bluefield
Solar Income Fund

COMPANY REGISTRATION NO: 56708

Annual Report and Financial Statements

FOR THE YEAR ENDED
30 JUNE 2022

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General Information

Board of Directors (all non-executive)

JOHN RENNOCKS
(Chair)

JOHN SCOTT
(Senior Independent Director)

ELIZABETH BURNE
(appointed 7 October 2021)

PAUL LE PAGE
(Chair of Audit Committee)

MERIEL LENFESTEY

LAURENCE MCNAIRN
(retired 17 February 2022)

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

JAMES ARMSTRONG
Managing Partner

GIOVANNI TERRANOVA
Managing Partner

NEIL WOOD
Partner

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

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

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

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

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

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

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

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

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

Highlights

As at 30 June 2022 / *30 June 2021*

Net Asset Value (NAV) £858.4m *£471.4m*	NAV per Share 140.39p *115.83p*
Dividend Target per Share 8.16pps *8.00pps*	Actual Dividend Declared 8.20pps *8.00pps*

Underlying Earnings[1] (pre amortisation of debt) £66.8m *£48.6m*	Underlying Earnings per share[1] (pre amortisation of debt) 12.04p *11.34p*	Underlying Earnings per share[1] (post amortisation of debt) 9.54p *9.16p*
Total Shareholder Return[2] 14.55% *(3.79)%*	Total Return[3] 28.16% *5.83%*	Total return to Shareholders since IPO 92.45% *74.79%*

57% of revenues are indexed linked over life of the subsidies

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 30.
2. Total Shareholder Return is based on share price movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.
3. Total Return is based on the NAV movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.

Environmental, Social and Governance (ESG)

ESG KPIs

- Over 624,000,000 kWh of renewable energy generated
- Over 120,000 tonnes of CO_2e savings achieved
- Equivalent of 215,000 homes powered with renewable energy
- Over £154,000 paid to community benefit schemes

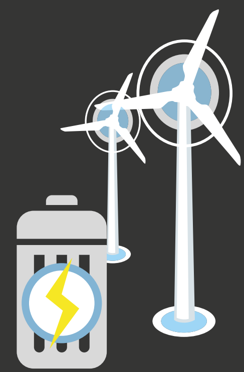
ESG Highlights

- Developed a robust ESG strategy, including an ESG vision, commitments & KPIs
- Published the Company's first TCFD disclosure
- Aligning with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR)

Forward Focus

Further investment into the Company's solar and battery development pipeline has increased it to a combined total of C.900MW

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.



Results Summary

	For the year ended 30 June 2022	For the year ended 30 June 2021
Total operating income	£176,141,970	£25,921,639
Total comprehensive income before tax	£174,572,832	£24,517,576
Total underlying earnings (pre amortization of debt)[1]	£66,750,110	£48,663,667
Earnings per share (per page 46)	34.91p	6.25p
Underlying EPS available for distribution[2]	11.92p	11.09p
Total declared dividends per share for year	8.20p	8.00p
Earnings per share carried forward (See Page 46)	3.39p	2.67p
NAV per share	140.39p	115.83p
Share price at 30 June	131.00p	121.40p
Total return[3]	28.16%	5.83%
Total Shareholder Return[4]	14.55%	(3.79)%
Total Shareholder Return since inception[5]	92.45%	74.79%
Dividends per share paid since inception	61.45p	53.39p

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. Further detail is provided on page 30.
2. Underlying EPS is calculated using underlying earnings available for distribution divided by the average number of shares.
3. Total return is based on NAV per share movement and dividends paid in the year.
4. Total Shareholder Return is based on share price movement and dividends paid in the year.
5. Total Shareholder Return since inception is based on share price movement and dividends paid since the IPO.

Corporate Summary

Investment objective
The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of regular income distributions, by being invested primarily in solar energy assets located in the UK. The Company also invests a minority of its capital into other renewables assets including wind and energy storage.

