year viability modelling period to execute and the Company's portfolio would continue to be cash-flow generative irrespective of the outcome of the vote.

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 2024. 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 2024. 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 and emerging risks facing the Company was robust.

Based upon the robust assessment of the principal and emerging risks facing the Company and its stress testing based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to June 2024.

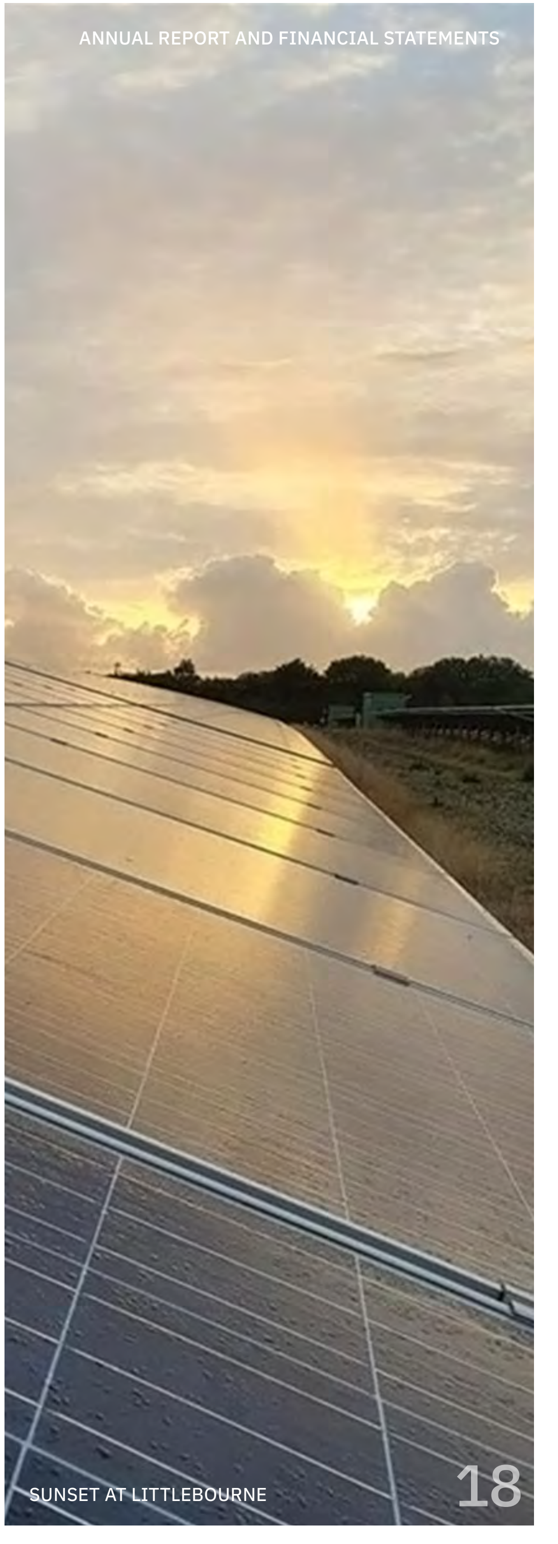
These inherent risks associated with investments in the solar energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

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 19 May 2021. 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 ESG 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.



SUNSET AT LITTLEBOURNE

	Stakeholder group	Methods of engagement	Benefits of engagements
Shareholders	The major investors in the Company's shares are set out on page **56**. 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 shareholder 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.	Shareholder engagement was rewarded by support for the Company's growth and diversification strategy.
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 106 PV plants (consisting of 65 large scale sites, 39 micro sites and 2 roof top sites) with a total capacity of 613MWp 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. The Company has partnered with a biodiversity adviser with the intention of setting its biodiversity strategy for its portfolio in the future.

Paul Le Page
Director
4 October 2021

Laurence McNairn
Director
4 October 2021

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 Bluefield team has been involved in over £4 billion renewable funds and/or transactions in both the UK and Europe, including over £1 billion in the UK since December 2011.

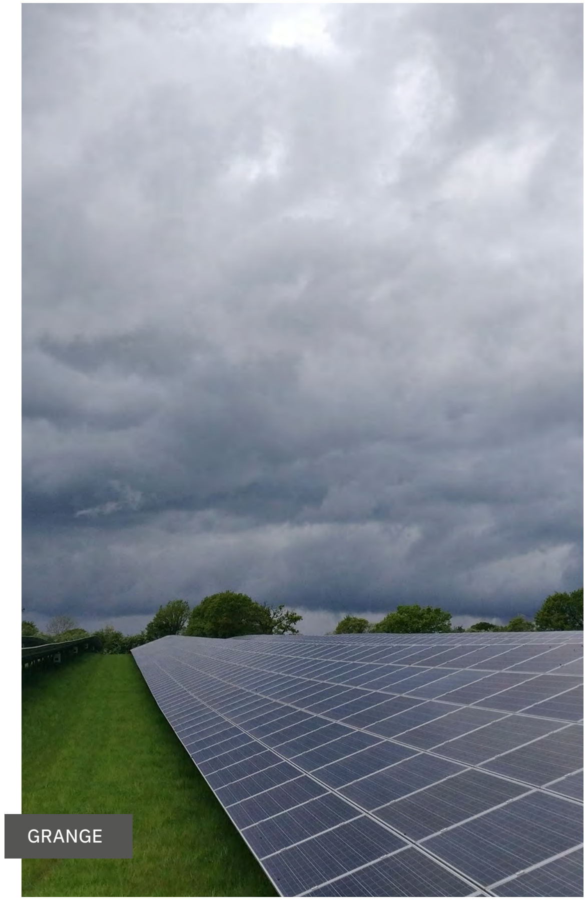
Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives. As Investment Adviser, Bluefield takes responsibility, fully inclusive within its advisory fees, for selection, origination and execution of investment opportunities for the Company, having executed over 70 individual SPV acquisitions on behalf of BSIF since flotation in July 2013.

Bluefield's Investment Committee has collective experience of over £18 billion of energy and infrastructure transactions.

2. Portfolio: Acquisitions, Performance and Value Enhancement

Portfolio

As at 30 June 2021, the Company held an operational portfolio of 106 PV plants (consisting of 65 large scale sites, 39 micro sites and 2 roof top sites) with a total capacity of 613MWp, with the portfolio displaying strong diversity through: geographical variety (as shown by the map on page **8**), 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).



GRANGE

Acquisitions

In August 2020, the Company successfully completed the first of two material acquisitions during the year under review.

A UK-based portfolio of 15 solar PV plants, with a total installed capacity of 64.2MWp, was acquired 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. The Company received the economic benefit of the acquisition 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. It also 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 2 of the projects are accredited under the feed-in-tariff ('FiT') scheme.

The acquisition was 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 NatWest International ("NatWest"), with the Company electing to hedge 75% of the loan repayments and interest 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.

The second material acquisition, in January 2021, was the purchase by the Company of Bradenstoke Solar Farm, an operational 70MWp ground mounted solar PV plant, for a total cash consideration of £89.0 million and from which the Company has received the economic benefit of all cash flows from 1 April 2020.

The plant, located in Wiltshire, has been operational since March 2015 and is accredited under the ROC regime with a tariff of 1.4 ROCs.

The acquisition was financed using the Company's revolving credit facility which, as well as being extended to September 2022 (with an option to extend to September 2023), was also increased, through a further £50m uncommitted tranche, to £100 million.

Post Period End Acquisitions

Maiden wind and co-located solar and battery acquisitions

On 28 June 2021 the Company announced the conditional acquisition of 109 small scale UK onshore wind turbines ("The Wind Portfolio") for approximately £60 million, with an opportunity to increase investment by a further £35 million to re-power 17 turbines in Northern Ireland before confirming completion of the acquisition on 16 August 2021 for approximately £63 million (including working capital and transaction fees) following the closing on 21 July 2021 of the Company's successful equity raise of £105.1 million.

Following the broadening of the Company's investment mandate in July 2020 to permit the Company to make investments of up to 25% of Gross Asset Value into non solar renewable technologies, the Wind Portfolio acquisition represents an excellent strategic fit for the Company through both a diverse geographical presence in the UK onshore wind market, with projects across England (62), Northern Ireland (29), Scotland (11) and Wales (7), as well as highly regulated revenue streams until 2034-2037 driven from the fact that the projects within England, Scotland and Wales are all FIT accredited, whilst those in Northern Ireland have been accredited under its Renewable Obligation Scheme ("RO Scheme") with a tariff of four Renewable Obligation Certificates ("ROC").

As a result of these accreditations, total revenue from the Wind Portfolio is over 90 per cent subsidised, with the remaining revenue, being less than 10 per cent of income, received from power sales sold under 15-year power purchase agreements with Power NI.

Beyond the attractive income producing aspects of the Wind Portfolio Acquisition, the highly regulated revenue stream is highly complementary to the Company's subsidy free ambitions and the management of merchant power prices in the new build opportunities which the Company is developing, and which are fundamental in supporting the UK Government meeting its net zero targets.

To this end, on 16 August 2021 the Company also announced the purchase of the rights (and associated land) to build 45MWp solar asset and co-located 25MWp battery project for approximately £5 million from EQUANS (re-branded from ENGIE Renewables). This co-located project is based in northeast Lincolnshire and is expected to begin construction during 2022, along with Yelvertoft, a 50 MWp solar project developed through the Company's proprietary pipeline.

Following these post period acquisitions, and the Company's successful equity raise of £105.1 million, the Company's total outstanding debt stands at £340.4 million, equivalent to 37% of Gross Asset Value (34% in June 2020), whilst the total installed capacity of its portfolio has grown to 625.6MWp (June 2020: 479MWp).

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.

Performance

In the year to 30 June 2021 the portfolio, with a total installed capacity at the year end of 613MWp, achieved a net PR of 80.3% (2020: 79.1%), against a forecast of 80.6%, generating 545.13GWh of power (vs 487.6 GWh FY 2019/20), marginally below the forecasted level.

Table 1. **Summary of BSIF Portfolio Performance for 2020/21:**

	Actual 2020/21	Forecast 2020/21	Delta Forecast (%)
Portfolio Total Installed Capacity (MWp)	613		
Weighted Average Irradiation (Hrs)[1,2]	1,168.00	1,177.10	-0.8%
Net Performance Ratio (%)[1,2]	80.3%	80.6%	-0.4%
Generation Yield (MWh/MWp)[1,2]	938.9	949.1	-1.1%
Total unit Price: Power + ROCs +LDs (GBP 000's/MWh)	£125.70	£121.03	3.9%
Total Revenue: inc LDs (GBP 000's/MWp) [2,3,4]	£118.00	£114.77	2.8%

Notes to Table 1.

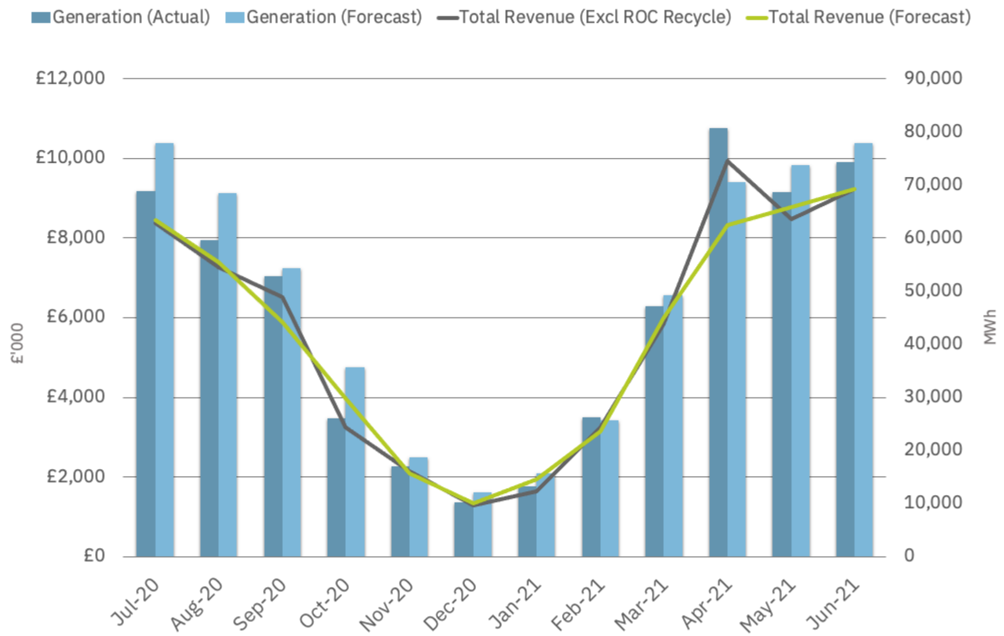
1. Excluding grid outages and significant periods of constraint or curtailment that were outside of the Company's control (for example, DNO-led outages and curtailments).
2. Due to the acquisition of Bradenstoke Solar Farm at the beginning of January 2021, calculations have been pro-rated: H1 (Jul - Dec 20) excl. Bradenstoke & H2 (Jan - Jun 21) incl. Bradenstoke
3. Actual and forecast revenue figures include ROC recycle estimates in line with standard forecasts
4. Actuals also include LDs of £160.4k (FY2019/20 £0.39m) and insurance claims payments of £0.62m (FY 2019/20 £0.37m).

As shown in the table above, irradiation levels during the period were marginally lower than the Company's forecast (-0.8%) and 11.7% lower than the 2019/20 FY, which saw unusually high levels of irradiation.

With the Net Performance Ratio virtually as expected, at 80.3%, the generation yield was 938.9MWh for each MWp of installed capacity, 1.1% below the Company's expectations. With the Total Unit Price being higher than forecast by +3.9%, Total Revenues were above expectations at £118.0k/MWp (+2.8%), and 15.6% below those recorded in FY 2019/20. The reduction in Total Revenues compared to the previous year was due to the significantly higher irradiation recorded during that period, with the reduction in Total Unit Price impacted by PPAs fixed during a period of very high wholesale levels in Q3 2018 expiring.

The portfolio's 'availability' (the total time the plant was operating, as a percentage of the maximum possible) was 97.6%, marginally lower than the forecasted level of 99% (2020: 97.4%). This was largely due to the rectification of failed equipment (for which insurance claims were submitted, where appropriate), and annual preventative maintenance activity. If HV equipment required replacing during the year, temporary units were sourced to ensure generation losses were minimalised until permanent replacement parts could be delivered and installed.

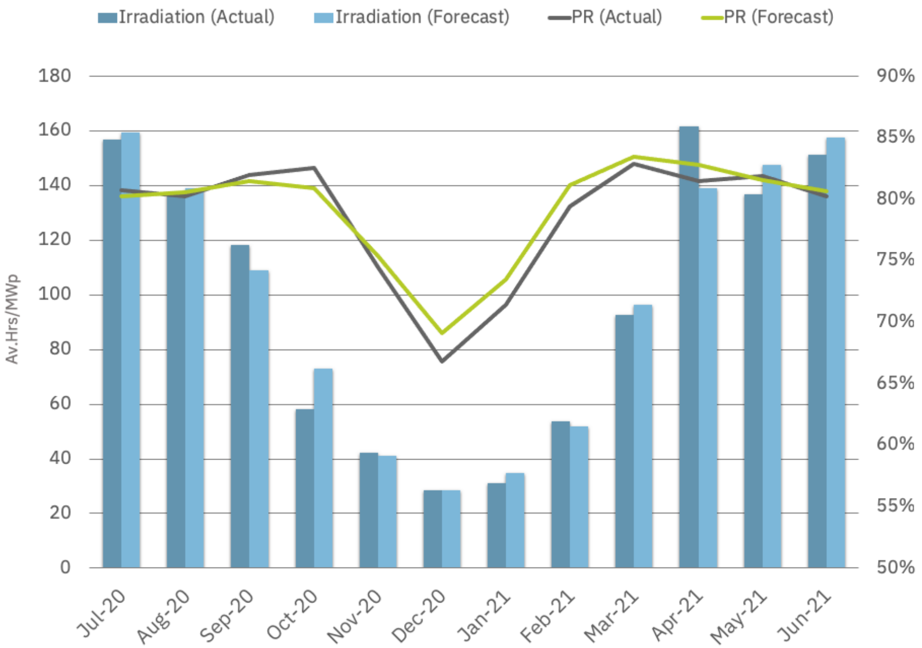
Figure 1. **FY 2020/21 – Actual Generation and Revenue**



Note: The portfolio increased from 542.8MWp to 613MWp as of 1 January 2021 with the acquisition of Bradenstoke Solar Farm.

The portfolio's Net Performance Ratio (or 'Net PR', the ratio at which a PV plant converts available irradiation to electrical generation output, excluding periods of outage which were outside the control of the plant) of 80.3% was virtually as forecast, and exceeding the level recorded during the 2019/20 reporting period of 79.1% by 1.5%. This improvement can be attributed to the increased level of service provided by Bluefield Operations Limited ('BOL'), which now provides O&M services on over 77% of the Company's solar farms.

Figure 2 - **Actual Net PR and Irradiation in FY 2020/21**



Note: The portfolio increased from 542.8MWp to 613MWp as of 8 January 2021 with the acquisition of Bradenstoke Solar Farm.

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 Bluefield Services Limited ('BSL'), to minimise operational interruptions, 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 3.52% (2020: 2.84%) of the Portfolio's total generation, equating to 19.17 GWh. The increase compared to the previous reporting year can in part be attributed to a revised formulae for calculating losses, which now includes all generation lost through the effects of clipping, inter-row shading and snow cover.

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 1.75% (2020: 0.70%) of total generation, equating to 9.56 GWh. These outages are accounted for in the portfolio's Net PR for the year of 80.3%.

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

Lost Generation (MWh)	Lost Revenue (£000s)	Asset	Installed Capacity (MWp)	Brief description of Event
854.9	103.2	Bradenstoke	70.0	Central inverter downtime for annual preventative maintenance during April, May and June 2021. Normally conducted in the winter months, this maintenance was delayed due to the planned grid connection works mid-May/early June.
613.5	97.02	Southwick	47.9	Replacement of failed AC circuit boards across a significant number of string inverters in July & August 2020 due to a systemic equipment failure. Fault accepted as manufacturer defect and re-placements provided (at no cost to the SPV).
548.9	75.22	West Raynham	50.0	2-day DNO outage in July 20, HV & inverter maintenance in Nov 20 and various inverter corrective maintenance in Aug 20.
492.5	62.08	Hardingham	20.1	Inverter power unit failures due to faulty cooling equipment, March & April 2021.
345.5	42.89	Redlands	6.2	Substation offline during April 2021 due to equipment failure. Insurance claim submitted for equipment replacement costs and lost revenue.
337.4	43.27	Foxcombe	5.3	Planned DNO outage for improvement works to the local network, 6-25 September 2020.

During the financial year, the Group received £160.4k in LDs (£393.4k in FY19/20) for underperformance, revenue losses and the rectification of minor equipment defects.

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

In addition, the Group's subsidiaries received £622.2k of payments from insurance claims (with a further £354.9k of submitted claims under review by the insurer) and £77.4k of business rates rebates, following appeals which highlighted discrepancies in the Valuation Office's calculations.

In addition, the Group received £150.58k from RO Mutualisation benefits for CP16 (1 Apr 2017 – 31 March 2018) and a further £242.8k for the CP17 period, totalling £393.4k. RO Mutualisation payments are provided by suppliers to Ofgem to cover any significant shortfall in the total RO payment amounts received due to some suppliers going out of business during the obligation period. CP16 was the first time the mutualisation mechanism has been triggered. Funds are then recycled back to suppliers who met their RO with ROCs (but not to those suppliers who failed to meet their RO). Any positive difference between the amount a supplier paid into the fund, then received back, is passed onto the generator as defined in the Company's PPA agreements.

Successful insurance claims, rebates and RO mutualisation revenues provided for a combined total of £1.09m (FY19/20: combined total of £2.01m).