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

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

Investment Adviser
The Investment Adviser to the Company during the period was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. In May 2015 Bluefield Services Limited (BSL), a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by the UK limited company parent, which changed from Bluefield SIF Investments Limited (BSIFIL) to Bluefield Renewables 1 Limited (BR1) in May 2022 to facilitate arrangement of the new RCF. In August 2017 Bluefield Operations Limited (BOL), a company with the same ownership as the Investment Adviser, commenced providing operation and maintenance services to the Company and provides services to 64 sites (555MW) of the investment portfolio held by BR1 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 in addition to arrangements in place with the Company's other development partners.

Chair's Statement

Introduction

As the Company ends its ninth year of operation, it gives the Board and I great pleasure once again to be reflecting on a year of considerable success for the Company.

As the world emerged from the Covid pandemic and the global economy rebounded, the Company's Investment Adviser succeeded in growing the generating capacity of the Company's portfolio by over 25% in the period to June 2022. When combined with the increase seen in the previous financial year, your Company's portfolio of operating renewable assets has grown by over 60% since June 2020. In the light of recent increases in inflation and (particularly) the price of electricity, our acquisition programme looks well timed and provides shareholders with excellent value.

The Company's ability to maximise the value of energy sales through its strategy of typically fixing prices 18 months ahead, and thanks to its high levels of inflation- linked revenues, it continues to deliver a sector leading, covered dividend. With its proprietary pipeline of business, the Company intends to continue to grow its high quality asset base.

The principal activities of the Company, as well as main features of the period under review, are:

- The Company completed the purchase of three portfolios of subsidised onshore wind and solar assets, with a combined enterprise value of approximately £300m;
- To complement this level of investment, the Company raised c.£255m through equity issuance, in August 2021 and June 2022;
- Ensuring a focus on increasing future renewable generation and supporting the UK's transition to Net Zero, 45MW of new build solar and over 125MW of ready to build storage assets were purchased for a combined total of £11m;
- Momentum on the Company's development pipeline continued apace, with planning consents being secured on c.100MW of solar projects whilst the wider total pipeline grew to c.900MW of solar and c.429MW of battery storage;
- The Net Asset Value per share rose to 140.39pps (30 June 2021: 115.83pps), reflecting both the dramatically higher electricity prices which have been seen since Russia's invasion of Ukraine and the spike in inflation;
- Total declared dividends for the year have been increased to 8.20pps, ahead of our original target of 8.12pps;
- Post period end the Company signed contracts for the construction of Yelvertoft, a CfD backed 50MW solar plant; and
- The Company was recently promoted to the FTSE 250 index.

At the time of writing, the Group's total outstanding debt has increased to c.£460 million and its leverage level stands at c.35% of GAV, which is at the lower end of our preferred range of 35%-45%.

Acquisitions

Over the reporting period the Company completed 153.3MW of ROC and FiT accredited acquisitions, consisting of solar (95MW) and onshore wind (58.3MW) projects, increasing the Company's generating portfolio to 766MW as at 30 June 2022 (June 2021: 613MW); this resulted in a generating mix for the portfolio of 92.4% solar and 7.6% onshore wind, the latter being our first foray into this sector. The Company's mandate allows for diversification up to 25% of its GAV into non solar renewables.

In addition to successfully completing acquisitions of subsidised assets, good progress has been made on the Company's strategy of investing in the future build out of the UK's renewable mix through receipt of planning consent on two ready to build PV plants totalling 80MW and investments into ready to build co-located solar and storage (45MW and 25MW, respectively), as well as standalone battery storage of over 100MW.

These ready to build assets provide the Company with the opportunity to invest up to £34m over the next year and are in addition to the investment of up to £34m to complete construction of Yelvertoft. More details of acquisitions during the period are outlined on page 21 within the Investment Adviser's report.

Underlying Earnings and Dividend Income

The Underlying Earnings for the period, pre amortisation of long-term finance, were £66.8m, or 12.04pps, and underlying earnings for distribution, post debt repayments of £13.8m (2.50pps), were £52.9m (9.54pps).

The strong operational performance of the Company's portfolio over the six months to 31 December 2021, combined with the benefit of brought forward revenue reserves of 2.39pps (adjusted 115,384,615 new shares issued during the period) means the Board has earned comfortably in excess of its dividend target of 8.16pps for the year to 30 June 2022. By declaring a fourth interim dividend of 2.09pps, the total dividend for the year is 8.20pps and the Company thereby remains 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 30.

Valuation and Discount Rate

Demand for renewable projects, at all stages of their lifecycle, remains strong; as both power prices and inflation have surged, valuations of assets have risen in tandem.

The Investment Adviser is now observing that pricing for solar portfolios, on £m/MW basis, has moved to c.£1.40m/MW, with the upper range on deals closer to £1.50m/MW. Transactions in previous years have been in the £1.25m/MW - £1.40m/MW range.

Higher interest rates and the inclusion of onshore wind within the portfolio have caused the Board to increase the discount rate for the 30 June valuation to 6.75% (June 2021: 6%).

By valuing the Company's operational portfolio at an enterprise value of £1,181m (c.£1.39m/MW for the solar assets (vs. £1.26m/MW in June 2021), the Directors' Valuation as at 30 June 2022 is in line with recent market transactions and consistent with the Company's valuation methodology of 'willing buyer/willing seller'.

Please see page 34 in the Investment Adviser's report for further details on the Directors' Valuation.

Inflation

Over the past year inflation has surged, reflecting higher commodity and energy prices following a recovery in demand from pandemic lows. Since March 2022, Russia's invasion of Ukraine and the continuing conflict there have helped push inflation to levels not seen since the 1980s. The result is current UK inflation, on an RPI basis, close to 12% (CPI 9.4%).

Prevailing opinion among economic forecasters remains that inflation will abate during 2023, but it is possible that price pressures will endure. Since our income grows with inflation, resulting from the indexation provisions in our regulated revenues, increases in RPI boost both our earnings and the valuation of our assets.

Reflecting the latest economic forecasts, as well as the transition from RPI to CPIH post 2030, inflation assumptions supporting the valuation are 10.9% in 2022 (an increase from 6.4% as per the December 21 Interim statements), 3.4% in 2023 and thereafter 3.0% until 2029, before dropping to 2.25%.

Power Prices

Increasing electricity demand, as the world emerged from the Covid 19 pandemic, had seen power prices rising steadily but Russia's invasion of Ukraine sent shockwaves through European energy markets, with concerns around the supply of Russian gas to Europe driving a 45.5%[1] increase in gas prices and sending UK day-ahead power prices surging from c.£78/MWh to highs of c.£593/MWh in August 2022.

Navigating such turbulent times requires care, and the Company's PPA strategy of fixing power for between one and three years has allowed it to fix power contracts throughout the period of rising prices. This not only insulates the portfolio from market volatility, as successfully demonstrated during the Covid pandemic, but also enables it to create pricing certainty at increasing levels for up to three years ahead. Evidence of this is seen in the average fixed price achieved for fixed contracts from January 2022 onwards. As at June 2022 the average weighted price for these contracts were £190.1/MWh, £303/MWh for January 2023 and £230/MWh for June 2023. This provides the expectation of over 2 x dividend cover (post and ex-carried forward earnings) in the financial years ending June 2023 and June 2024.

Please see page 33 in the Investment Adviser's report for a graph illustrating the blended power curves used by the Company in the Directors' Valuation.

Environmental, Social and Governance ("ESG")

It gives me great pleasure to present the Company's first ESG strategy within this report and I take pride in the unwavering commitment the Board and Investment Adviser have in ensuring the Company strives to implement best practice policies in this hugely important area.

This year has seen the first retirement from the Board of Directors since the Company was established in 2013, so I would like to extend a warm welcome to Libby Burne who joined us as a Non-Executive Director in October 2021 following a distinguished career at PwC; and to thank Laurence McNairn, who has retired from the Board, for his wise counsel and dedication since the very early days of the Company.