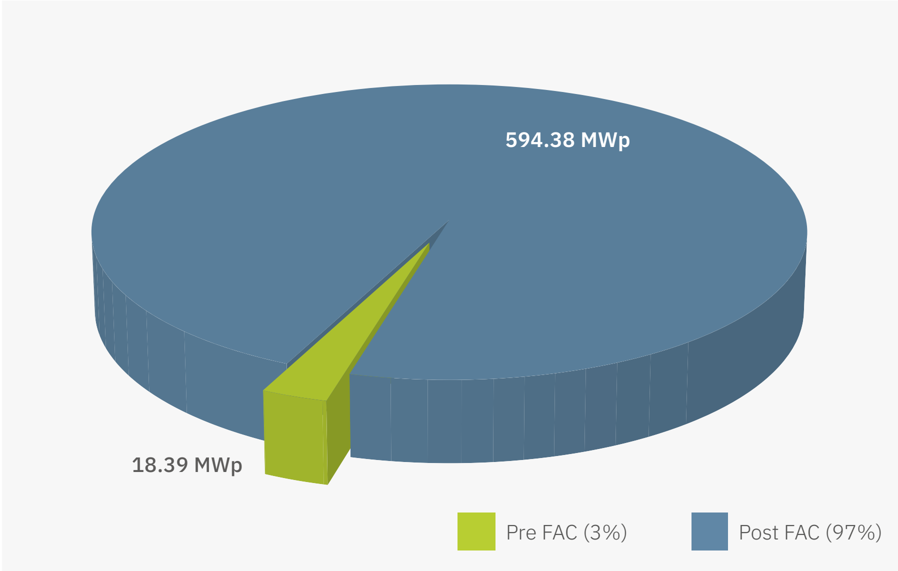
As at 30 June 2021, all but two PV plants had successfully passed their warranty periods and achieved final acceptance, equating to a combined installed capacity of 594.38MWp which represents 97% of the portfolio. The remaining two sites are expected to achieve final acceptance by 31 December 2021.

During the year a single plant (Redlands, 6.2MWp), 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 2021**



During the year ended 30 June 2021, O&M contracts for a further 14 assets (totalling 107.84MWp) were transferred to Bluefield Operations Limited ('BOL'). BOL now provides O&M services on a total of 50 plants with a combined capacity of 473.52MWp, equating to 77.3% of the portfolio.

Using BOL as the O&M provider to these 50 assets has provided annual operational cost savings of c. £413.3k, 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 2021 and the electricity generated in the 2020/21 financial year is shown below:

Table 4. BSIF Portfolio Generation for 2020/21 by Asset:

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2021 (Actual, \MWh)
West Raynham	55.9	50.0	47,059.77
Southwick	61.0	47.9	44,371.65
Elms	32.8	28.9	27,490.84
Hardingham	22.7	20.1	17,581.67
Pentylands	21.4	19.2	16,823.25
Molehill	23.1	18.0	18,337.16
Hoback	19.0	17.5	16,451.60
Littlebourne	22.0	17.0	16,583.15
Goosewillow	19.0	16.9	15,893.13
Hill Farm	17.3	15.2	14,357.47
Roves	14.0	12.7	11,617.34
Pashley	15.4	11.5	12,077.30
Hall Farm	13.4	11.4	11,136.39
Sheppey	12.0	10.6	10,717.93
Betingau	11.2	10.0	8,252.83
Capelands	8.6	8.4	7,777.33
North Beer	9.3	6.9	6,590.14
Ashlawn	7.6	6.6	6,365.78
Redlands	6.4	6.2	5,616.89
Bidwell*	8.1	6.1	6,145.91
Nottington*	11.8	6.0	6,918.09
Lower Marsh*	8.6	5.9	5,821.25
Saxley	7.0	5.9	5,550.91
Cobbs Cross*	9.1	5.7	5,602.41
Stow Longa*	8.8	5.3	5,242.58

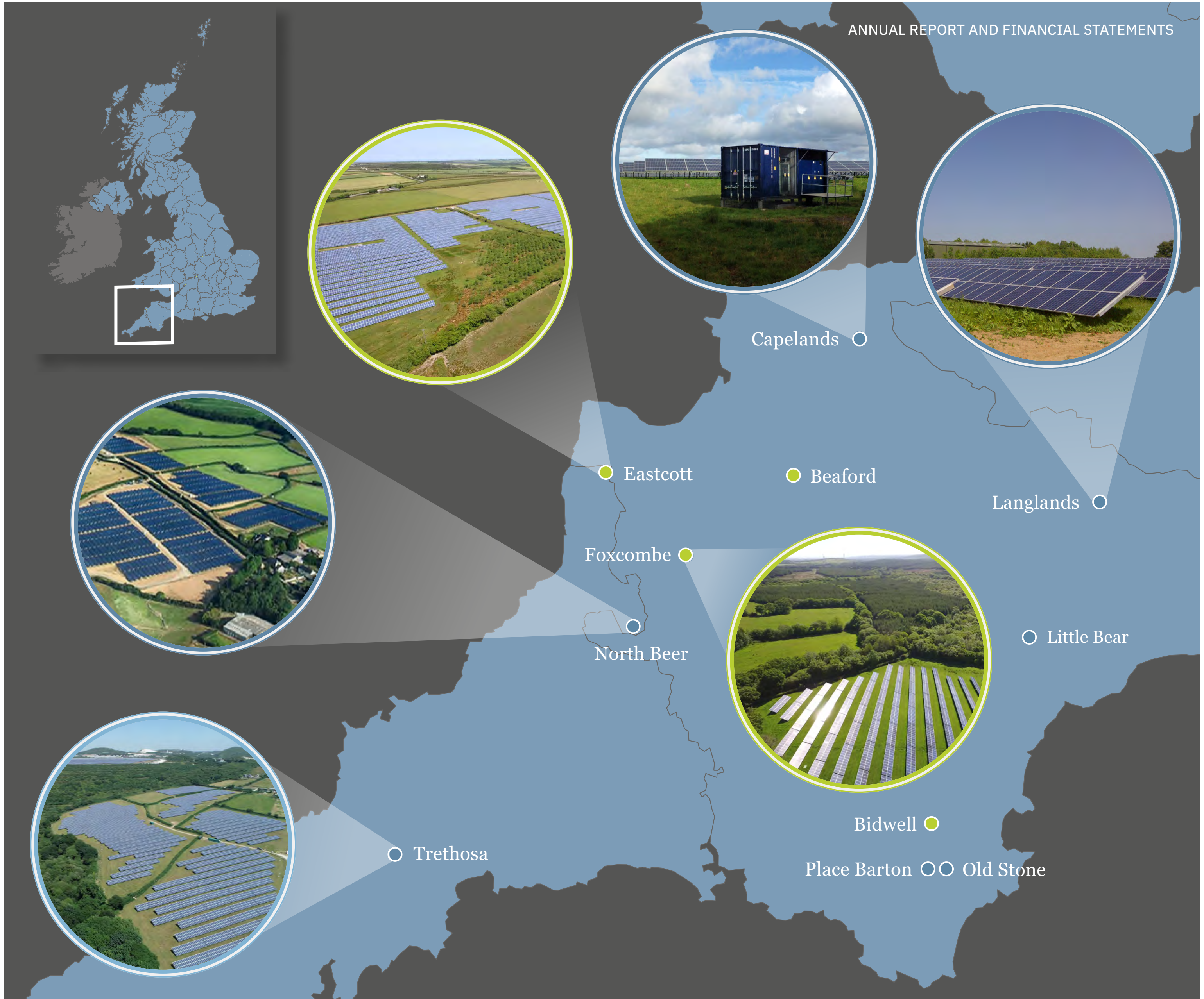
Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2021 (Actual, \MWh)
Foxcombe*	7.5	5.3	5,036.50
Beaford*	8.3	5.2	4,902.53
Eastcott*	10.1	5.0	5,149.85
Hamptworth (Big Field)*	8.8	5.0	4,879.12
Holly Farm	7.2	5.0	5,385.19
East Farm	7.2	5.0	5,338.98
Great Houndbeare (Little Bear)	6.8	5.0	5,095.51
Durrants	6.4	5.0	5,405.62
Clapton	6.3	5.0	4,959.77
Romsey	5.8	5.0	4,977.96
Old Stone	5.7	5.0	4,992.94
Salhouse	5.6	5.0	4,761.07
Frogs Loke	5.6	5.0	4,649.81
Place Barton	5.5	5.0	5,049.73
Court Farm	5.5	5.0	5,182.98
The Grange	5.4	5.0	4,857.60
Bunns Hill	5.3	5.0	4,612.76
Oulton	5.3	5.0	4,565.32
Rookery	5.2	5.0	4,712.10
Wormit	5.1	5.0	4,581.44
Kellingley	5.0	5.0	4,801.43
Kislingbury	5.0	5.0	4,633.64
Willows	4.6	5.0	4,475.76
Gretton	5.1	4.9	4,582.40
Trethosa	5.8	4.8	4,860.35

Solar Farm Asset	Total Investment Commitment (GBP)	Installed Capacity (MWp)	Generation to 30 June 2021 (Actual, \MWh)
Folly Lane	5.3	4.8	4,600.63
Gypsum	4.4	4.5	4,254.53
Tollgate Farm	4.6	4.3	4,013.74
Burnaston	14.4	4.1	3,706.07
Galton Manor	5.5	3.8	3,955.93
Thornton Lane	3.7	3.6	3,113.00
Blackbush*	6.6	3.4	2,983.96
Barvills	3.3	3.2	3,202.71
Hazel*	4.3	2.8	2,788.86
Norton Hall*	4.1	2.8	2,643.80
Lount*	3.3	2.5	2,259.71
Langlands	3.1	2.1	2,096.27
Stantway*	2.7	1.8	1,811.88
Aberporth*	2.0	1.4	1,361.08
Goshawk (10 micro sites)	2.0	1.1	1,057.36
Butteriss (20 micro sites)	2.3	0.8	610.77
Corby	2.3	0.5	433.39
Promothames (9 micro sites)	1.3	0.4	323.29
SUB-TOTAL	**674.8**	**543.0**	**518,050.10**
Assets with <12 Month's Performance Data (normally due to acquisition during period)			
Bradenstoke*	89.0	70.0	27,076.33
SUB-TOTAL	**89.0**	**70.0**	**27,076.33**
GRAND TOTAL	**763.8**	**613.0**	**545,126.43**

*Assets acquired during the year

Devon & Cornwall

Beaford Winkleigh	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.2
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	2.0 ROC
Bidwell Dartington	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	6.1
	PANELSUPPLIER	REC
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	1.4 ROC
Eastcott Bude	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Conergy
	EPC CONTRACTOR	Padero Solaer
	SUBSIDY VINTAGE	FiT
Foxcombe Hollacombe	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.3
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Padero Solaer
	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
North Beer Launceston	INVESTMENT DATE	October 2013
	CAPACITY (MWP)	6.9
	PANEL SUPPLIER	Hareon
	EPC CONTRACTOR	Parabel UK
	SUBSIDY VINTAGE	2.0 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

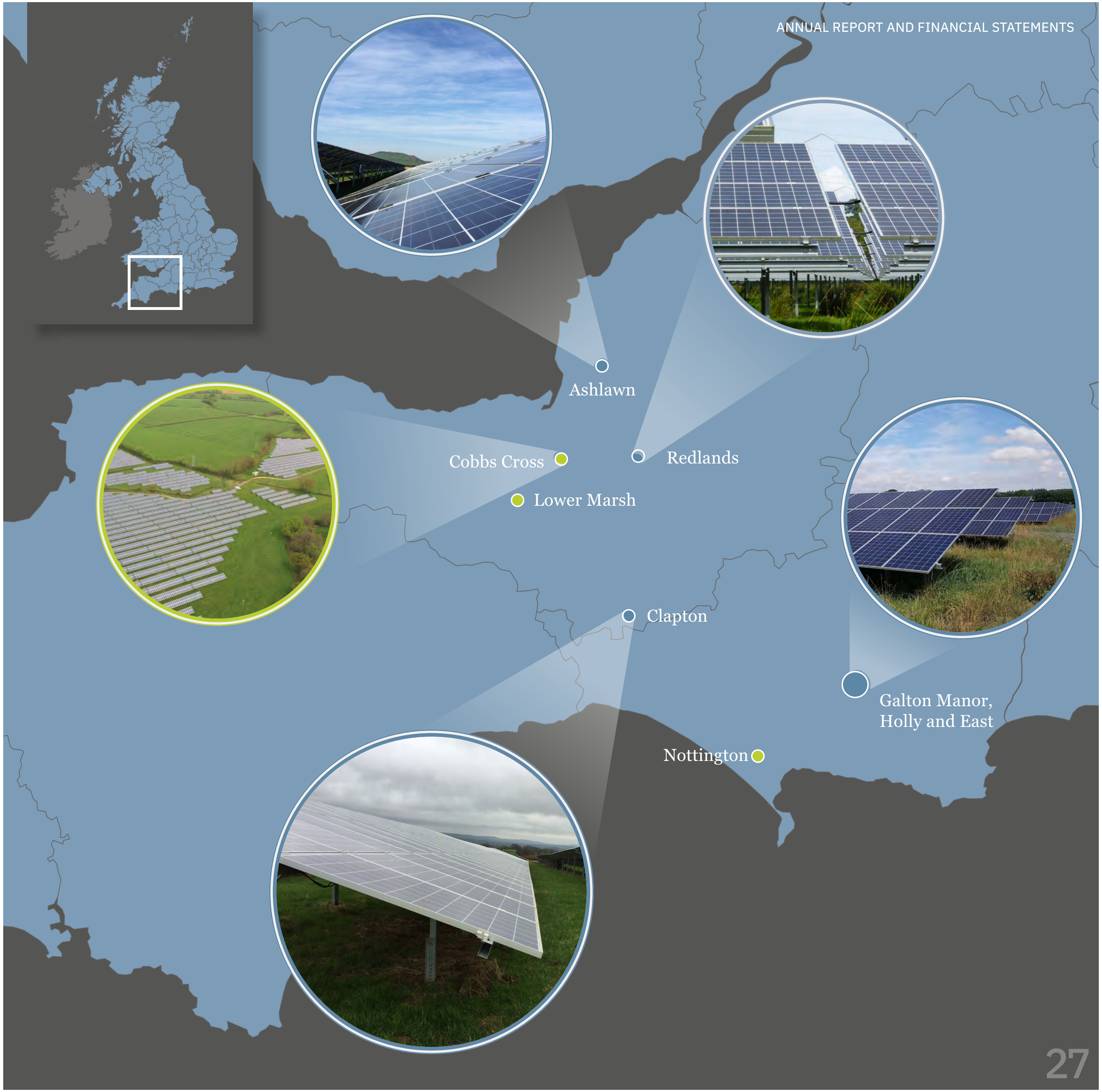


Place Barton Totnes	INVESTMENT DATE	January 2017
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	JA Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.2 ROC

Trethosa St Austell	INVESTMENT DATE	July 2015
	CAPACITY (MWP)	4.8
	PANEL SUPPLIER	REC
	EPC CONTRACTOR	Wirsol Energy
	SUBSIDY VINTAGE	FiT

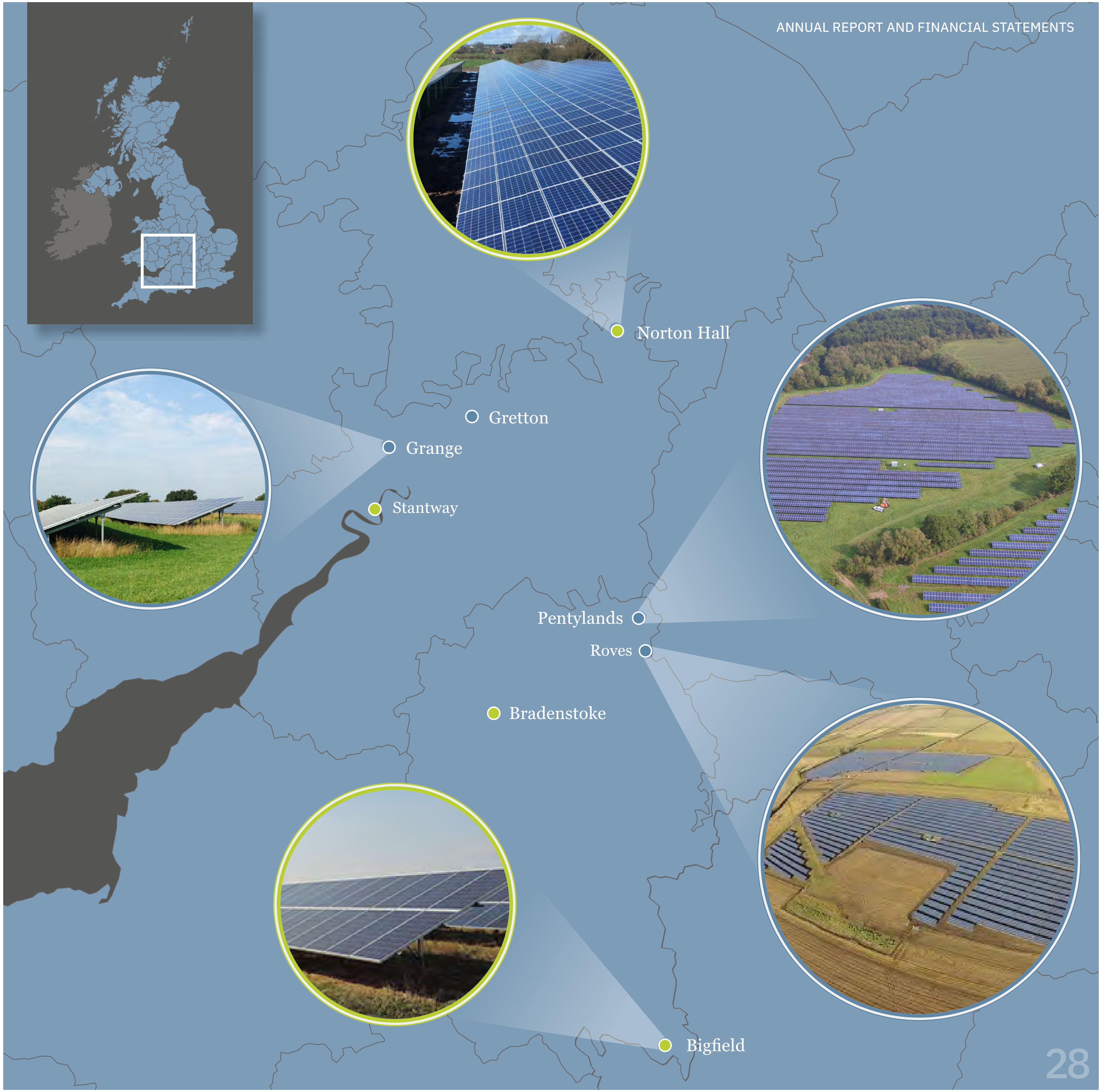
Dorset & Somerset

Cobbs Cross Bridgewater	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.7
	PANEL SUPPLIER	Conergy
	EPC CONTRACTOR	Padero Solaer
	SUBSIDY VINTAGE	1.6 ROC
Lower Marsh Taunton	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.9
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	1.6 ROC
Nottington Buckland Ripers	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	6.0
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Padero Solaer
	SUBSIDY VINTAGE	2.0 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
Clapton Cucklington	INVESTMENT DATE	August 2014
	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
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
Redlands Bridgwater	INVESTMENT DATE	August 2014
	CAPACITY (MWP)	6.2
	PANEL SUPPLIER	S-Energy
	EPC CONTRACTOR	Juwi Renewables
	SUBSIDY VINTAGE	1.4 ROC



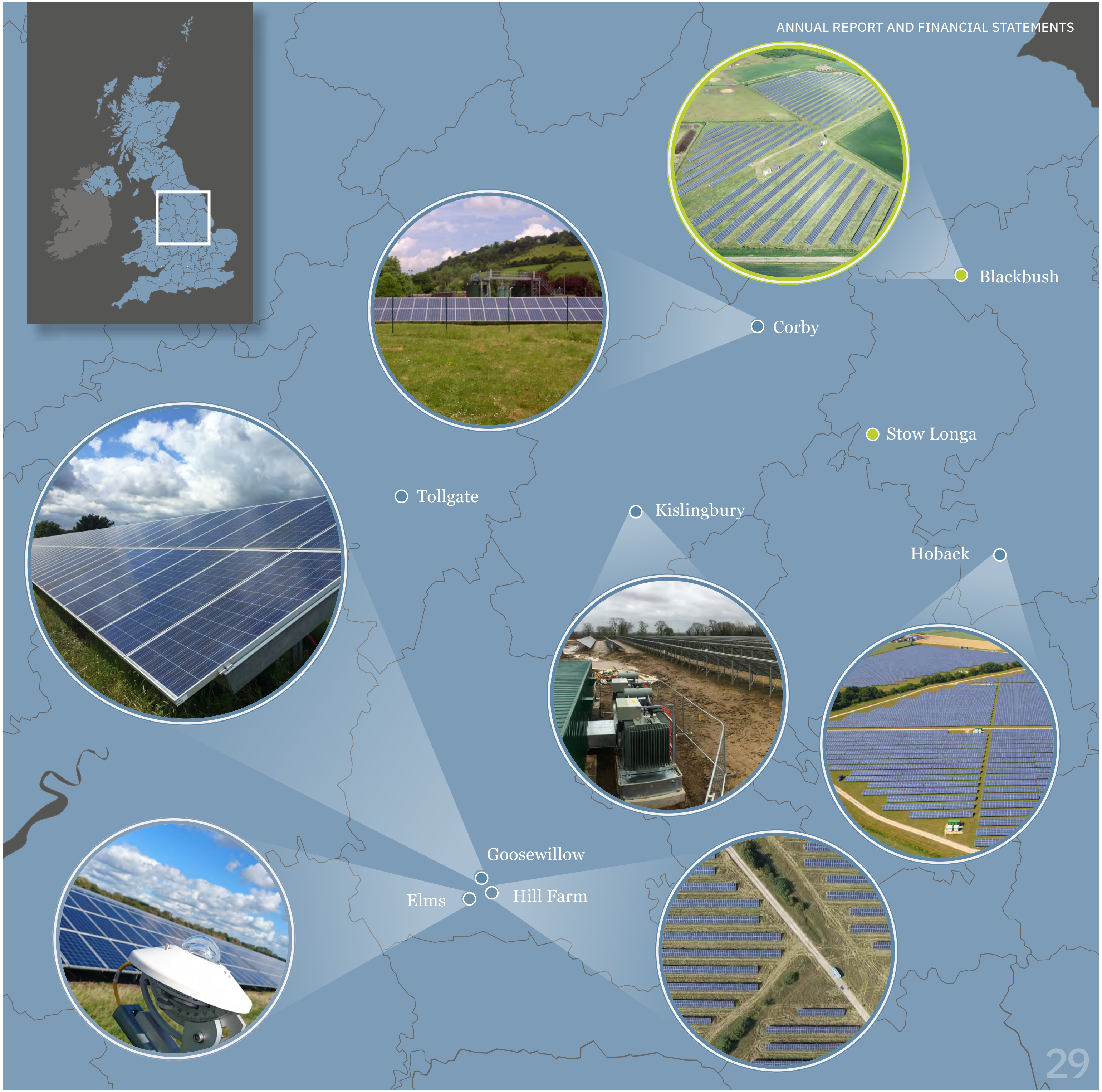
Gloucestershire & Wiltshire

Bigfield Hamptworth	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	2.0 ROC
Bradenstoke Hamptworth	INVESTMENT DATE	January 2021
	CAPACITY (MWP)	70.0
	PANEL SUPPLIER	Jinko Solar Hareon Canadian Solar
	EPC CONTRACTOR	British Solar Renewables
	SUBSIDY VINTAGE	1.2 ROC
Norton Hall Mickleton	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	2.8
	PANEL SUPPLIER	Solaria
	EPC CONTRACTOR	Valfortec UK
	SUBSIDY VINTAGE	1.6 ROC
Stantway Westbury	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	1.8
	PANEL SUPPLIER	ReneSola
	EPC CONTRACTOR	Valfortec UK
	SUBSIDY VINTAGE	1.6 ROC
Grange Newent	INVESTMENT DATE	February 2016
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.3 ROC
Gretton Gretton	INVESTMENT DATE	January 2020
	CAPACITY (MWP)	4.9
	PANEL SUPPLIER	AEG
	EPC CONTRACTOR	CTF Solar
	SUBSIDY VINTAGE	1.3 ROC
Pentylands Highworth	INVESTMENT DATE	February 2014
	CAPACITY (MWP)	19.2
	PANEL SUPPLIER	Astroenergy
	EPC CONTRACTOR	Conergy
	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



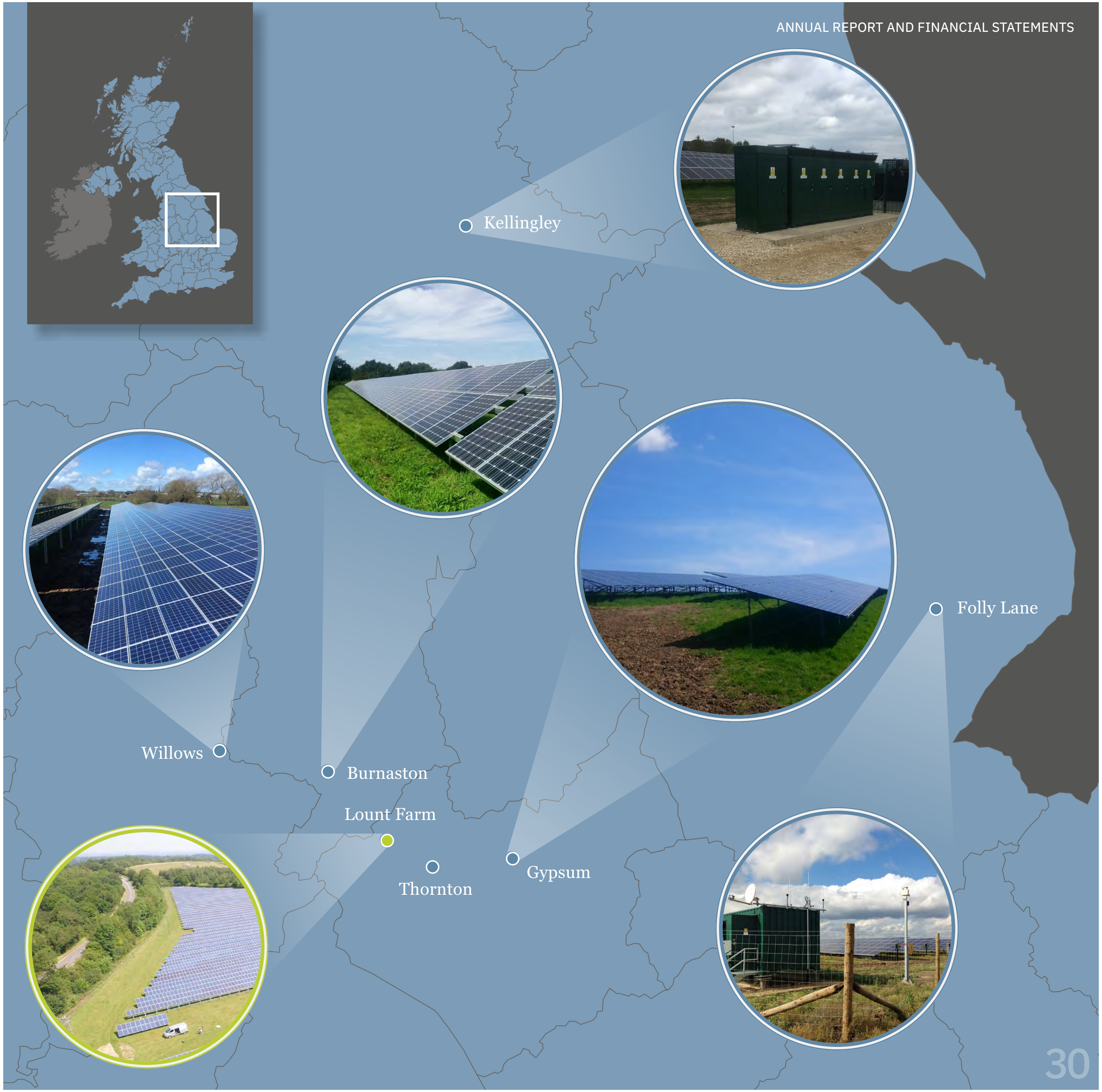
Northamptonshire, Oxfordshire Cambridgeshire & Warwickshire

Blackbush Wittlesey	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	3.4
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	FiT
Stow Longa Stow Longa	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	5.3
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	Prosolia UK
	SUBSIDY VINTAGE	1.6 ROC
Corby Corby	INVESTMENT DATE	December 2016
	CAPACITY (MWP)	0.5
	PANEL SUPPLIER	Azur
	EPC CONTRACTOR	British Gas
	SUBSIDY VINTAGE	FiT
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
Hoback Royston	INVESTMENT DATE	June 2014
	CAPACITY (MWP)	17.5
	PANEL SUPPLIER	Jinko Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.4 ROC
Kislingbury Kislingbury	INVESTMENT DATE	December 2016
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.2 ROC
Tollgate Leamington Spa	INVESTMENT DATE	January 2016
	CAPACITY (MWP)	4.3
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.3 ROC



Derbyshire, Leicestershire, Lincolnshire, Staffordshire & Yorkshire

Lount Farm	INVESTMENT DATE	August 2020
Ashby-de-la-Zouch	CAPACITY (MWP)	2.5
	PANEL SUPPLIER	Jinko Solar
	EPC CONTRACTOR	Valfortec UK
	SUBSIDY VINTAGE	1.3 ROC
Willows	INVESTMENT DATE	November 2016
Uttoxeter	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.2 ROC
Burnaston	INVESTMENT DATE	April 2016
Burnaston	CAPACITY (MWP)	4.1
	PANEL SUPPLIER	Sharp
	EPC CONTRACTOR	British Gas
	SUBSIDY VINTAGE	FiT
Folly Lane	INVESTMENT DATE	December 2015
Boston	CAPACITY (MWP)	4.8
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	SUBSIDY VINTAGE	1.3 ROC
Gypsum	INVESTMENT DATE	December 2016
Sileby	CAPACITY (MWP)	4.5
	PANEL SUPPLIER	Hanwha Q Cells
	EPC CONTRACTOR	Parabel UK
	SUBSIDY VINTAGE	1.2 ROC
Kellingley	INVESTMENT DATE	June 2017
Beal	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	TSF Construction
	SUBSIDY VINTAGE	1.2 ROC
Thornton	INVESTMENT DATE	January 2020
Thornton	CAPACITY (MWP)	3.6
	PANEL SUPPLIER	AEG
	EPC CONTRACTOR	CTF Solar
	SUBSIDY VINTAGE	1.3 ROC



Norfolk

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
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
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
Oulton Oulton	INVESTMENT DATE	February 2016
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	Canadian Solar
	EPC CONTRACTOR	Solar Century
	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
Salhouse Norwich	INVESTMENT DATE	June 2015
	CAPACITY (MWP)	5.0
	PANEL SUPPLIER	REC
	EPC CONTRACTOR	Wirsol Energy
	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

Essex, Hampshire, Isle of Wight, Kent, & Sussex

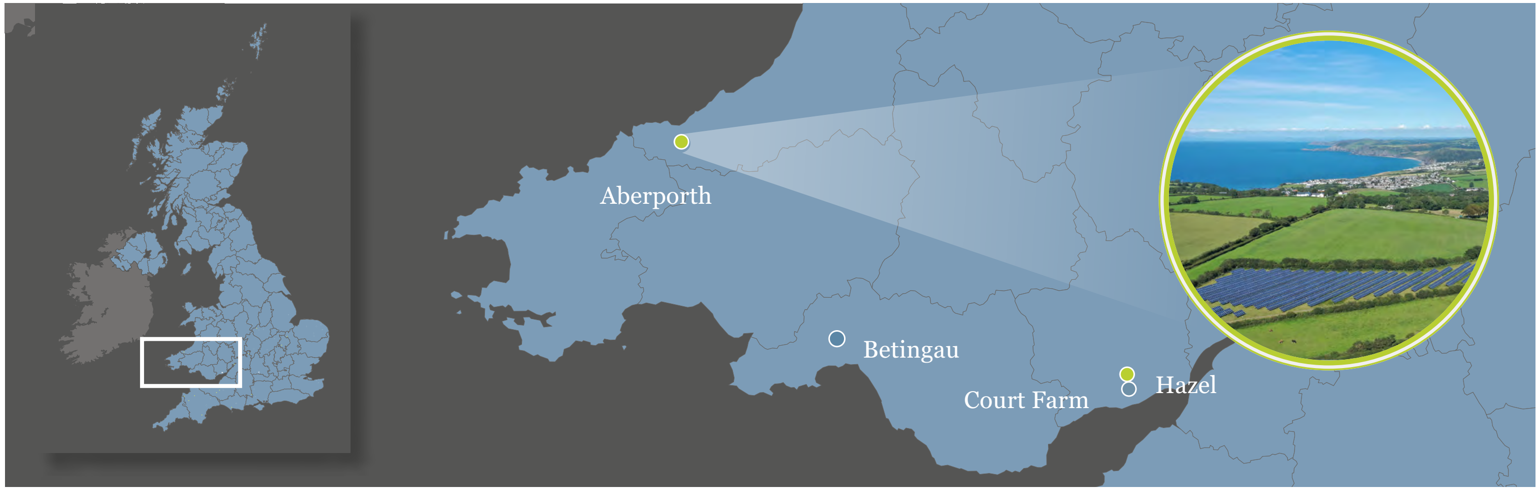
Site	Location	Investment Date	Capacity (MWp)	Panel Supplier	EPC Contractor	Subsidy Vintage
Barvills	East Tilbury	December 2016	3.2	Hanwha Q Cells	Parabel UK	1.2 ROC
Molehill	Herne Bay	January 2016	18.0	Hanwha Solar One	Vogt Solar	1.4 ROC
Saxley	Andover	December 2013	5.9	Hanwha Q Cells	Solar Century	1.6 ROC
Durrants	Newport	September 2014	5.0	REC	REC Systems	FiT
Pashley	Bexhill on Sea	January 2016	11.5	Hanwha Solar One	Voght Solar	1.4 ROC
Sheppey	Isle of Sheppey	January 2014	10.6	Yingli	Solar Century	1.4 ROC
Littlebourne	Cantebury	January 2016	17.0	Hanwha Solar One	Vogt Solar	1.4 ROC
Romsey	Romsey	February 2016	5.0	Canadian Solar	Solar Century	1.3 ROC
Southwick	Fareham	January 2016	47.9	JA Solar	Solar Century	1.4 ROC

Scotland

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

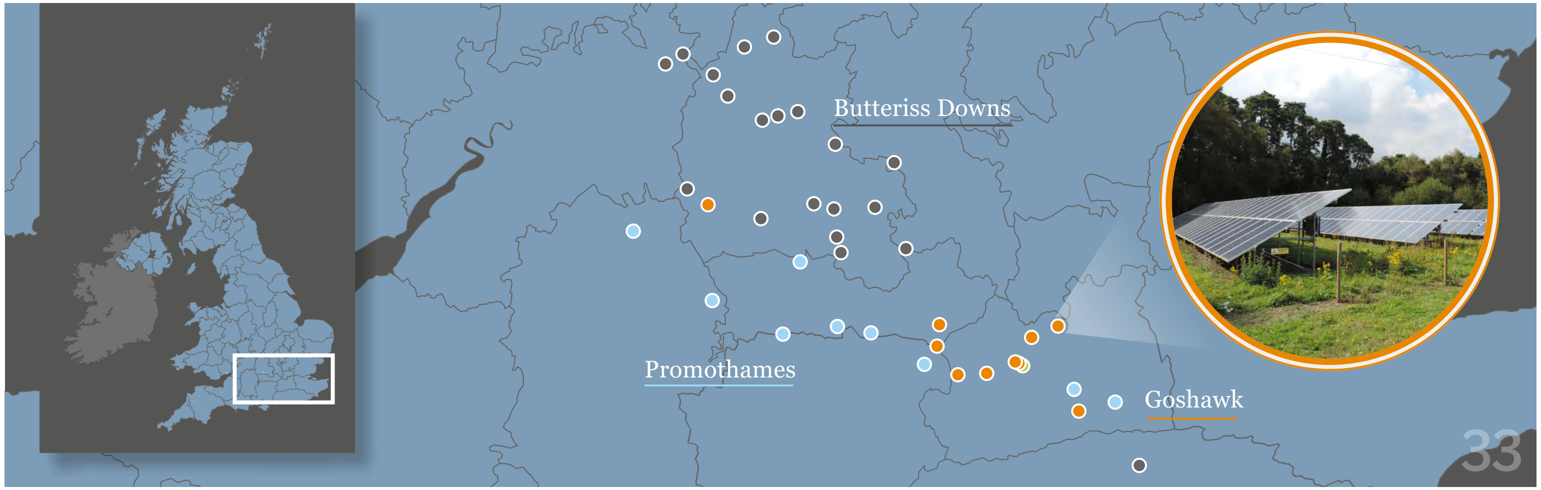
Wales

Site		
Aberporth Cardigan	INVESTMENT DATE	August 2020
	CAPACITY (MWP)	1.4
	PANEL SUPPLIER	Solaria
	EPC CONTRACTOR	Valfortec UK
	SUBSIDY VINTAGE	1.4 ROC
Betingau Swansea	INVESTMENT DATE	December 2013
	CAPACITY (MWP)	10.0
	PANEL SUPPLIER	Sharp / REC
	EPC CONTRACTOR	Prosolia
	SUBSIDY VINTAGE	1.6 ROC
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



Micro Sites

Site		
Butteriss Downs 20 sites	INVESTMENT DATE	August 2015
	CAPACITY (MWP)	0.8
	PANEL SUPPLIER	Trina / LDK
	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
Promothames 9 Sites	INVESTMENT DATE	August 2015
	CAPACITY (MWP)	0.4
	PANEL SUPPLIER	Trina
	EPC CONTRACTOR	British Gas
	SUBSIDY VINTAGE	FiT



Value Enhancement Initiatives

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 at least 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 lease 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 accommodate 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 40-year or more leases now available on 36 assets (FY 2019/20: 29 assets) with a combined total of 262.7MWp, representing 42.9% of the (larger) portfolio as at 30 June 2021. Of these 36 assets, 28 (combined total of 225.8MWp) 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, plants with an aggregated installed capacity of 25.8MWp have been submitted and are awaiting planning decision, with applications for a further 4 plants (total: 26.3MWp) to be submitted by end-September 2021.

As a reflection of the successful progress made regarding negotiations with landlords, receipt of positive planning determinations and wider market assumptions regarding asset lives in transactions, the Directors believe it appropriate, within the June 2021 Directors' Valuation, to value 80% of the portfolio, 490MWp (245MWp in June 20), on the basis of up to 40 years of 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 20% of the portfolio) the prospective valuation uplift would be c.£14.5m or c.2.9pps.

PPA Strategy

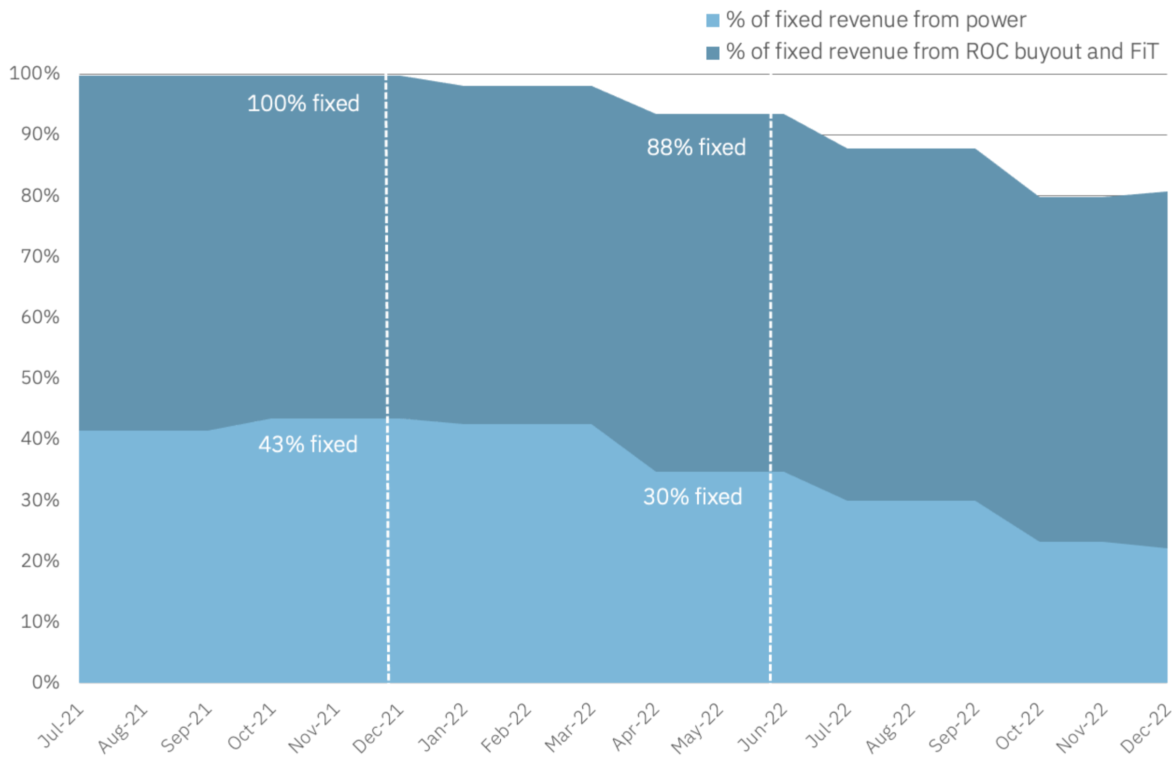
Over the year the Company maintained its strategy of fixing power price contracts for periods between 12 and 36 months with the majority of contracts continuing to be struck for a minimum of 18 months (the average required duration under the LTF agreement with Aviva).