After nine years as Chair it is now my intention to stand down at the forthcoming AGM, and the Board has agreed that John Scott will move from his role as Senior Independent Director to succeed me as Chair of Company. I believe this is important for continuity as we rotate other Board members who have served since the IPO. John intends to serve not more than three additional years, during which time the newer members of the Board will be more established, and we will look for a longer term replacement as Chair. We are also at an advanced stage in appointing a new non-executive director who will succeed John as Senior Independent Director at the AGM.

The Energy Crisis and Reform

The energy crisis has resulted in power prices reaching unsustainably high levels, putting pressure on every section of the economy. The government is engaging with renewable energy generators to see how our industry can be part of the solution, recognising that the renewable energy sector is well placed to play a major role in creating a long term solution to this crisis. Solar and wind are today the lowest cost generators in the market, their technologies are relatively quick to deploy and they provide indigenous, clean and secure supplies of energy. The Company welcomes the opportunity to discuss an equitable reform of the electricity market that will result in consumers seeing the benefit of the lower generating costs of existing portfolios. In the event that both government and generators find a fair solution that will not impair the future attractiveness of the market and which does not constrain our ability to raise the new capital required to support the investment needed to continue the process of decarbonising the economy, there is an opportunity for a good outcome for all.

Conclusion

With high levels of index-linked revenues, a conservative debt and power sales strategy and no currency risk, we have demonstrated after close to a decade of operation that your Company remains a safe haven for investors looking for robust sterling income, with sector leading earnings and dividends.

I am delighted that the Company has been promoted to membership of the FTSE 250 index, and it does so on the strongest of financial footings and with a wonderful opportunity to play an increasing role in the transformation of the UK's energy map.

John Rennocks
Chair
29 September 2022

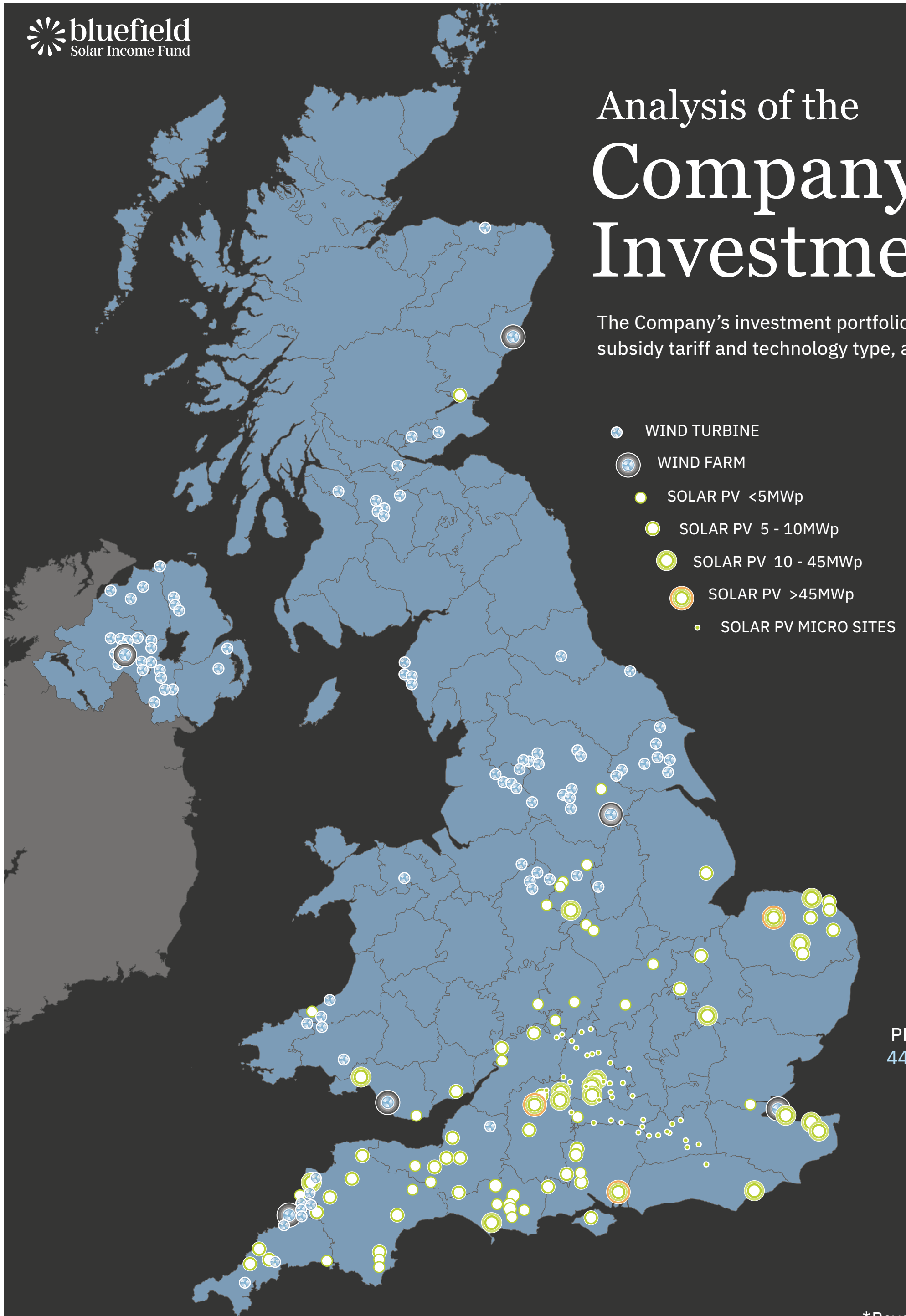
1. Source: Natural gas - 2022 Data - 1990-2021 Historical - 2023 Forecast - Price - Quote - Chart (tradingeconomics.com)