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 2021 the Company has a price confidence level of 100% to December 2021 and c.88% to June 2022 over the pricing of its power and subsidy revenue streams.

Figure 4. **% of BSIF revenues fixed as at 30 June 2021**



Note: There is c.95MWp of capacity (some 20% of the portfolio) which benefits from long term offtake agreements, with 9 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 has the flexibility to capitalise on periods of above-forecasted power prices, as it successfully did during September 2018, but also to avoid fixing at points of significant market deterioration (e.g. in April 2020 and May 2020). This is 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 (including any ROC recycle estimates for CP 20; the period April 2020 to March 2021) show that the sale of electricity accounted for 38% (June 2020: 41%) of the Company's income. Regulated revenues from the sale of FiTs and ROCs accounted for 62% (June 2020: 59%).

Looking back over the Company's financial year, the wholesale power market has recovered from the lows the market experienced in spring 2020.

Natural gas and carbon continued to be key drivers of the UK power market and as both have risen in price since April 2020, so too have UK power prices. Within the reporting period, particularly strong prices have been observed since April 2021, when multi-year highs in gas contract prices, all-time high carbon prices as well as multi-year high Brent Crude oil prices all combined to drive significant power price rises on both the day ahead (baseload reached an average of £79/MWh during June 2021) and 12-18 month seasonal periods (Winter 2021 baseload reached highs of £95/MWh in May/June 2021).

Driving the rise in gas and power prices, which have continued to climb post period end, have been a series of interconnected factors. Firstly, the start of 2021 saw a particularly cold winter in Europe which in turn caused significant draw-down of European gas storage facilities. With domestic gas production from the North Sea falling and challenges with supply from Groningen, this increased the need to replenish gas reserves during Summer 21 from outside Europe. However, at the same time demand in Asia rose sharply and limited shipping capacity prevented further export of US gas to Asia and Europe – further pushing up already high European LNG prices.

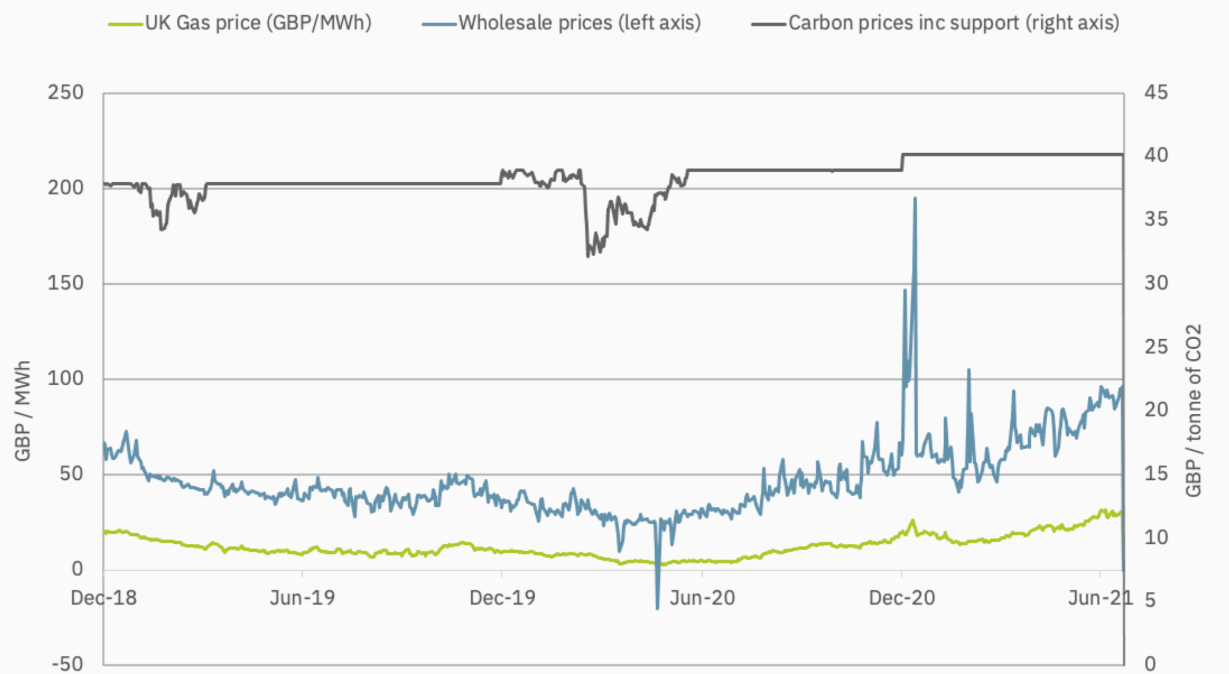
With higher gas prices resulting in a change to the gas-coal switching dynamics, demand for carbon emissions certificates have risen from coal generators which together with EU policy announcements, have pushed EU ETS carbon prices north of 60 €/tonne, with UK-ETS carbon pricing tracking accordingly.

The impact of the drivers outlined above was a year-on-year increase of 50.6% between the UK day ahead market base load power price for the 12 months to 30 June 2020 of £35.66 per MWh to £53.71 per MWh for the 12 months to 30 June 2021.

As a further illustration of the points mentioned above, the below charts compare the wholesale electricity prices versus gas and carbon from December 2018 to June 2021.

The upward movement of the wholesale power market is yet to be fully reflected in the Company's average seasonal weighted power price which has declined by 11.0%, from £53.76 per MWh for the 12 months ending 30 June 2020 to £47.86 per MWh to 30 June 2021. This fall is due principally to the expiry of high price fixes achieved in September 2018 (which averaged c.£60 per MWh across 177MWp of the portfolio) and resulting re-fixes, despite still being materially above forecasted levels at c.£50 per MWh, being lower.

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



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

3. Analysis of underlying earnings

The total generation and revenue earned in 2020/21 by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	24,531	0.9	5.4
2.0 ROC	28,175	1.4	3.0
1.6 ROC	111,206	5.4	9.3
1.4 ROC	236,521	10.8	17.2
1.3 ROC	56,288	2.7	3.9
1.2 ROC	88,405	5.3	7.7
Total	**545,126**	**26.5**	**46.5**

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 2020, Ofgem announced that value for ROC recycle for the period April 2019 to March 2020 (CP18) was £5.02/ROC (equivalent to 10.29% of CP18 ROC buyout prices). This was in line with the ROC Recycle estimate the Company had recognised in its 30 June 2020 Financial Statements; a further 'late payment' amount of £0.63/ROC was announced in December 2020, equating to a further £459k. This amount has been included within the 'Other revenue' line within the table below.

The key drivers behind the changes in Underlying Earnings between FY 2020/21 and FY 2019/20 are the combined effects of lower generation and PPA pricing (-10.3% and -5.8% respectively) as well as limited receipt of business rates rebates being offset by an increase in earnings from the 64.2MWp acquisition completed in August 2020 and the 70MWp acquisition completed in January 2021.

The table below demonstrates that the portfolio generated underlying earnings, pre debt amortisation, of £48.6m (11.34pps) and underlying earnings for distribution, post debt repayments of £9.3m (2.17pps), of £39.3m (9.16pps).

As a result, after meeting the FY20/21 dividend target of 8.00pps, and accounting for the additional shares from the post period end equity raise of £105.1 million but before inclusion of earnings from the purchase of the Wind Portfolio acquired in post period end (as these will be shown in the reporting period to June 2022), the Company has carry forward earnings available for future dividends of 2.67pps.

Underlying Portfolio Earnings

	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)
Portfolio Revenue	73.1	65.9	63.6	56.2
Liquidated damages and Other Revenue*	2.0	3.8	0.8	1.7
Net Earnings from Acquisitions in the period	5.1	0.0	0.0	**0.0**
Portfolio Income	**80.2**	**69.7**	**64.4**	**57.9**
Portfolio Costs	-17.6	-14.1	-13.1	-12.9
Project Finance Interest Costs	-1.8	-0.6	-0.6	-0.7
Total Portfolio Income Earned	**60.8**	**55.0**	**50.7**	**44.3**
Group Operating Costs#**	-7.5	-5.8	-5.4	-4.3
Group Debt Costs	-4.7	-4.6	-4.6	-4.2
Underlying Earnings	**48.6**	**44.6**	**40.7**	**35.8**
Group Debt Repayments	-9.3	-9.2	-8.8	-8.3
Underlying Earnings available for distribution	**39.3**	**35.3**	**31.9**	**27.5**
Bought forward reserves	8.4	2.3	1.1	1.1
Total funds available for distribution -1	**47.7**	**37.6**	**33.0**	**28.6**
Target distribution* **	**34.3**	**29.3**	**28.4**	**27.5**
Actual Distribution -2	**34.3**	**29.3**	**30.7**	**27.5**
Underlying Earnings carried forward (1-2)	**13.4**	**8.4**	**2.3**	**1.1**
Excess Distribution Paid	**0.0**	**0.0**	**2.3**	**0.0**

* Other Revenue includes ROC mutualisation, ROC recycle late payment CP 18, insurance proceeds, O&M settlement agreements and rebates received.
\# Includes the Company and BSIFIL (included within BSIFIL is a group tax charge of £2.3m vs £1.2m June 2020).
** 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.

MEADOW AT REDLANDS

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

	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)	Full year to 30 June 18 (£m)
Target Distribution	34.3	29.3	28.4	27.5
Total funds available for distribution (inc reserves)	**47.7**	**37.6**	**33.0**	**28.6**
Average Number of shares in year*	429,266,617	370,499,622	369,883,530	369,866,027
Target Dividend (pps)	8.00	7.90	7.68	7.43
Total funds available for distribution (pps)	**11.19**	**10.13**	**8.91**	**7.73**
Total Dividend Declared & Paid (pps)	8.00	7.90	8.31	7.43
Reserves carried forward (pps) **	2.67	2.23	0.60	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 point of Annual Accounts publication (being c.496m shares, 2020: c.370m).

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

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

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2021 was £694.5m (30 June 2020, £624.3m).

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

Valuation Component (£m)	June 2021	June 2020	June 2019
Enterprise Portfolio DCF value (EV)	770.1	602.7	605.2
Consented Solar Development rights	1.8	0.0	0.0
Deduction of Project Co debt	-119.8	-10.8	-11.7
Projects valued at cost (amount invested)	0.0	0.0	0.0
Project Net Current Assets	42.4	32.4	28.6
Directors' Valuation	**694.5**	**624.3**	**622.1**
Portfolio Size (MWp)	**613.0**	**478.8**	**465.3**

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, as the range of pricing on subsidised solar assets equivalent to the ROC weighting of the Company's portfolio (average c.1.4ROC) continues to be between c.£1.20m/MWp and c.£1.40m/MWp although the Investment Adviser is observing a trend of increasingly aggressive assumptions where pricing is beyond £1.30m/MWp for portfolios and projects comparable to the Company's. Accordingly, to ensure the Company's portfolio sensibly reflects market pricing as at 30 June 2021, the Directors have continued to apply a discount rate of 6.00% (cf. 6.00% in June 2020);

(ii) Inclusion, on a discounted cash flow basis, of both the 64.2MWp acquisition completed in August 2020 and associated financing (the £110m 3 year term NatWest loan with 75% of the underlying gilt curve interest rate exposure hedged over 18 years at a swap rate of 0.31%) as well as the 70MWp acquisition of Bradenstoke in January 2021 (resulting in the Company's RCF being £90m drawn as at 30 June 2021);

(iii) The increase in the UK Corporation Tax rate, following the Spring Budget in 2021, from 19% to 25% from 2023 for the remaining life of each of the Company's assets;

(iv) Reflecting continued progress of the Company's asset life extension programme (as outlined in the Portfolio section), the Directors' valuation now assumes 80% of the Company's portfolio is valued on the basis of 30-40 years of operational life (490MWp as at 30 June 2021 vs 245MWp as at 30 June 2020). 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 a discount rate of 7.5% (7.5% in June 2020) for periods over 30 years. As at 30 June 2021, the weighted average remaining life of the portfolio was 30.2 years (June 2020: 27.4 years);

(v) As reported in the Company's 30 June 2020 annual report, the Directors' Valuation now uses an equal blend of three leading forecasters' power curves (see power curve graph to the right).

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. Strong competition for large scale portfolios of equivalent or lower ROC banding to the Company's, mean pricing continues to be within a pricing range of £1.20m/MWp - £1.40m/MWp and so by valuing the portfolio at an EV of £770.1m (June 2020: £602.7m), and an effective price of £1.26m/MWp (June 2020: £1.26m/MWp), using a discount rate of 6.0%, the Board remains conservatively within the pricing range of precedent market transactions.

Debt Assumptions

The debt assumptions within the Directors' Valuation reflect all third-party loans within the Company's capital structure as at the valuation date. Interest rates and repayment profiles are matched to the terms of each loan. In the case of any short-term financing, conservative assumptions are applied with respect to interest rates and repayment profiles post maturity. As at 30 June 2021, the Company's short term debt consisted of £90m drawn under its RCF along with a £110m term loan from NatWest, maturing in September 2023, with the conversion assumption within the Directors' Valuation aligned to the percentage of the loan that has been hedged (being 75% with 18-year interest rate swaps at a rate of 0.31% until 2038).

The interest rate applied to the converted balance of both the RCF and the NatWest term loan (being a cumulative balance of £145.5m) is 3.0%.

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 April 2021 and June 2021 and implies a compound annual growth rate, in real terms from 2021, over the period of 30 years, of -1.47% per annum.

The curves used in the 30 June 2021 Directors Valuation reflect the following key updates:

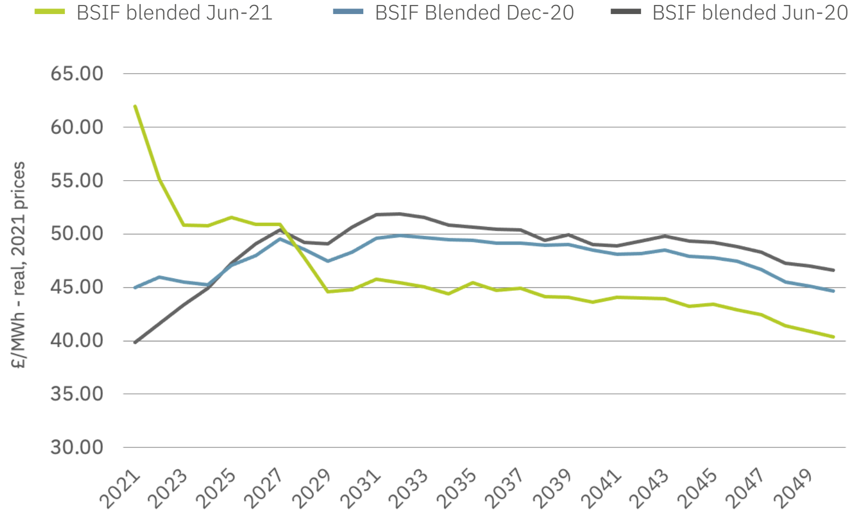
1. Electricity demand, driven principally through electrification of heat and transport, is expected to rise from 312TWh in 2021 to 474TWh in 2050;

2. As outlined on page **35**, short-term gas prices have risen dramatically, driving material increases in near term wholesale power prices,

3. Increased renewable deployment in the UK (notably by 2030 c. 33 GWp of Offshore wind, c.19 GWp of Onshore Wind and c.19 GWp of solar) and Europe, which reflect the Government's energy budgets, long-term plans and announcements by project developers. Compared to June 2020 forecasts, this results in lower price forecasts in the medium-long term.

For illustration purposes, the graph also includes the blended curves used in the past two Directors' Valuations.

Change in blended power price forecasts



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

With all assets in the Company's portfolio generating for a minimum of four years, the entirety of the portfolio (being 613MWp as at 30 June 2021) is now being valued using PRs that reflect historical operational performance of each asset (up from 425MWp in June 2020). The weighted average PR in the Director's Valuation, including the effects of degradation, is 81.6% (June 2020: 82.2%).

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

The Directors have decided to apply an inflation assumption between 2020 and 2025 of 3.00%, and from 2025 onwards of 2.75%.

Other Cash flow Assumptions

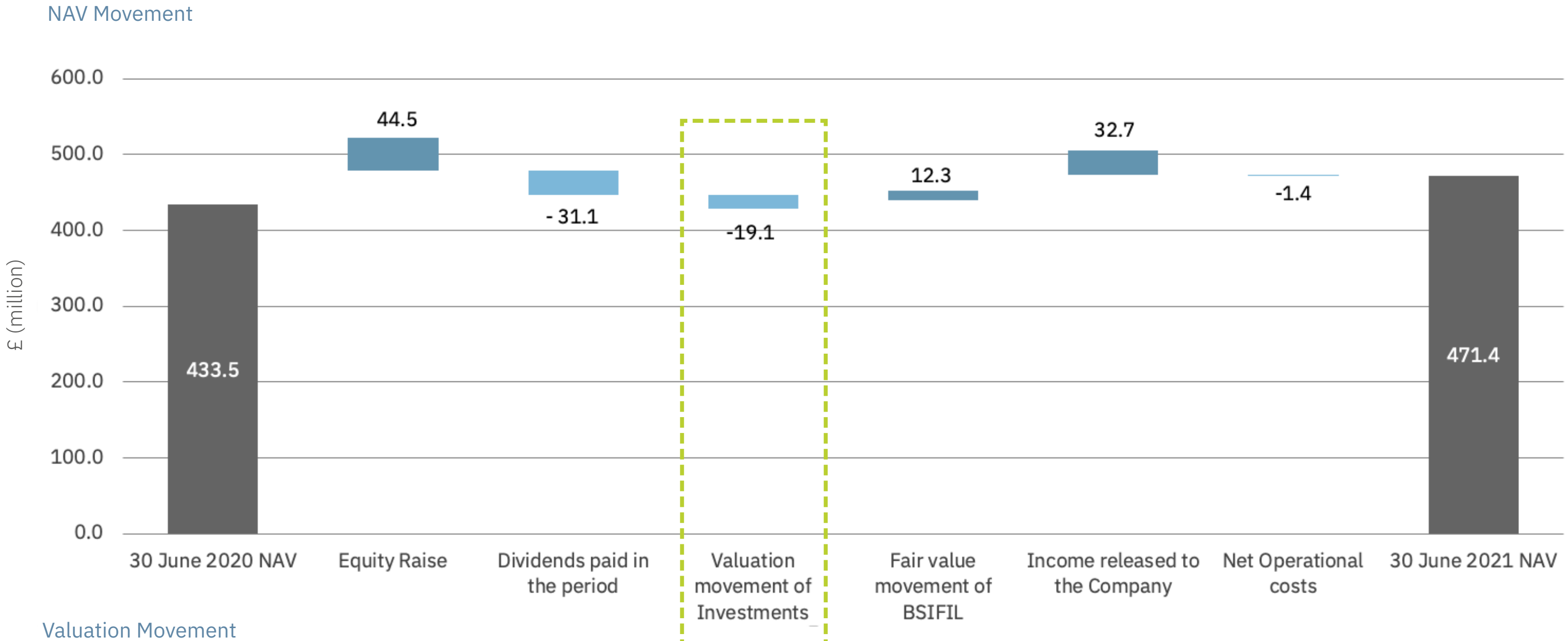
No material changes have been made regarding regulatory revenue or cost assumptions.