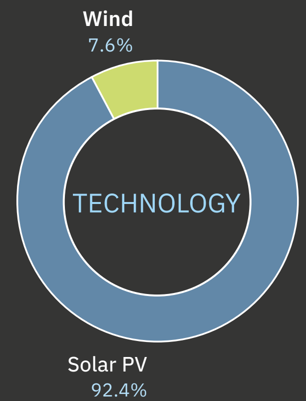
bluefield Solar Income Fund

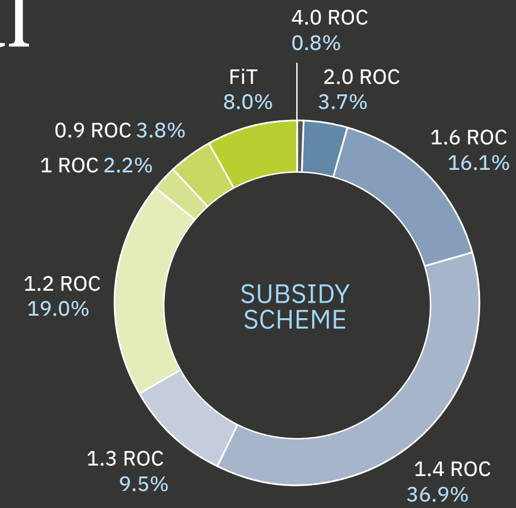
Analysis of the

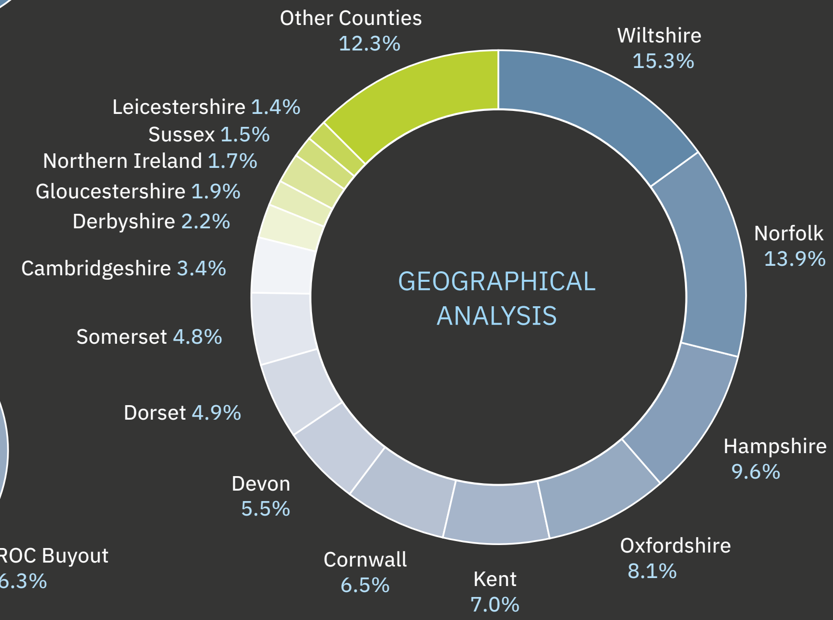
Company's Operational Investment Portfolio

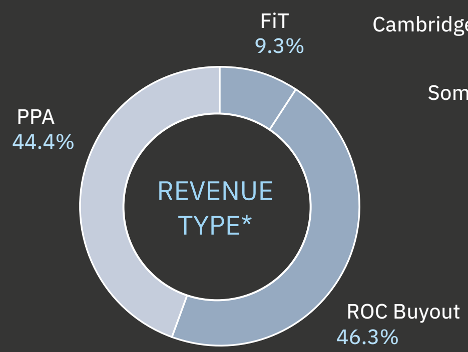
The Company's investment portfolio, analysed by geography, revenue type, subsidy tariff and technology type, as at 30 June 2022 is as follows:











Note: Graph percentages are based on capacity

*Revenue is based on the Company's operating portfolio of 766.2MWp and does not include estimated ROC Recycle Revenue

Strategic Report

1. Company's Objectives and Strategy

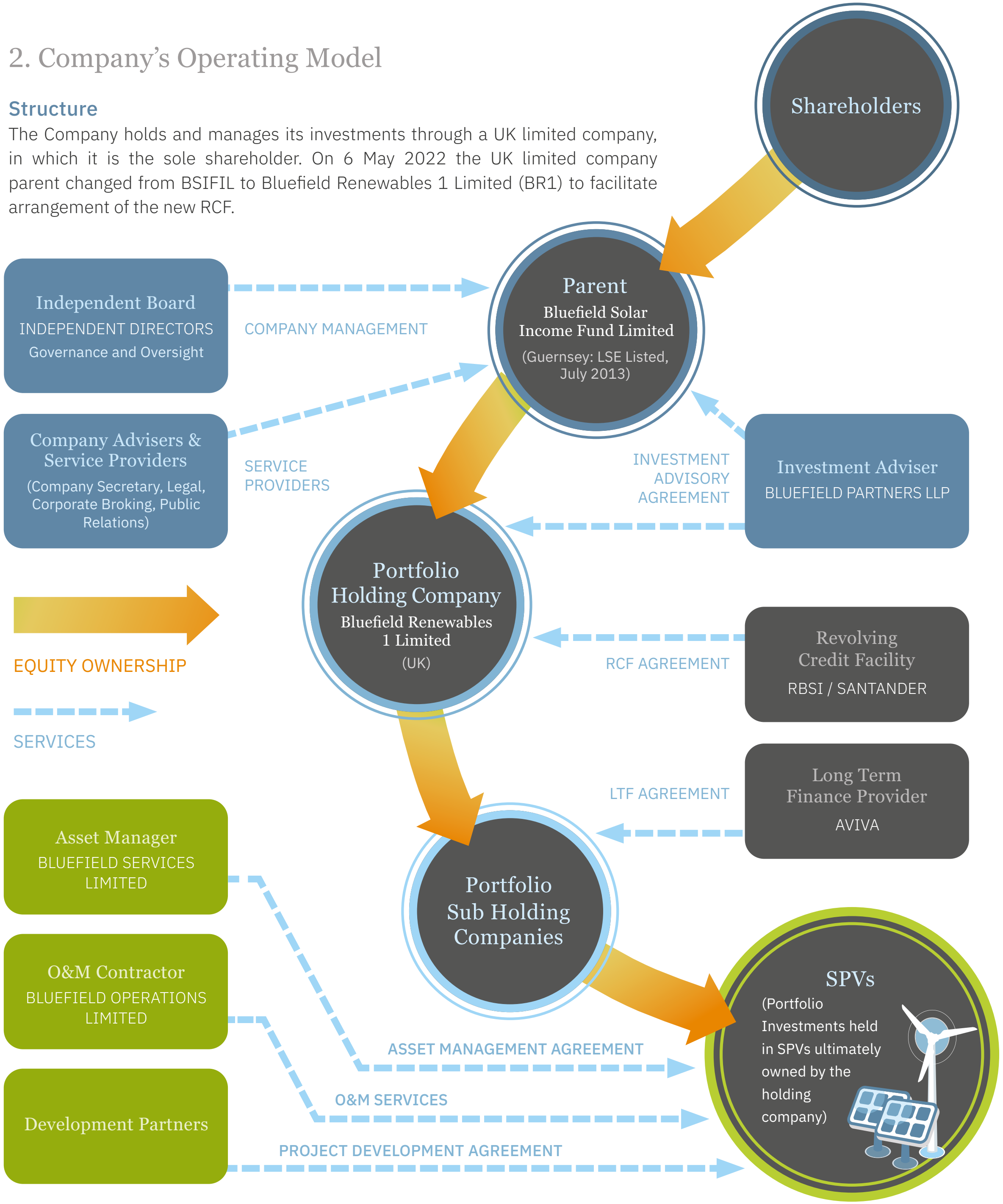
The Company seeks to provide Shareholders with an attractive, sustainable return, principally in the form of quarterly income distributions, by investing in a portfolio of large-scale UK based renewable energy infrastructure assets. Subject to maintaining a prudent level of reserves, the Company aims to achieve this through optimisation of asset performance, acquisitions and the use of gearing. The Company's original dividend target for the financial year ended 30 June 2022 was 8.12pps and this was subsequently raised to a target of not less than 8.16pps. Having now declared four interim dividends totalling 8.20pps, the Company is pleased to have exceeded this target.

The Operational and Financial Review section on page 14 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, in which it is the sole shareholder. On 6 May 2022 the UK limited company parent changed from BSIFIL to Bluefield Renewables 1 Limited (BR1) to facilitate arrangement of the new RCF.



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

Investment Adviser

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

Through a Technical Services Agreement with BR1 the Investment Adviser is also responsible for all issues relating to the supervision and monitoring of existing investments (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 0.6% of NAV at 30 June 2022 (0.8% at 30 June 2021) reflecting the increase in the Company's asset size. 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 62.

Investment Process

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

Repeat transaction experience with specialist advisers

The Investment Adviser has worked with a range of specialist advisers from multiple disciplines in each of the transactions it has executed in the UK and European 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 and aligned to ESG principles.