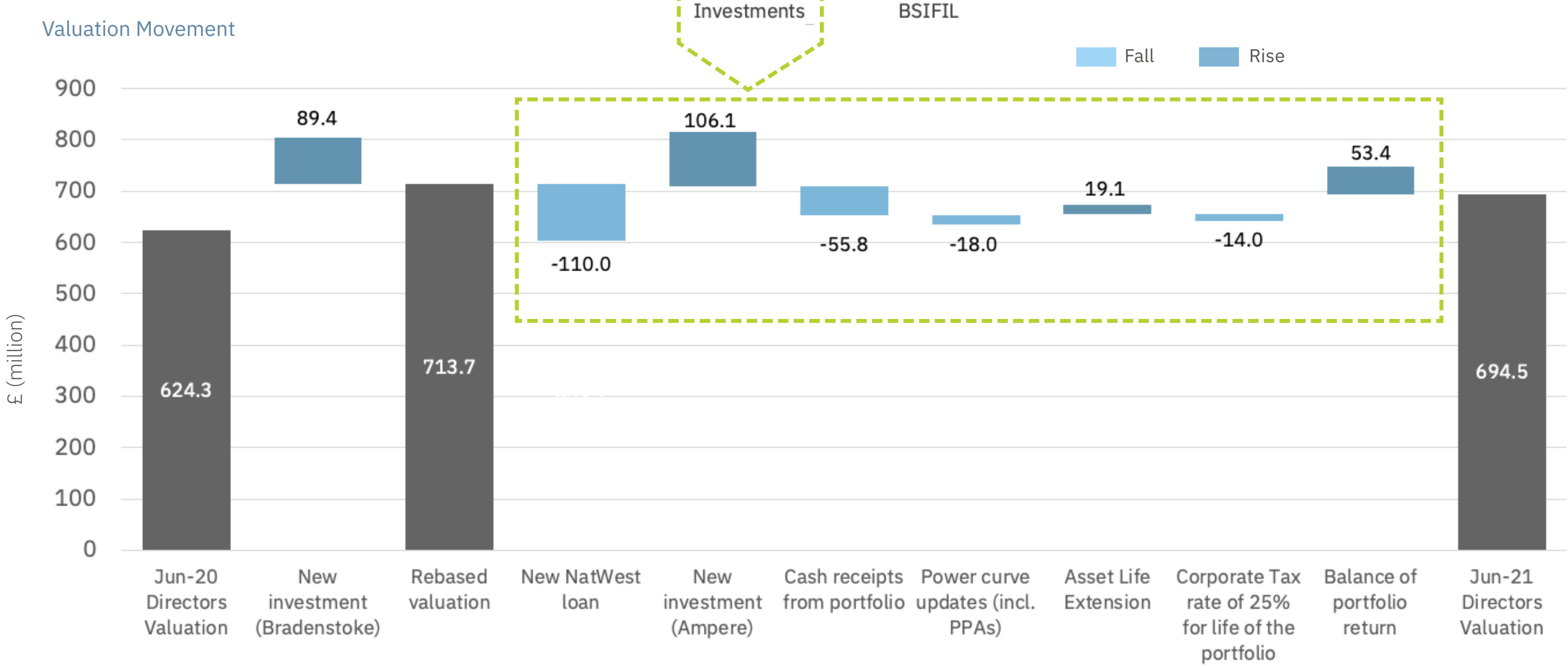
NAV movement

In the period, the Company paid total dividends of £31.1m, being 4.00pps in total for the third and fourth interim dividends in respect of the year ended 30 June 2020 and 4.00pps in total for the first and second interim dividends in respect of the year ended 30 June 2021.

Over the period the Company's NAV has increased by £37.9m, from £433.5m as at 30 June 2020, to £471.4m as at 30 June 2021. Adjusting the 30 June 2020 NAV of £433.5m for the dividends paid in the period (£31.1m) and net equity raised of £44.5m results in an uplift in the NAV of the Company during the period of £24.5m.

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 July 2021 the Company paid the third interim dividend for the 2020/21 financial year of 2.00pps.





Directors' Valuation movement

		(£million)	As % of re-based valuation
30 June 2020 Valuation		**624.3**	
New Investment (Bradenstoke -70MWp)	89.4		
Re-based Valuation		**713.7**	
New NatWest Loan	(110.0)		(15.4)%
New Investment (Ampere - 64MWp)	106.1		14.9%
Cash receipts from portfolio	(55.8)		(7.8)%
Power curve updates (incl. PPAs)	(18.0)		(2.5)%
Asset Life Extension	19.1		2.7%
Corporate tax rate 25% for life of portfolio	(14.0)		(2.0)%
Balance of portfolio return	53.4		7.5%
30 June 2021 Valuation		**694.5**	**(2.7)%**

REDLANDS

Each movement from the 30 June 2020 valuation is considered in turn below:

New investment (134.2MWp PV assets) & New NatWest term loan
These movements reflect the base investment cost of £193.2m (being £104.2m for the 64MWp portfolio and £89m for the 70MWp asset acquired in August 2020 and January 2021 respectively), a small value uplift of £1.9m on the 64MWp portfolio and the three year term loan of £110m the Company arranged with NatWest to finance the 64MWp portfolio. The difference in value between base cost of the 64MWp portfolio and quantum of the NatWest term loan is due to working capital and transaction fees.

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 curve updates (incl. PPAs)
The Company's three independent forecasters released updated forecasts in April 2021 and June 2021 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 2020 valuation, results in a valuation decrease of £18.0m.

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

Asset life update
As at 30 June 2021, 490MWp of the Company's portfolio has been valued on the basis of up to 40 year operating life (versus 245MWp in June 2020). To reflect the increased uncertainty in the latter period of each asset's lifetime, a discount rate of 7.50% (7.50% in June 2020) has been applied to all cash flows after a 30 year asset life. The £19.1m increase in valuation compared to 30 June 2020 reflects both the progress of the Company's asset life extension programme over the last twelve months and wider transactional market assumptions on asset life.

Increase in Corporation Tax to 25% from 19%
In March 2021, the UK Government announced that Corporation Tax would be increased from 19% to 25% from April 2023. As such, the Directors' Valuation has duly recognised this change, and this results in a reduction in value of £14.0m compared to the 30 June 2020 valuation.

Balance of Portfolio Return
The balance of portfolio return is predominantly the result of the unwinding of the discount rate over the period, but it also includes the effects of the Company's slight change in capital structure following the equity issuance of £45m and the full repayment of the RCF in November 2020, the extension by one year of inflation at 3.00% to 2025, release of working capital from new acquisitions in 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 up to 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 2020.

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.


PASHLEY

Reconciliation of Directors' Valuation to Balance sheet

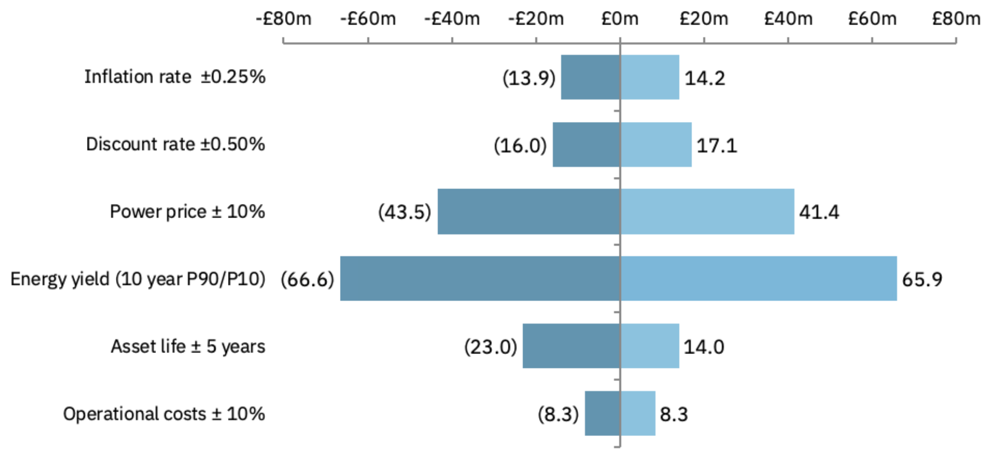
	BALANCE AT PERIOD END		
Category	30 June 2021 (£m)	30 June 2020 (£m)	30 June 2019 (£m)
Directors' Valuation	694.5	624.3	622.1
BSIFIL Working Capital	26.4	20.9	19.5
BSIFIL Debt	(250.6)	(212.8)	(205.9)
Financial Assets at Fair Value per Balance sheet	**470.3**	**432.4**	**435.7**
Gross Asset Value	**840.7**	**653.3**	**653.3**
Gearing (% GAV)**	**44%**	**33%**	**33%**

* 30 June 2021, 30 June 2020 and 30 June 2019 include c.£1m of upstream intercompany loans.

** GAV is the Financial Assets, as at 30 June 2021, at Fair Value of £470.3m plus Aviva long term debt of £160.6m, Durrants' project debt of £9.8m, RCF of £90m and NatWest of £110m term loan, (giving total debt of £370.4m). Subsequent to year end, the issue of equity caused a reduction of the gearing to 37% based on the 30 June 2021 NAV and addition of the wind portfolio.

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 21)	Tenor	Cost	Average Loan Life at drawdown
Fixed	£121.5m	£99.4m	Fully amortising over 18 years to 2034, sculpted to cash flows	All in cost of 287.5bps	10.6
Index-Linked	£65.5m	£61.1m	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 £1.7m, resulted in a total outstanding balance to Aviva Investors as at 30 June 2021 of £160.5m (Fixed £99.4m, Index linked £61.1m).

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 a low cost of capital (as at 30 June 2021, the blended all in debt cost of the facilities was 3.0%).

Thanks to the prudent leverage (37% of GAV as at 30 December 2020), on the Company's base case projections the average DSCR remains close to 3 times. The current leverage (44% of GAV as at 30 June 2021) is the Company's position pre equity raise, this reduces to 37% as at 30 September 2021.

Natwest Revolving Credit Facility

On 6 November 2020, the Company agreed with NatWest, to extend the tenor of its £50m RCF to September 2022. This includes flexibility for a further one year extension to 30 September 2023 as well as an uncommitted facility of a further £50m. The facility therefore has £100m available. The terms of the revised facility remained unchanged, with a constant margin of 2.0% over LIBOR.

As at 30 June 2021 the Company's subsidiary had drawn £90m, out of the £100m available, from its RCF.

Post period end, following the Company's equity raise of £105.1m and completion of the acquisitions of the Wind Portfolio for approximately £63 million and £5 million for land and project rights for a 45MWp solar and 25MWp battery project, the drawn balance of the RCF is currently £60m (out of £100m available).

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.

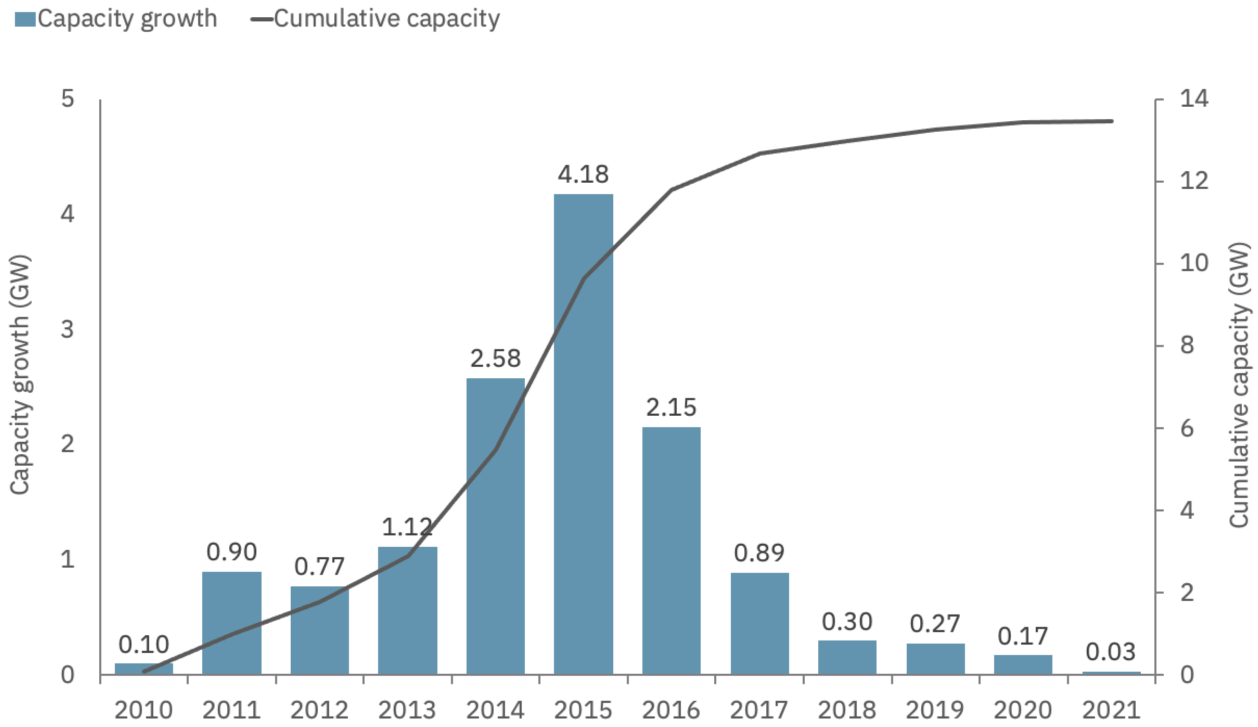
Project level debt

In addition to the LTF and the RCF, the Company also has a three year term loan with NatWest of £110m, maturing in September 2023 (secured against a portfolio of 141.7MWp within the Company's structure) and a small project finance loan of £9.8m, provided by BayernLB and fully amortising until maturity in 2029, secured against Durrants, a 5MWp FiT plant located on the Isle of Wight.

6. Market Developments

UK solar photovoltaic capacity and deployment

According to BEIS, the UK's total installed solar photovoltaic capacity as at June 2021 (the latest statistics available) was 13.53 GWp, across just over one million installations. This compares to 13.39 GWp in June 2020. Expansion over the period, of 186MWp, has been driven exclusively by the deployment of c. 50,000 small unaccredited installations with capacities below 50 kWp. The chart below illustrates how the deployment of new generating capacity has diminished significantly since the closure of the RO scheme in 2017.



* Source; BEIS, Solar photovoltaics deployment July 2021

Capacity accredited nationally under the RO Scheme is 7.3 GWp, represents 50% of the total solar capacity in the UK, but constitutes only 2.1% of the number of installations. Capacity accredited under the FiT scheme was 5.1 GWp according to the latest data from BEIS released in July 2021. This equates to about 37% of total solar capacity and 79% of all installations. Subsidy-free capacity stands at 1.1 GWp and 19% of installations, although many of these are micro installations.

Secondary market transactions and subsidy-free activity

Transactional activity in the UK secondary solar PV market saw a slight resurgence in 2020 and early 2021 after a quiet period in 2019 as investor appetite for subsidised assets continued to increase. According to the most recent figures from Bloomberg New Energy Finance (BNEF), 525MWp of subsidised projects changed hands between July 2020 and June 2021. For reference, some 300MWp of solar PV project deals were reported in 2019.

Activity in the UK subsidy-free market has also continued at pace. Significant development activity is now underway within the UK, which is being driven by factors such as ambitious decarbonisation targets, falling installation costs and the inclusion of solar PV in the upcoming CfD auction round. Estimates from Solar Power Media indicate that there are over 17 GWp of large-scale solar projects in the development/ready-to-build phase (as at the end of June 2021), a 96% increase on the 9 GWp reported in June 2020.

Towards the beginning of the period there were indications that the construction of larger-scale unsubsidised projects was starting to gain momentum as projects progress through the development phase. However, in the second half of the year, this has slowed due to increased construction costs. The elevated pricing is being driven by a significant increase in module prices, together with increases in commodity prices and higher shipping costs/ disruption in global supply chains.

With 613MWp under management, the Company continues to maintain a strong position within the UK solar market, as it owns and operates about 6.5% of the country's utility-scale solar PV capacity. As an established and experienced market participant, this regulated revenue base provides a strong foundation for growth of the Company through its subsidy-free solar strategy.

7. Regulatory Environment

Update on Contracts for Differences (CfD)

The CfD scheme is now the Government's main mechanism for supporting low-carbon electricity generation and operates via an auction process. During the period BEIS announced that solar PV will be allowed to participate in the next CfD allocation round (AR4) for the first time since 2015.

The UK Government is aiming to support around 12 GW of renewable energy projects in AR4, which is set to open in December 2021. The tender has been set a £265m budget and will split technologies across three 'pots'. Pot 1 (£10m) includes established technologies such as onshore wind and solar PV; pot 2 (£55m) includes less-established renewable technologies such as advanced conversion technologies and tidal stream, while a new pot 3 (£200m) has been set up for offshore wind.

The IA is evaluating the design parameters for AR4 with its advisors and assessing which of the Fund's pipeline of projects may be most suitable for entering into the auction. Subsequent rounds are then expected to be held approximately every two years.

UK net zero target

Since the UK introduced legislation requiring net greenhouse gas emissions to reduce to zero by 2050, the Government has published its Ten Point Plan for a Green Industrial Revolution and the Energy White Paper. These documents address how the Government envisages development of our energy system to accelerate the delivery of net-zero emissions and how it will promote a greener future for the country.

In December 2020 the UK Government also announced its new Nationally Determined Contribution (NDC) under the Paris Agreement, which commits the UK to reducing nationwide greenhouse gas emissions by at least 68% by 2030, compared to 1990 levels. The Climate Change Committee ("CCC") also published its sixth carbon budget (covering the period 2033 – 2038), which targets a 78% reduction in emissions relative to 1990 levels. This target came into force on 24 June 2021 and will for the first time cover the UK's share of international aviation and shipping emissions.

The Ten Point Plan

This document, published on 18 November 2020, outlined the government's vision to become a global leader in green technologies and details targets for different sectors including offshore wind, hydrogen, transport, carbon capture and buildings. The plan also outlines ambitious funding plans, including £12 billion of Government investment to help create and support up to 250,000 green jobs. Solar is not specifically referenced within the document, besides the plan to include it in the next CfD auction round.

Energy White Paper

The Government published its highly anticipated Energy White Paper on 14 December 2020, which provides further clarity on how the UK aims to achieve its net zero target. The three objectives stated in the paper are to: i) transform the energy system; ii) support a green recovery and promote green jobs; and iii) to create a fair deal for consumers. The paper provides further detail on how to achieve the targets set out in the Ten Point Plan, as well as announcements such as the establishment of a UK emissions trading system.

COP26

The UK is hosting the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow from 31 October 2021 – 12 November 2021. These climate talks will bring together heads of state, climate experts and environmental campaigners with the objective of agreeing coordinated action to tackle climate change. As the UK has taken on COP26 Presidency, it has stated that it is committed to working with all countries and joining forces with civil society, companies and people on the frontline of climate change to inspire action ahead of COP26. The main goals of COP26 are to:

1. Secure global net zero by mid-century and keep 1.5 degrees within reach. To deliver this, countries are expected to set stretching targets to deliver emissions reductions by accelerating the phase-out of coal, curtailing deforestation, speeding up the transition to electric vehicles and encouraging investment in renewables.

2. Adapt to protect communities and natural habitats. For example, by protecting and restoring ecosystems and building resilient infrastructure to protect those affected by climate change.

3. Mobilise finance. To deliver the first two goals, developed countries are being encouraged to work to unleash trillions of dollars to secure global net zero.

4. Work together to deliver. At COP26 the Paris Rulebook (the detailed rules that make the Paris Agreement operational) is expected to be finalised, while talks are expected to help collaboration between governments, businesses and society.

Bluefield Partners LLP
4 October 2021

Environmental, Social and Governance Reports

1. Introduction from Chairman

The Company was founded on the belief that renewable investments created the opportunity for attractive and stable returns whilst advancing the decarbonisation of the energy markets. As a pioneer in the renewable market, the Company has always had a clearly articulated environmental focus. Less well articulated has been the Company's ongoing focus on social and governance issues. I hope this report better highlights these considerations and the Board's commitment to these areas going forward.

To date, environmental considerations have taken centre stage in ESG. Though emphasis had started to shift towards the 'S' and 'G', social considerations were rapidly elevated as a result of the pandemic. Further to just monitoring financial health, companies were analysed on how they treated their staff, addressed inequalities and supported their local communities. It was not enough to be a viable business – it had to be a responsible one, too.

Despite implications of the pandemic, focus on the climate crisis has not diminished, in fact, it has intensified. The UK Government have clearly expressed the role renewable infrastructure must play in achieving the UK's 2050 net zero target. This presents an opportunity for the renewable sector to lead by example, demonstrating how industries can grow rapidly whilst upholding a responsible and ethical approach to investment.

ESG is evolving quickly. Pressure on companies to evidence their ESG commitment is mounting, with Shareholders placing increasing emphasis on the social and environmental impact of their investments. Emerging regulation will make it easier to identify sustainable investments, cutting through 'greenwashing' by mandating companies to prove their sustainable credentials through a series of disclosures. Such will also provide much needed progress towards standardised sustainability reporting.

The Company believes in taking an informed, evidence-based approach to the management of ESG. The Company elected to undertake a materiality assessment in order to identify material ESG opportunities and risks, which will inform its ESG strategy. The results of the assessment are presented within this report and will provide transparency to Shareholders on how the Company has determined its ESG priorities.

Given the importance of transparency, the Board is conscious of the recent allegations relating to forced labour within the polysilicon supply chain. We want to assure Shareholders that the Company adopts a zero-tolerance approach to any form of modern slavery and human trafficking within its supply chains, or indeed any type of human rights breach. The actions taken by the Company in relation to this matter are detailed later in this report.

The following constitutes a detailed summary of the ESG activities and progress made by the Company, and its key service providers, over the last twelve months. ESG presents an opportunity for companies to take responsibility for their impact and take positive action towards building a sustainable future. The Company will continue to engage with its Shareholders as part of its dedication to creating an ESG approach which will maximise the benefit to both society and the environment over the long term.

John Rennocks,
Chairman

2. Introduction from the Investment Adviser

We are extremely proud of the way the Bluefield Group has worked together to overcome the difficult circumstances imposed by the pandemic over the last year. There is a renewed sense of optimism as normality starts to edge closer, with the collective understanding that the 'new normal' has to be better than the old one.

Social considerations have come to the forefront; however, this does not mean that environmental goals have been pushed aside. Instead, increased synergy between environmental and social considerations, led by good governance, has made them both integral to the long-term success of any investment fund.

Since Bluefield's first detailed ESG report last year, the ESG activities of the Group have progressed significantly. To support the Company as it builds out new capacity, internal systems have been enhanced to incorporate additional ESG considerations. Social considerations have remained a priority, with particular attention given to employee wellbeing and diversity & inclusion. In addition to the Group's usual compliance activities, there is ongoing assessment in connection with the Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy Regulation.

Our ESG plans for the next 12 months are just as exciting. Focus will continue to be given to integrating ESG considerations across the asset lifecycle, from pre-investment to operational management. The Group will formalise its ESG approach, detailed within an ESG policy which will be made publicly available for the Company and the Bluefield Group.

Though there is much more to do, we will continue to approach ESG with integrity and transparency, working with the Company as we continue on a path of constant evaluation and improvement.

James Armstrong,
Managing Partner of Bluefield Partners LLP

3. Annual ESG Highlights

Relating to the period 1 July 2020 – 30 June 2021:

Over 545,000,000 kWh of renewable energy generated

(2020: over 495,000,000 kWh)

Over 127,000 tonnes of CO_2e savings achieved

(2020: over 126,500 tonnes of CO_2e)

Over 187,000 houses powered with renewable energy

(2020: over 170,000)

Over £151,000 paid to community benefit schemes

(2020: over £87,000)

4. Responsible Investment

ESG Management

ESG is considered by the Board as part of Board meetings and investment decisions. As an externally managed investment company, the Board has limitations on the influence it can exert on how its service providers can run their business. However, ESG activity is actively monitored through regular communication with the Investment Adviser, including as part of investment committee papers, Board meetings, ad hoc calls and written updates.

Day-to-day management of ESG is the responsibility of the Investment Adviser and other Bluefield companies which service the portfolio. The Partners of the Investment Adviser and CEO of Bluefield Services and Operations oversee the implementation of ESG across the Bluefield Group. The Group ESG Manager works closely with the Bluefield investment, legal, portfolio, asset management and operational teams to integrate ESG considerations across all phases of the asset lifecycle. ESG progress is regularly reported to the Bluefield Partners, CEO and Group General Counsel. This year, an external ESG consultant was engaged to provide additional support and expertise.

Company's Approach to Responsible Investment

As defined by the United Nations-supported Principles of Responsible Investment (PRI), responsible investment refers to the integration of environmental, social and governance considerations into investment decisions and active ownership[1]. The Company recognises that management of material ESG issues, both risks and opportunities, is essential to the achievement of long-term, sustainable returns. The Company also places high importance on maximising its positive impact and reducing its negative impact, aiding the transition to a more sustainable economy.

As an investment company with a long-term focus, the Company is well positioned to formally integrate ESG considerations and evaluate environmental and social impact over time.

[1] https://www.unpri.org/an-introduction-to-responsible-investment/what-is-responsible-investment/4780.article

Integration of ESG into the Investment Process

The Company invests in renewable energy assets, primarily utility scale solar PV but also potentially wind, hydro and storage technologies. On behalf of the Company, the Investment Adviser undertakes detailed due diligence on each investment opportunity to identify risks and opportunities, including those relating to ESG. A final recommendation for investment is then presented to the Board of the Company.

The following diagram details how sustainability risks are currently integrated into the Company's investment process. Consideration of sustainability factors within the investment process will continue to be enhanced over the coming year.

Case Study

The Bluefield Group's approach to Responsible Investment

The Bluefield Group has continued to enhance its approach to responsible investment over the last twelve months. ESG factors have been integrated more deeply into investment and due diligence processes and a set of minimum ESG requirements have been created for EPC contractors. An ESG policy for the Group will be finalised in coming months.

PRI Principles for Responsible Investment

The Investment Adviser is also signatory to the UN PRI, a set of voluntary investment principles which promote the integration of ESG considerations into investment practice. In line with its responsibilities as a signatory, the Investment Adviser submitted its first full PRI report and will continue to make progress in implementing the investment principles.

5. Materiality Assessment

Purpose

An effective ESG strategy for the Company will be focused on ESG topics which are deemed highly material. To achieve this, the Company engaged an external consultant to undertake a materiality assessment; an evidence-based approach to the identification of material ESG risks and opportunities. The Company hopes this assessment will provide transparency to Shareholders and other stakeholders on its approach to the identification, and subsequent management, of material ESG factors relating specifically to BSIF.

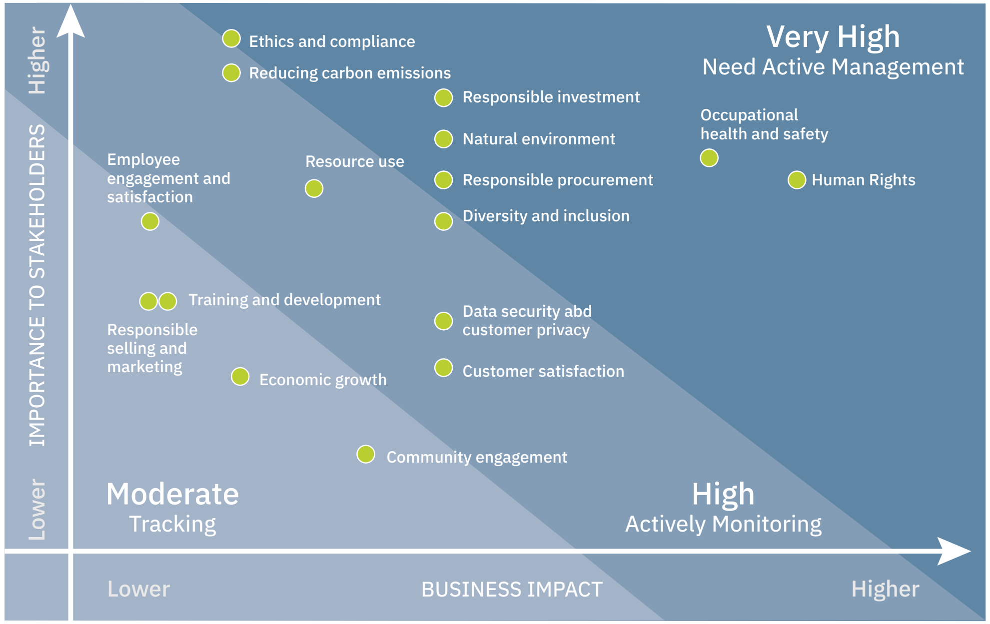
Methodology

The materiality assessment was conducted using best practice methodology, aligning to Global Reporting Initiative (1.3 in GRI 101) standards. An initial desktop review identified a large list of potentially material ESG topics, derived from the investor space, global ESG frameworks and peer activity.

To determine which ESG topics were most material, feedback from internal and external stakeholders was obtained through interviews and online surveys. The Board recognises the importance of stakeholder engagement in identifying ESG risks and opportunities, therefore a wide range of stakeholders were consulted, including investors, PPA suppliers, EPC contractors, landowners, sheep grazers, audit partners, law firms and H&S advisers. In total, 18 in-depth interviews were conducted and 56 surveys completed.

A Business Impact Assessment (BIA) was completed to assess the likelihood and impact of key ESG risks and opportunities for the Company. The resulting risk impact scoring was combined with qualitative analysis from stakeholder feedback to map materiality topics onto a matrix, based on an aggregated score. With deep stakeholder insight and a clear understanding of risks and opportunities facing the core business, priority ESG topics were identified.

Results



In total, 16 material topics were identified. The materiality matrix above plots each topic according to its BIA significance rating (x axis) and its importance to stakeholders (y axis). Based on the final, aggregated score, the 16 topics were sub-divided into three categories of importance: 'very high – requiring active management', 'high – requiring active monitoring' and 'moderate – requiring tracking', as highlighted below.

It is important to note that all identified topics are material, therefore require consideration from the Company. The materiality assessment is used to highlight, at a given point in time, which ESG topics represent the biggest risk to the Company if not managed correctly, and also the topics which are of highest importance to stakeholders. Priority topics are in line with expectations, with the Company and its service providers aware and managing these risks as part of their operations.

Material ESG Topics		
Priority topics, requiring active management	Topics which require active monitoring	Topics which require tracking
- Human Rights - Occupational H&S - Responsible Investment - Natural Environment - Responsible Procurement - Ethics and Compliance	- Reducing Carbon Emissions - Resource Use - Diversity and Inclusion - Data Security & Customer Privacy - Customer Satisfaction	- Community Engagement - Employee Engagement & Satisfaction - Training & Development - Responsible Selling & Marketing - Economic Growth

Given the structure of an investment trust, which has no employees and relies entirely on external advisers for its activities, the Company cannot independently address all identified matters. Instead, in areas where it does not have direct control, the Company works with its service providers to ensure an appropriate approach is taken. Where these service providers relate to the Bluefield Group, the Company will work with the Investment Adviser to develop an appropriate ESG strategy to address material topics. For service providers outside of the Bluefield Group, additional diligence and engagement will be undertaken to ensure risks and opportunities are managed to a satisfactory level.

The identification of socially focused ESG topics, such as 'Employee Engagement & Satisfaction', may seem surprising given that the Company has no direct employees. However, it is in the Company's interest to ensure social aspects are appropriately considered, as the performance of its service providers can have a direct impact on the Company itself.

Next Steps

The materiality assessment will inform the Company's ESG strategy, which will be developed over the coming year and will include ESG targets and KPIs. The outputs of the assessment will also inform due diligence processes, ensuring a consistent approach to ESG management across the Bluefield Group.

The Company recognises that materiality is transient, meaning the importance of different ESG topics will change over time. As a result, steps will be taken to ensure the assessment of key ESG risks and opportunities remains up to date, capturing new material topics and ensuring that the Company's ESG strategy remains informed and effective.

6. Sustainable Development Goals[2]

The Company intends to embed the Sustainable Development Goals[3] (SDGs) within its ESG strategy, following best practice guidelines. Whilst full alignment will be completed over coming months, the Company positively contributes to the following the SDGs:

SUSTAINABLE DEVELOPMENT GOALS

SDG	Description	Company's Contribution
7 AFFORDABLE AND CLEAN ENERGY	**"Ensure access to affordable, reliable, sustainable and modern energy for all"**	The Company solely invests in renewable energy infrastructure and associated technologies, such as storage. The Company's portfolio continues to grow in size and as of 30 June 2021 has over 610MWp installed capacity. In addition, new capacity is under development, which will further increase the proportion of renewable energy supplying the UK electricity grid.
13 CLIMATE ACTION	**"Take urgent action to combat climate change and its impacts"**	During the last year, the Company generated over 545,000,000 kWh of renewable energy, saving the equivalent of over 127,000 tonnes of CO_2e from being released into the atmosphere. Through displacement of fossil fuel generated energy, the Company is contributing to a more sustainable future and the UK's 2050 net zero target.
15 LIFE ON LAND	**"Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss"**	Biodiversity enhancement measures are in place across the portfolio and measures beyond those required by planning have also been implemented. Adherence to site Landscape and Ecological Management Plans (LEMPs) ensures that renewable assets have no net negative impact on the environment, and in some cases can enhance the biodiversity present.

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

3 https://www.un.org/sustainabledevelopment/sustainable-development-goals/

7. Environmental

Generation of Renewable Energy

The Company plays an important role in the decarbonisation of the energy sector in the UK. To achieve the UK's target of net zero greenhouse gas emissions by 2050, the Government has outlined its ambitious plans for green technologies within its Ten Point Plan and Energy White Paper. Given its widened investment mandate, the Company is well positioned to support renewable energy growth targets and assist the transition to a sustainable future.

Since 2013, the Company has saved over 936,000 tonnes of CO_2e[4] from being released into the atmosphere, as highlighted in the table below. CO_2e savings have been calculated for each financial year using generation data aligned with the appropriate Government CO_2e conversion factor[5].

Reporting Year (01 July – 30 June)	Total CO_2e Savings (tonnes)	No of Houses Powered
13/14	12,604	8,841
14/15	67,878	42,917
15/16	142,845	99,697
16/17	168,769	132,124
17/18	154,917	142,147
18/19	135,932	154,906
19/20	126,534	170,705
20/21	127,063	187,933

Though CO_2e savings have been a useful metric to demonstrate the positive environmental impact of renewable technology, the table highlights that CO_2e savings for the portfolio have largely declined since 2017, despite installed capacity increasing. This is caused by the reducing contribution of fossil fuels to the UK's electricity mix (and within that mix coal has largely been replaced by gas, which produces significantly less CO_2 than other fossil fuels). As renewable energy generation increases, the proportion of the grid supplied by fossil fuels will continue to decrease. This means CO_2e savings, derived from the displacement of fossil fuel generated energy, will also decline over time. As a result, the positive impact of renewable technology may be better indicated by the absolute generation of energy produced each year or the equivalent number of houses powered.

4 CO_2e savings have been calculated this year (as opposed to CO_2 savings) to capture both carbon dioxide and additional greenhouse gas savings.

5 https://www.gov.uk/government/publications/greenhouse-gas-reporting conversion-factors-2020

During the financial year ending 30 June 2021, the Company achieved over 127,000 tonnes of CO_2e savings and generated over 545,000,000 kWh of renewable power. Based on Ofgem's Typical Domestic Consumption Values[6] , a medium household uses 2900 kWh electricity per year. As a result, the portfolio powered the equivalent of nearly 188,000 homes, corresponding to a city similar in population size to Bristol.

Carbon Footprint

To date, the Company has primarily invested in secondary assets, meaning the PV sites were operational when acquired. Once operational, a renewable asset will generate more energy than it will consume, making its carbon impact net positive.

However, the Company is aware of the footprint associated with the construction of new assets and that this must be reduced in line with the UK's net zero targets. As the Company builds out new capacity, the Investment Adviser is working with EPC contractors to understand how energy and water consumption can be reduced during construction. Where possible, EPC contractors will be asked to track usage in these areas.

Understanding the Company's footprint will be an area of focus over the coming year and the Board has committed to undertaking more meetings via online platforms, reducing travel taken on behalf of the Company.

The Investment Adviser and Bluefield subsidiaries have been carbon neutral since 2018, reducing their carbon footprint where possible and offsetting the remainder. Annual calculation of the footprint considers factors such as electricity consumption, gas usage and travel. Bluefield Operations Limited, who provide O&M services to the Company, is continuing to investigate how electric vehicles can be incorporated effectively into its fleet.

[6] https://www.ofgem.gov.uk/publications/decision-typical-domestic-consumption-values-2020

Land Management

The Investment Adviser oversees biodiversity and land management across the portfolio, working closely with the asset management and O&M teams from Bluefield Services Limited and Bluefield Operations Limited, respectively. If managed correctly, a solar farm can return intensively farmed land back into natural meadow, increasing diversity and returning nutrients to the soil.

Bluefield Operations Limited is responsible for ensuring each asset remains fully compliant with its Landscape and Ecological Management Plan (LEMP). The LEMP is often created during the planning phase of a new project, to ensure the asset has no net negative impact on the surrounding environment. The LEMP specifies enhancement measures which must be implemented to support (and potentially increase) the biodiversity present, including wildflower seeding, bat and bird box installation, mammal gates and hibernacula.

Land management activities are scheduled to minimise impact on surrounding fauna and flora. Grass cuts avoid ground bird nesting season and sections of a site may be left uncut to provide refuge and boost biodiversity. Where it cannot be avoided, pesticide use is kept to a minimum. Many of the sites also support sheep grazing, helping manage grassland whilst supporting farming activities.

The environmental conditions of each asset are closely monitored by Bluefield Operations Limited, who work alongside specialist environmental advisers to implement remedial works as necessary. The O&M team update the asset management team at Bluefield Services Limited, who independently assess site compliance with environmental standards as part of their regular site visits.

Enhancing Biodiversity

The Company is taking an informed approach to enhancing biodiversity across the portfolio. Partnering with Wychwood Environmental, an independent consultant, the Company will deliver a biodiversity strategy which will consider both the existing portfolio and new build assets. The Company will communicate this strategy via a biodiversity policy, which will detail biodiversity objectives and how these will be achieved. The Company looks forward to updating its Shareholders on its progress in this area in due course.

Case Study – *Beehives*

The rapid decline of pollinators in the UK is well recognised, with threats including habitat loss, food shortages, disease and chemical use. https://www.britishbeecoalition.org/decline-threats

In addition to seeding wildflower, an important food source for pollinators, the Company has increased the number of beehives across the portfolio.

Over the last year an additional 11 hives have been installed, bringing the total hives in the portfolio to 14. As well as supporting local bee farmers, it is hoped the pollinators will enhance surrounding ecosystems.

Case study - *University Research*

The Bluefield Group collaborated with the University of East Anglia to conduct student studies across the portfolio over the summer.

Focusing on biodiversity, the students analysed within- and between-site variability and the effects of different land management practices.

Results are expected later this year, but camera trap findings include the identification of an otter on one of the sites.

RAINBOW OVER LOWER MARSH

Accreditations

Recognising its positive environmental impact, the Company has received a number of accreditations:

LSE Green Economy Mark: The Green Economy Mark is awarded to funds that achieve 50% or more of their total annual revenues from green activities[7].

Guernsey Green Fund: Eligible funds must demonstrate that they comply with at least one of the issued green criteria[8].

TISE Sustainable: The TISE Sustainable market segment has been developed to enable the flow of capital into investments which promote environmental, social or sustainable activities[9].

The Company was also a finalist at the 'Investment Company of the Year awards' 2020, as part of the Environmental and Renewables category.

7 https://www.londonstockexchange.com/raise-finance/equity/green-economy-mark/green-economy-mark-issuers-2021?lang=en

8 https://www.gfsc.gg/industry-sectors/investment/guernsey-green-fund

9 https://www.tisegroup.com/market/segments/sustainable

8. Social

Supporting Local Communities

The Company views its relationships with local communities as highly important. Renewable assets create both positive and negative impacts, particularly for the communities surrounding them. The Company aims to mitigate any perceived negative impacts and provide local benefits beyond the generation of renewable energy.

Social impacts are most likely to arise during the construction of a new asset, therefore community engagement is a key consideration in the build out of new capacity. As part of due diligence, the Investment Adviser assesses how EPC contractors obtain and consider local stakeholder feedback. EPC contractors are also strongly encouraged to source local resources and labour where possible, to support the local economy.

The Bluefield Group ensures that relationships with the local community remain strong over the lifespan of an asset, particularly with landowners. The Company also supports community benefit schemes across the portfolio, which are often agreed during the planning phase of new projects. This year the Company paid over £151,000 to community schemes, which will be used by councils to fund local projects.

CLUBHOUSE AT WEASENHAM

Case Study – *Weasenham Parish Council*

The Company makes annual community benefit payments to the Weasenham Parish Council. Payments are used to benefit the local village and have included the purchase of new litter bins, the planting of a hedge of diversified small trees and the placement of benches, to allow residents to sit and enjoy local beauty spots.

More recently, the Weasenham Parish Council have used the community benefit payments to help fund a larger project - the replacement of a derelict building on the recreation ground, with the aim of restoring community spirit as well as supporting a new football team. The project received overwhelming support from the village, both through donation of local materials and time dedicated by local tradesmen and other residents. Planning permission was successfully obtained to build a replacement eco-friendly building, in keeping with the style of the village, which is due to be completed imminently.

Anna Coke, Chair of Weasenham Parish Council, said

"The whole project has been a huge success. The building will provide a social hub for the village and allow activities such as line dancing, children's clubs and social evenings, as well as being the centre of activity for our up-and-coming football club! It just shows what can be achieved with an annual benefit payment combined with a strong sense of community and a determined Parish Council."

Diversity and Inclusion

The Company recognises the value of diversity and is looking to make progress in this area in line with recommendations from the Hampton-Alexander review. Whilst the Company has no direct employees, it is important to the Board that the Investment Adviser and other Bluefield companies maintain an inclusive working environment.

The Bluefield Group is committed to ensuring equal opportunities for all team members, regardless of their background or individual characteristics. To achieve this, the Bluefield Group has sought feedback about the feeling of belonging in the organisation, has issued an employee engagement survey and has provided training on topics such as unconscious bias and management practices. Discussions with universities are in progress to identify opportunities to engage on diversity and inclusion issues, such as through mentoring and seminars, and support students wanting to enter less diverse sectors.

Employee Wellbeing & Culture

Employee wellbeing is a major consideration for the Bluefield Group. A number of wellbeing initiatives have been developed, including nature workshops and incentives to encourage employees to spend time outdoors and enjoy exercise. The Group continues to mark dates like stress awareness month and mental health awareness week through internal initiatives and comms campaigns. Open and honest dialogue with reporting lines is facilitated through performance management practices.

Through its employee training budget, access to e-learning and Leadership programmes, the Bluefield Group promotes a learning environment. Employees have participated in learning pertaining to business skills, well-being, compliance and leadership skills, with over 50 colleagues participating in a 360 feedback and insights programme and over 350 hours of e-learning taken place this year.

"Results of the 20-21 Employee Engagement Survey revealed that over 80% of respondents feel like their wellbeing is considered at Bluefield and would recommend working at Bluefield to friends and family"

Corporate Responsibility

The Bluefield Group has continued to support FareShare South West and The Felix Project, charities focused on alleviating food poverty through the redistribution of surplus food. Both charities acted as a safety net for local communities throughout the pandemic and saw at least a three-fold increase in demand. During the last year, donations made by the Bluefield Group resulted in the rescue and redistribution of over 89,000 meals to those in need.

Looking forward, the Bluefield Group is pleased to announce that it is launching a charitable Foundation to maximise its CSR activity, with a full update to be provided in due course.

9. Health & Safety

Health & Safety is of the highest importance to the Company and its service providers. The Company demands that respect for Health & Safety matters is demonstrated across all portfolio activities, regardless of their size. The Board is conscious of the risk posed by Health & Safety and rigorously monitors the Health & Safety approach of its key service providers.

Every asset owning SPV holds Health & Safety policies, standards and process requirements, to which all contractors must observe and comply. Approved contractors (including those companies within the Bluefield Group) undergo annual Health & Safety audits by the SPVs, to ensure internal compliance. Each SPV reviews its Health & Safety records and policies annually, to ensure compliance with the latest Health & Safety guidance and industry best-practise. The Company receives routine updates on Health & Safety matters.

The on-site activities of Bluefield Operations Limited and other retained O&M service providers pose the highest risk and are therefore a key area of focus. The contracting SPV's Health & Safety policies, standards and processes are complemented by additional working practises, with the advice of specialist consultants. Every task, whether corrective maintenance or simply a site visit, is proceeded by Health & Safety analysis, with Risk Assessments and Method Statements a pre-requisite for all onsite activity. During the reporting year, there was one major incident to declare, which resulted in no injuries to personnel.

Site Health & Safety audits are conducted by Bluefield Services Limited and Bluefield Operations Limited, using independent consultants, to ensure that sites remain compliant with Health & Safety regulations and provide a safe working environment for staff, subcontractors and approved visitors. Regular internal safety audits are also conducted as part of preventative maintenance activities. Staff competence in Health & Safety matters is assessed through eLearning courses, Health & Safety training, competence certification, independent assessment with Authorising Engineers and other activities.

10. Corporate Governance

Approach to Corporate Governance

The reputation and success of the Company could not have been achieved without its foundation of sound corporate governance. It is the framework from which the Company undertakes decision making, reporting, management, risk analysis and compliance. Further detail on the Company's approach to corporate governance, including its adherence to the AIC code, can be found within the separate Corporate Governance report.

As key service providers, the Investment Adviser and other Bluefield companies also demonstrate strict governance and controls, with the Board regularly updated on significant matters related to the Bluefield Group. The Investment Adviser uses third party compliance advisers to ensure its regulatory obligations are met through quarterly audits and reports on business activities. The asset management team at Bluefield Services Limited use internal procedures alongside an asset management platform to ensure compliance with the specific conditions associated with each asset, throughout the asset's lifetime.

ESG Legislation

The Sustainable Finance Disclosure Regulation (SFDR) came into effect in 2021 and requires companies to make sustainability disclosures at both the level of the firm and financial products. The EU Taxonomy Regulation adds an additional set of disclosure requirements, which establish whether an economic activity is environmentally sustainable[10]. The Company continues to assess its alignment against these frameworks, with disclosures available on the Company's website. In addition, the Company will look to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) over the coming year.

[10] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

Case Study – *Engagement*

The Investment Adviser regularly discusses ESG as part of conferences and webinars, most recently as part of an ESG seminar series hosted by Numis, focused on topics such as net zero and supply chain management.

In addition, a number of Bluefield employees are members of trade body working groups, including Solar Energy UK's Natural Capital and Supply Chain task groups. Solar Energy UK is an "established trade association working for and representing the entire solar and energy storage value chain", serving over 230 businesses and associates[11]. Participation in working groups allows Bluefield to contribute to the improvement of industry standards and remain at the forefront of industry developments. Luke Roberts, Portfolio Director of the Investment Adviser, joined the board of Solar Energy UK in 2020 and became the Chair of the Utility Scale Commercial working group in 2021.

[11] https://solarenergyuk.org/about-us/

Anti-bribery, Money Laundering and Slavery

Internal policy requires that the Investment Adviser and Bluefield 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. The Investment Adviser, as an FCA regulated entity, also complies with additional policies applicable to it. The Investment Adviser conducts due diligence in these areas on behalf of the Company as part of every acquisition.

Forced Labour Allegations

The Company is aware of the concerns regarding forced labour within the polysilicon supply chain. As reflected within its Modern Slavery Statement, the Company is committed to ensuring that modern slavery is not associated with its supply chains or any part of its business.

The Company has been working closely with the Investment Adviser to ensure appropriate action is taken regarding this matter. Within the Bluefield Group, a specialist taskforce has been created to perform extensive due diligence, including engagement with Shareholders, manufacturers, EPC contractors, trade bodies and independent consultancy services. The Investment Adviser is a signatory to the Solar Energy UK's industry supply chain statement and representatives of the Investment Adviser are part of the Solar Energy UK Supply Chain Task Force.

The Company is conscious that the concerns of forced labour can only be fully investigated and subsequently eradicated through industry collaboration. Consequently, the Company has been engaging with trade bodies to maximise the impact of the UK solar industry on this matter. The issue will remain a priority and the Company will continue to monitor and engage on the subject over coming months.

Third Party Due Diligence

ESG due diligence has been enhanced for key third party providers. By engaging on ESG topics, the Investment Adviser can evaluate the ESG offering of the contractor and ensure the ESG priorities of the Company are understood prior to engagement.

The Bluefield Group ensures that none of its counterparties has ever been sanctioned by a regulatory body. Searches and checks are applied during initial tenders and negotiations, as well as during formal audits. A vetting process has been developed to ensure subcontractors are suitably qualified, carry appropriate levels of insurance and have planned works in a safe manner. Training in these matters is undertaken by appropriate staff.

Cybersecurity

Cybersecurity is a key focus for the Company, particularly in relation to the security of the solar assets. Following a previous security audit at one of the portfolio's largest sites, implementation of recommended security enhancements has commenced. A framework for security is being developed and is expected to be retrofitted across existing sites and applied to new sites as they are built.

During the reporting period Bluefield appointed a Group IT Manager, with responsibility for strategy and security across all Bluefield companies. Priority has been given to evaluating and improving security and resilience, which has been achieved through a number of measures. Bluefield employees also complete mandatory cyber security training with periodic refreshment, with this year's training provided in conjunction with the South West Police Regional Cyber Crime Unit.

GDPR

Ongoing business compliance with the GDPR Guernsey, GDPR UK and the GDPR EU, as appropriate, is a priority. The Bluefield Group has training in place for both newly engaged and long-standing staff members. Particular attention has been paid to the changes brought about by Brexit. Contract adjustments and the adoption of standard form clauses form part of the ongoing documentation and policy updates. Regular consideration of risk impact assessments and purging of data continues. The result is a workforce highly aware of confidentiality matters, with full understanding around data treatment and retention.

BIODIVERSITY AT LITTLE BEAR

11. Looking Forward

The Company is pleased with the ESG progress it has made this year. Material ESG topics have been identified and will inform the creation of an ESG strategy. At the same time, the Company has deepened its integration of ESG considerations into key contractor relationships and areas of due diligence, whilst continuing to develop longstanding ESG initiatives.

There is evidence to show that a strong ESG approach can help companies outperform their peers and achieve sustainable returns. In addition, companies have a responsibility to also consider the environmental and social impacts they create. In doing so, they can minimise negative impact and maximise their contribution to sustainable development, whether this is through climate action or other environmental or social initiatives.

It is for this reason that the Company will continue to focus on its ESG offering and will engage with its stakeholders to ensure ESG activities are developed and communicated transparently. As a renewable energy fund, environmental considerations are intrinsic to the Company's purpose. However, ESG goes beyond this, and the Company looks forward to enhancing its ESG credentials and continuing to promote itself as a successful, yet responsible, investment opportunity.

Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2021.

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 2020. 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 and wind 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. In 2020, this was amended to a progressive dividend target. The dividend target for its eighth financial year ended 30 June 2021 was 8.00pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages **5** to **7**, Strategic Report on pages **10** to **19** and in the Report of the Investment Adviser on pages **20** to **44**.

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 **70** to **84**.

The dividends for the year are set out in the financial statements in Note 14 on page **81** to **82**.

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 2021 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2021	% holding at 30 June 2021	Ordinary Shares of £1 each held 30 June 2020	% holding at 30 June 2020
John Rennocks*	316,011	0.08	316,011	0.09
John Scott*	512,436	0.13	512,436	0.14
Laurence McNairn	441,764	0.11	441,764	0.12
Meriel Lenfestey	-	-	-	-
Paul Le Page	35,000	0.01	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 17 December 2020. Therefore, authority was granted to the Board to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following the AGM held on 17 December 2020 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 3 December 2021

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 11 July 2021.

Substantial Shareholdings

As at 30 June 2021, 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
BlackRock	79,813,158	19.61
Gravis Capital Management	28,579,162	7.02
Newton Investment Management	28,198,322	6.93
Legal & General Investment Management	24,044,018	5.91
Aberdeen Standard Capital	23,076,377	5.67
CCLA Investment Management	21,208,169	5.21
Hargreaves Lansdown, stockbrokers (EO)	18,454,550	4.53
JM Finn, stockbrokers	13,670,464	3.36
Interactive Investor (EO)	12,357,796	3.04
Brooks Macdonald	12,248,779	3.01
Total Shares in Issue	**406,999,622**	

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. The Company also provides the same information as at 4 October 2021, being the most current information available.

Shareholder	Shareholding	% Holding
BlackRock	95,550,329	19.26
Newton Investment Management	36,614,494	7.38
Gravis Capital Management	32,243,279	6.50
Aberdeen Standard Capital	26,680,666	5.38
Legal & General Investment Management	25,550,106	5.15
CCLA Investment Management	21,699,461	4.37
Hargreaves Lansdown, stockbrokers (EO)	20,558,984	4.14
Aberdeen Standard Investments	16,603,277	3.35
JM Finn, stockbrokers	14,965,475	3.02
Total Shares in Issue	**496,067,602**	

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 **64** to **65**.

Articles of Incorporation

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

Going Concern

At 30 June 2021, the Company had invested in 106 solar plants, committing £760.2 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, maturity of debt facilities, future projects in the pipeline including the successful July 2021 capital raise, 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 and Emerging Risks provided on pages **15** to **17** 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 and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Fair, Balanced and Understandable

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

Financial Risks Management Policies and Procedures

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

Principal and Emerging Risks

Principal and Emerging Risks are discussed in the Strategic Report on pages **15** to **17**.

Annual General Meeting

The AGM of the Company will be held on 3 December 2021 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
4 October 2021

Laurence McNairn
Director
4 October 2021

Board of Directors

JOHN RENNOCKS

JOHN SCOTT

PAUL LE PAGE

LAURENCE MCNAIRN

MERIEL LENFESTEY

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. 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, Chairman of Diploma 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. 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 17 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 2020. 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
4 October 2021

Laurence McNairn
Director
4 October 2021

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on page **57** 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 and emerging risks on pages **15** to **17**; and

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
4 October 2021

Laurence McNairn
Director
4 October 2021

Corporate Governance Report

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

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

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

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

Throughout the year ended 30 June 2021, 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 **64**.

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.

At the AGM of the Company, held on 17 December 2020, Special Resolution 14 was not passed by the Shareholders. Special Resolution 14 granted the Directors authority to allot, issue and sell up to an additional 10% of the Ordinary Shares in issue for a period expiring at the date falling 15 months after the date of the AGM. The Board noted the large number of votes received against Special Resolution 14 and continued to engage with the Company's shareholders and Proxy voting agencies where appropriate to understand the reasons for the votes. Following the year end, at an EGM held on 15 July 2021, the resolution passed in a modified form where the power to allot, issue and sell ordinary shares is limited to up to 500 million new ordinary shares, in conjunction with that described in the prospectus of the Company dated 29 June 2021 and shall expire on 28 June 2022.

The Board

The Directors' biographies are provided on page **57** 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.

The Directors shall retire and submit themselves for re-election at each AGM of the Company; the next AGM is due to take place on 3 December 2021.

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 2021, each of the directors had been on the Board for almost eight 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 £62,500 (2020: £60,000). The other Directors are entitled to an annual remuneration of £39,000 (2020: £37,500). Paul Le Page receives an additional annual fee of £8,000 (2020: £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	2021 £	2020 £
John Rennocks	62,500	60,000
John Scott	39,000	37,500
Laurence McNairn	39,000	37,500
Meriel Lenfestey	39,000	37,500
Paul Le Page	47,000	45,000

The total Directors' fees expense for the year amounted to £226,500 (2020: £217,500). 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 **58**. 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 2021 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 9)	Audit Committee Meetings (max 6)
John Rennocks	4	6	6
John Scott	4	8	6
Laurence McNairn	4	9	6
Meriel Lenfestey	4	8	5
Paul Le Page	4	7	6

Nine 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 **64** to **65**. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Internal Control and Financial Reporting

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

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

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

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

- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which it reports to the Board.

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

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, 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 and Emerging Risks

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

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

The Company's Principal and Emerging Risks are discussed in detail on pages **15** to **17** 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.

AIFMD

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

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

Currently, the NPPR provides a mechanism to market Non-EU AIFs that are not allowed to be marketed under AIFMD domestic marketing regimes. The Board is utilising NPPR in order to market the Company, specifically in the UK pursuant to Regulations 57, 58 and 59 of the UK Alternative

Investment Fund Managers Regulations 2013. The Board is working with the Company's advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under NPPR. Eligible AIFMs will be able to continue to use NPPR for the time being.

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

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

FATCA and CRS

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

PRIIPs

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

NMPI

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

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

Guernsey Green Fund Status

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

Following an application to the GFSC, the Company was deemed to have met the following investment criteria outlined in the Guernsey Green Fund Rules, 2018 ('The Rules'):

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

- A Guernsey Green Fund shall comprise 75% assets by value that meet the Guernsey Green Fund Rules criteria. The remaining 25% must not lessen or reduce the Guernsey Green Fund's overall objective of mitigating environmental damage nor comprise an investment of a type specified within schedule 3 of the Guernsey Green Fund Rules, 2018;

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

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

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

By order of the Board

Paul Le Page
Director
4 October 2021

Laurence McNairn
Director
4 October 2021

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 2021 was £694,542,588 (2020: £624,268,573). 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 2021 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 and Emerging Risks as set out on pages **15** to **17** 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 fifth 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 £105,250 for the year ended 30 June 2021 (30 June 2020: £150,822) of which £74,200 related to audit and audit related services to the Company (30 June 2020: £133,744) and £31,050 in respect of non-audit services (30 June 2020: £17,078).

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 2022.

To further enhance the audit efficiency of the Company and its subsidiaries the Audit Committee has recommended to the Board that KPMG should undertake the audit of the Company's subsidiary SPVs and a phased two-year programme is currently in process to implement this.

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
4 October 2021

Independent Auditor's Report

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

Our opinion is unmodified

We have audited the financial statements of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2021, 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 2021, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including 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 2020):

Valuation of financial assets held at fair value through profit or loss £470,282,000 (2020: £432,426,000)

Refer to the Report of the Audit Committee on pages 64 to 65, note 2 (j) accounting policy and note 8 disclosures.

The risk	Our response
	Our audit procedures included, but were not limited to:
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 (2021: 99.8%; 2020: 99.8%). The fair value of the immediate subsidiary, which reflects its net assets value, predominantly comprises of the fair value (£694,543,000) 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. 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.	**Control evaluation:** We assessed the design and implementation of the control over the Valuation of financial assets held at fair value through profit or loss. **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 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 £9,210,000 determined with reference to a benchmark of net assets of £471,425,000 of which it represents approximately 2% (2020: 2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £6,907,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £460,500, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Going concern

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

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

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

- Ability of the Company's subsidiaries to refinance or repay debt and to comply with debt covenants.

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

We considered whether the going concern disclosure in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

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

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

- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

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

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

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

We performed procedures including:

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

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

- assessing significant accounting estimates for bias

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

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

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

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

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

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

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

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

Other information

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

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

Disclosures of emerging and principal risks and longer-term viability

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

- the directors' confirmation within the viability statement (page **18**) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the viability statement (page **18**) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page **18** under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

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

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

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

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

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

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

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page **58**, 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

4 October 2021

Statement of Financial Position

As at 30 June 2021

Assets	Note	30 June 2021 £'000	30 June 2020 £'000
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	8	470,282	432,426
Total non-current assets		**470,282**	**432,426**
CURRENT ASSETS			
Trade and other receivables	9	773	768
Cash and cash equivalents	10	775	747
Total current assets		**1,548**	**1,515**
TOTAL ASSETS		**471,830**	**433,941**

Liabilities			
CURRENT LIABILITIES			
Other payables and accrued expenses	**11**	405	436
Total current liabilities		**405**	**436**
TOTAL LIABILITIES		**405**	**436**
NET ASSETS		**471,425**	**433,505**

Equity			
Share capital		413,215	368,712
Retained earnings		58,210	64,793
TOTAL EQUITY	**13**	**471,425**	**433,505**
Ordinary Shares in issue at year end	13	406,999,622	370,499,622
Net asset value per Ordinary Share (pence)	7	115.83	117.01

These financial statements were approved and authorised for issue by the Board of Directors on 4 October 2021 and signed on their behalf by:

Paul Le Page
Director
4 October 2021

Laurence McNairn
Director
4 October 2021

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

Statement of Comprehensive Income

For the year ended 30 June 2021

Income	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Investment income	4	740	725
Interest income from cash and cash equivalents		-	2
		740	**727**
Net gains on financial assets held at fair value through profit or loss	8	25,181	28,851
Operating income		**25,921**	**29,578**
Expenses			
Administrative expenses	5	1,404	1,338
Operating expenses		**1,404**	**1,338**
Operating profit		**24,517**	**28,240**
Profit and total comprehensive income for the year		**24,517**	**28,240**
Earnings per share: Basic and diluted (pence)	12	6.25	7.63

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 2021

	Note	Number of Ordinary Shares	Share capital £'000	Retained earnings £'000	Total equity £'000
Shareholders' equity at 1 July 2020		**370,499,622**	**368,712**	**64,793**	**433,505**
Shares issued during the period:					
Ordinary Shares issued via placing	13	36,500,000	45,260	-	45,260
Share issue costs		-	(757)	-	(757)
Dividends paid	13,14	-	-	(31,100)	(31,100)
Total comprehensive income for the period		-	-	24,517	24,517
Shareholders' equity at 30 June 2021		**406,999,622**	**413,215**	**58,210**	**471,425**

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**

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

Statement of Cash Flows
For the year ended 30 June 2021

	Note	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Total comprehensive income for the period		24,517	28,240
Adjustments:			
Increase in trade and other receivables		(5)	-
(Decrease)/Increase in other payables and accrued expenses		(31)	50
Net gains on financial assets held at fair value through profit or loss	8	(25,181)	(28,851)
Net cash (used in)/generated from operating activities*		**(700)**	**(561)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments held at fair value through profit or loss	8	(44,625)	-
Receipts from investments held at fair value through profit or loss	8	31,950	32,161
Net cash (used in)/generated from investing activities		**(12,675)**	**32,161**
CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from issue of Ordinary Shares		45,260	-
Issue costs paid		(757)	-
Dividends paid	14	(31,100)	(31,131)
Net cash generated from/(used in) financing activities		**13,403**	**(31,131)**
Net increase in cash and cash equivalents		28	469
Cash and cash equivalents at the start of the year		747	278
Cash and cash equivalents at the end of the year	**10**	**775**	**747**

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

*Net cash used in operating activities includes £739,966 (2020: £725,000) of investment income.

Notes to the Financial Statements

for the year ended 30 June 2021

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 2021 comprise the financial statements of the Company only (see Note 2 (c)).

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

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

2. Accounting policies

a) Basis of preparation

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

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

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

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 applicable to the Company have been published in the accounting period.

The Company has not adopted early any standards, amendments or interpretations to existing standards that have been published and will be mandatory for the Company's accounting periods beginning after 1 July 2021 or later periods.

New Standards	
Revised and amended standards	
IFRS 3	Business Combinations amendments
IFRS 7	Financial Instruments (Disclosures amendments)
IFRS 9	Financial Instruments (Amendments regarding pre-replacement issues in the context of the LIBOR reform)
IAS 1	Presentation of Financial Statements (Amendments regarding the definition of material)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments regarding the definition of material)
IAS 39	Financial Instruments (Recognition and Measurement amendment)

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 2021, the Company had invested in 106 solar plants, committing £760.2 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 including the successful July 2021 capital raise and the performance of the current solar and wind 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 renewable energy infrastructure assets via its holding company and SPVs, and therefore the Company has only a single operating segment.

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

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

j) Financial instruments

Classification and measurement of financial assets and financial liabilities

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

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

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 made to the Company by BSIFIL are accounted for as a repayment of loans and not reflected in the Company's income, apart from monitoring fees (see Note 4).

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

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

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

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

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

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

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

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

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

The area involving a high degree of judgement and/or complexity and/or area where assumptions and estimates are significant to the financial statements has been identified as the valuation of the Company's investment in 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% (6.00% as at 30 June 2020) has been utilised.

Use of a blended power forecast is unchanged, but the inflation assumption at 3% (June 2020: 3%) has been extended to June 2025 before reverting to the standard long term assumption of 2.75% (June 2020: 2.75%) thereafter.

The Directors' Valuation as at 30 June 2021 is based on a weighted average life of the portfolio of 30.2 years (vs. 27.4 years in June 2020), reflecting both new acquisitions and asset life extensions.

4. Investment income

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Monitoring fee in relation to loans supplied (Note 16)	740	725
	740	**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 2021 £'000	Year ended 30 June 2020 £'000
Investment advisory base fee * (see Note 16)	363	321
Legal and professional fees	186	108
Administration fees	319	302
Directors' remuneration	227	218
Audit fees	74	134
Non-audit fees	30	17
Broker fees	50	50
Regulatory Fees	48	44
Registrar fees	51	45
Insurance	11	8
Listing fees	21	31
Other expenses	24	60
	1,404	**1,338**

*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 and amended by a second supplement agreement dated 8 July 2020, 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 base fee. The base fee is payable quarterly in arrears in cash, at a rate equivalent to 0.80% per annum of the NAV up to and including £750,000,000, 0.75% per annum of the NAV above £750,000,000 and up to and including £1,000,000,000 and 0.65% per annum of the NAV above £1,000,000,000. The base fee will be calculated on the NAV reported in the most recent quarterly NAV calculation as at the date of payment. The variable fee, which was incurred up to 1 July 2020, 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.

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

Shareholders approved revisions to the Investment Adviser's base fee and removal of the Adviser's variable fee which 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.

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.

For the year ended 30 June 2021, the Company incurred fees to the administrator of £319,331 (2020: £302,444) of which £89,438 (2020: £73,523) was outstanding at year-end.

6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it paid an annual fee of £1,200 (2020: £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 £471,424,833 (2020: £433,504,651) and the number of shares in issue at 30 June 2021 of 406,999,622 (2020: 370,499,622) 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 2021 Total £'000	30 June 2020 Total £'000
Opening balance (Level 3)	432,426	435,736
Additions – funds passed to BSIFIL	44,625	-
Change in fair value of financial assets held at fair value through profit or loss	(6,769)	(3,310)
Closing balance (Level 3)	**470,282**	**432,426**

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

	YYear ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Unrealised change in fair value of financial assets held at fair value through profit or loss	(6,769)	(3,310)
Cash receipts from non-consolidated subsidiary*	31,950	32,161
Net gains on financial assets held at fair value through profit or loss	**25,181**	**28,851**

*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 on page **70**.

	30 June 2021 Total £'000	30 June 2020 Total £'000
SPV investment portfolio, Directors' Valuation	694,543	624,269
BSIFIL		
Cash	22,542	16,918
Working capital	3,754	4,012
Debt	(250,557)	(212,773)
	(224,261)	**(191,843)**
Financial assets at fair value through profit or loss	**470,282**	**432,426**

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 2021. 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 2020. 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.

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, asset life, 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 maintaining the weighted average discount rate at 6.00% as at 30 June 2021 with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values have remained consistent at ca. £1.20m-£1.40m/MWp. for large scale portfolios and which the Board have used to determine that an effective price of £1.24m/MWp is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2021;

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

c. Inclusion of an uplift with respect to asset extensions of 15 years on a subset (490MWp) 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 and has continued doing so for the year ended 30 June 2021.

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.

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 2021		30 JUNE 2020	
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%	(16.0)	(3.93)	(24.0)	(6.48)
	- 0.5%	17.1	4.20	25.7	6.94
Power prices	+10%	41.4	10.17	31.5	8.50
	-10%	(43.5)	(10.69)	(32.0)	(8.64)
Inflation rate	+ 0.25%	14.2	3.49	9.8	2.65
	- 0.25%	(13.9)	(3.42)	(9.5)	(2.56)
Energy yield	10 year P90	(66.6)	(16.36)	(51.8)	(13.98)
	10 year P10	65.9	16.19	51.4	13.87
Operational costs	+10%	(8.3)	(2.04)	(6.2)	(1.67)
	-10%	8.3	2.04	6.2	1.67
Asset Life	+5 Years	14.0	3.44	17.2	4.64
	-5 Years	(23.0)	(5.65)	(26.3)	(7.10)

9. Trade and other receivables

	30 June 2021 (£'000)	30 June 2020 (£'000)
CURRENT ASSETS		
Income from investments	740	725
Other receivables	13	12
Prepayments	20	31
	773	**768**

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

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

10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits held with maturities of up to three months. The carrying amount of these assets as at 30 June 2021 was £775,016 (2020: £746,501) and approximated their fair value. Cash held by BSIFIL, the Company's wholly owned subsidiary, as at 30 June 2021 is shown in Note 8

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11. Other payables and accrued expenses

	30 June 2021 £'000	30 June 2020 £'000
CURRENT LIABILITIES		
Investment advisory fees	89	78
Administration fees	89	74
Audit fees	85	135
Directors' fees	60	57
Other payables	82	92
	405	**436**

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 2021	Year ended 30 June 2020
Profit attributable to Shareholders of the Company	£24,517,576	£28,239,647
Weighted average number of Ordinary shares	392,299,622	370,203,359
Basic and diluted earnings from continuing operations and profit for the year (pence per share)	**6.25**	**7.63**

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 2021 Number	Year ended 30 June 2020 Number
Opening balance	**370,499,622**	**369,883,530**
Shares issued for cash	36,500,000	-
Shares issued as settlement of variable fee	-	616,092
Closing balance	**406,999,622**	**370,499,622**

Shareholders' Equity	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Opening balance	**433,505**	**436,396**
Ordinary Shares issued for cash	45,260	-
Share issue costs	(757)	-
Ordinary Shares issued in settlement of variable fee	-	699
Ordinary Shares to be issued in settlement of variable fee	-	(699)
Dividends paid	(31,100)	(31,131)
Retained earnings	24,517	28,240
Closing balance	**471,425**	**433,505**

On 24 November 2020, the Company issued 36,500,000 new Ordinary Shares at a price of £1.24 per share raising gross proceeds of £45,260,000. On 21 July 2021, the Company announced the issue of 89,067,980 new Ordinary Shares, at a price of £1.18 per ordinary share, raising gross proceeds of approximately £105.1 million. Following the issue, the number of ordinary shares that the Company has in issue is 496,067,602.

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 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.

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: 2.61pps), which was paid on 28 October 2020 to Shareholders on the register on 2 October 2020.

On 22 January 2021, the Board declared a first interim dividend of £8,139,992 in respect of the year ended 30 June 2021, equating to 2.00pps (first interim dividend in respect of the year ended 30 June 2020: 1.95pps), which was paid on 1 March 2021 to Shareholders on the register on 5 February 2021.

On 5 May 2021, the Board declared a second interim dividend of £8,139,992, in respect of the year ended 30 June 2021, equating to 2.00pps (second interim dividend in respect of the year ended 30 June 2020: 1.95pps), which was paid on 4 June 2021 to Shareholders on the register as at 14 May 2021.

Post year end, on 7 July 2021, the Board declared a third interim dividend of £8,139,992, in respect of the year ended 30 June 2021, equating to 2.00pps (third interim dividend in respect of the year ended 30 June 2020: 1.95pps), which was paid on 4 August 2021 to Shareholders on the register on 16 July 2021.

Post year end, on 4 October 2021, the Board approved a fourth interim dividend of £9,921,352 in respect of the year ended 30 June 2021, equating to 2.00pps (fourth interim dividend in respect of the year ended 30 June 2020: 2.05pps), which will be declared on 5 October 2021 and paid on or around 8 November 2021 to Shareholders on the register on 15 October 2021.

15. Risk management policies and procedures

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

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

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

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

Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company, in particular through the Company's subsidiary, 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 (£61.1 million at 70 bps plus RPI as at 30 June 2021).

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 2021 (£'000)
Floating rate RBSI	0.00%	272
Fixed rate Lloyds	0.00%	503
		775

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

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 £694.5m (2020: £624.3m).

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 £1,411,977 (2020: £4,286,334) 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 2021, the maximum credit risk exposure in relation to cash and cash equivalents held by the Company was £775,016 (2020: £746,501). If the cash and cash equivalents held by BSIFIL are included this increases to £23,316,642 (2020: £17,664,313). 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 2021 (£'000)
RBSI	272	-	272
Lloyds	-	503	503
	272	**503**	**775**

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

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 2021 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	259,438	**259,438**
Trade and other receivables**	753	-	-	**753**
Cash and cash equivalents	775	-	-	**775**
LIABILITIES				
Other payables and accrued expenses	(405)	-	-	**(405)**
	1,123	-	259,438	**260,561**

* 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 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

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 **8** to **9**. 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 £62,500 (2020: £60,000). The other Directors are entitled to an annual remuneration of £39,000 (2020: £37,500). Paul Le Page receives an additional annual fee of £8,000 (2020: £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 £226,500 (2020: £217,500) of which £59,750 was outstanding at 30 June 2021 (2020: £57,375).

At 30 June 2021, the number of Ordinary Shares held by each Director is as follows:

	2021 Number of Ordinary Shares	2020 Number of Ordinary Shares
John Rennocks*	316,011	316,011
John Scott*	512,436	512,436
Laurence McNairn	441,764	441,764
Paul Le Page	35,000	70,000
Meriel Lenfestey	-	-
	1,305,211	**1,340,211**

*Including shares held by PCAs

John Scott and John Rennocks are Directors of BSIFIL. They receive an annual fee of £6,250 (2020: £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 £3,764,777 (2020: £3,368,872) of which £299,763 (2020: £255,331) was outstanding at the year end. James Armstrong, Giovanni Teranova and Neil Wood, who are partners of the Investment Adviser, hold a 0.05%, 0.09% and 0.01% interest in the Company as at 30 June 2021, respectively.

Fees paid during the period by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £2,914,444 (2020: £2,358,016). 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 £3,471,624 (2020: £3,159,791). BOL provides O&M and other services relating to the operation of daily management activities of the solar project companies.

Fees paid during the period by SPVs to BRD, a company which has the same ownership as that of the Investment Adviser, totalled £85,500 (2020: £nil). BRD locates and manages a pipeline of development projects for the Company

The Company's monitoring fee income received from BSIFIL amounted to £739,966 (2020: £725,000) of which £739,966 was outstanding at the year end (2020: £725,000).

17. Subsequent events

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

Post year end, on 7 July 2021, the Board declared a third interim dividend of £8,139,992, in respect of the year ended 30 June 2021, equating to 2.00pps (third interim dividend in respect of the year ended 30 June 2020: 1.95pps), which was paid on 4 August 2021 to Shareholders on the register on 16 July 2021.

On 21 July 2021, the Company announced the issue of 89,067,980 new Ordinary Shares, at a price of £1.18 per ordinary share, raising gross proceeds of approximately £105.1 million. Following the issue, the number of ordinary shares that the Company has in issue is 496,067,602.

On 16 August 2021, the Company completed the acquisition of 109 small scale UK onshore wind turbines for approximately £63 million. The acquisition has been structured to provide the Company with the opportunity to re-power 17 of the wind turbines comprised within the new wind portfolio. A further acquisition that was announced at the same time represents the grid connection and associated land of a fully consented, ready to build 45MWp solar asset and co-located 25MWp battery project for approximately £5 million.

Post year end, on 4 October 2021, the Board approved a fourth interim dividend of £9,921,352 in respect of the year ended 30 June 2021, equating to 2.00pps (fourth interim dividend in respect of the year ended 30 June 2020: 2.05pps), which will be declared on 5 October 2021 and paid on or around 8 November 2021 to Shareholders on the register on 15 October 2021.

Glossary of Defined Terms

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

CAGR	Compound annual growth rate
Calculation Time	The Calculation Time as set out in the Articles of Incorporation
CCC	Committee on Climate Change
CfD	Contract for Difference
Company	Bluefield Solar Income Fund Limited
Companies Law	The Companies (Guernsey) Law 2008, as amended (see Law)
Consolidation Exception Amendments	The 18 December 2014 further amendments to IFRS 10 Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Cost of debt	The blended cost of debt reflecting fixed and index-linked elements
CO_2e	Carbon Dioxide emissions
CRS	Common Reporting Standard
C shares	Ordinary Shares approved for issue at no par value in the Company
CSR	Corporate Social Responsibility

DCF	Discounted Cash Flow
DECC	Department of Energy and Climate Change
Defect Risk	An over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects
Directors' Valuation	Gross value of the SPV investments held by 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	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
Natwest	NatWest International plc
NAV	Net Asset Value as defined in the prospectus
NMPI	Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion
NPPR	The AIFMD National Private Placement Regime
O&M	Operation and Maintenance
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class
Outage Risk	A higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage
P10	Irradiation estimate exceeded with 10% probability
P90	Irradiation estimate exceeded with 90% probability
PCA	Persons Closely Associated
PPA	Power Purchase Agreement
pps	Pence per share
PR	Performance ratio (the ratio of the actual and theoretically possible energy outputs)
PRIIPS	Packaged Retail and Insurance-Based Investment Products
PV	Photovoltaic
RBSI	Royal Bank of Scotland International plc
RCF	Revolving Credit Facility
RO Scheme	The Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources, or pay a penalty
ROC	Renewable Obligation Certificates
ROC recycle	The payment received by generators from the redistribution of the buy-out fund. Payments are made into the buy-out fund when suppliers do not have sufficient ROCs to cover their obligation
RPI	The Retail Price Index
SPA	Share Purchase Agreement
SDG	The United Nations Sustainable Development Goals
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 (based in the Channel Islands)
UK	The United Kingdom of Great Britain and Northern Ireland
UK Code	The United Kingdom Corporate Governance Code
UK FCA	The UK Financial Conduct Authority
United Nations Principles for Responsible Investment	An approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long term returns

Alternative Performance Measures *Unaudited*

APM	DEFINITION	PURPOSE	CALCULATION
Total return	The percentage increase/(decrease) in NAV, inclusive of dividends paid, in the reporting period.	A key measure of the success of the Investment Adviser's investment strategy.	The quotient of the NAV per share at the end of the period (115.83p) and the NAV per share at the beginning of the period (117.01p), 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 (121.4p) and the price per share at the beginning of the period (134.5p), 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 (£471.4m) divided by the number of ordinary shares in issue (406,999,622) 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.
Ongoing charges ratio	The recurring costs that the Company and BSIFIL 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 ROC	A relative indicator of the regulatory revenues within a renewable portfolio.	A measure of the Company's portfolio earnings as a proportion of its assets.	Total Regulated Revenue received by the portfolio divided by the product of the current market value of a ROC and the annual generation capacity of the portfolio.

APM	DEFINITION	PURPOSE	CALCULATION
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.	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.
Directors' Valuation	The gross value of the SPV Investments held by BSIFIL, including their holding companies minus Project level debt.	An estimate of the sum that would be realised if the Company's portfolio was sold on a willing buyer, willing seller basis.	A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the total value of the Company's Assets.	The total assets attributable to Ordinary Shares on the Statement of Financial Position.
Total Outstanding Debt	The total outstanding balances of all debt held within the Company and its subsidiaries.	A measure that is used to establish the Company's level of gearing.	The sum of the Sterling equivalent values of all loans held within the Company.

Ongoing Charges	Year to 30 June 2021		
	The Company (£'000)	BSIFIL (£'000)	Total (£'000)
Fees to Investment Adviser	363	3,402	3,765
Legal and professional fees	156	32	188
Administration fees	319	-	319
Directors' remuneration	227	12	239
Audit fees	74	38	112
Other ongoing expenses	205	334	539
Total ongoing expenses	**1,344**	**3,818**	**5,162**
Average NAV			**453,286,421**
Ongoing Charges (using AIC methodology)			**1.14%**