(3) Due diligence

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

(4) Bluefield Partners LLP Investment Committee

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

(5) Board approval

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

(6) Closing memorandum

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

Managing conflicts of interest

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

3. Investment Policy

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

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

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

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

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

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

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

1. Maximise quality and scale of deal flow;

2. Optimise the efficiency of the acquisitions;

3. Minimise risk via appropriate contractual agreements; and

4. Acquire assets using prudent assumptions.

Listing Rule Investment Restrictions

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

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

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

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

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

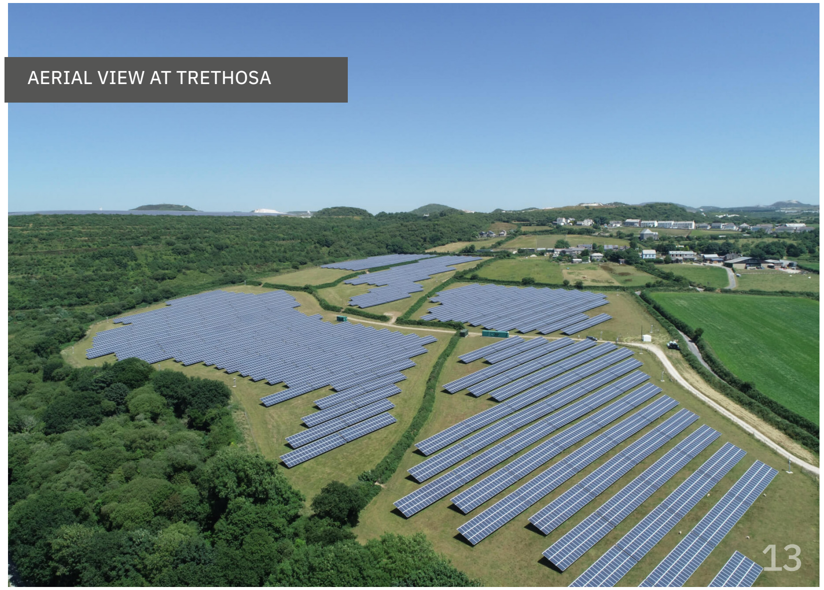
4. Responsible Investment

In line with its purpose of 'Renewable Energy, Delivered Responsibly', the Company is committed to delivering shareholder value whilst at the same time promoting positive environmental and social impact. As part of its responsible investment approach, the Company must consider both the positive and adverse impacts of its investment decisions on sustainability factors, seeking to mitigate the negative where possible.

ESG consideration within the investment process has been enhanced this year, with the creation of a standalone ESG due diligence questionnaire. Developed in line with SASB standards, the questionnaire includes an exclusionary list, high-level climate screening and SFDR considerations, in addition to focused environmental, social and governance questions. As part of a recent potential acquisition, the Company outsourced ESG due diligence to an external consultant.

Further information on the Company's approach to Responsible Investment and its ESG strategy is contained within the ESG Report on page 38.

AERIAL VIEW AT TRETHOSA



5. Operational & Financial Review for the period

Key Performance Indicators

	As at 30 June 2022	As at 30 June 2021
Market Capitalisation (£'000s)	801,002	494,098
Total dividends per share declared in relation to the year	8.20p	8.00p
NAV (£'000s)	858,391	471,426
NAV per share	140.39p	115.83p
Total Shareholder Return	14.55%	(3.79)%

Market Capitalisation (1)

The Directors regard the Company's market capitalisation as an important secondary indicator of the trading liquidity in its shares. The Company's market capitalisation grew from £494m to £801m, due to an increased share price as a result of two successful capital raises and during the year.

Total Dividends Per Share Declared (1)

BSIF generates returns primarily in the form of distributions and the Company has a progressive dividend target, so it is important that the dividend increases each year. During the year the dividend grew by 2.5% from 8pps to 8.20pps.

NAV

The Company's average NAV is a determinant of BSIF's total expense ratio as forms the denominator of the calculation. The finite life of renewable asset leases will ultimately lead to the attrition the Company's NAV. The Directors recognise this as a significant feature and have expanded the mandate of the Company in part to mitigate this effect. The Company's NAV grew during the year as a result of capital raising activity and valuation uplifts.

NAV Per Share(1)

Whilst the Company's principal goal is to produce income, the NAV per share movement informs our shareholders and the Board whether this income has been produced at the expense of capital growth. The NAV per share grew during the year and produced a positive return to capital, largely as result of valuation uplifts deriving from strong demand for electricity and renewable generation assets.

Total Shareholder Return(1)

This is a measure of the combined return to Shareholders from dividend income and share price movements and whilst this should be positive in the long-term, short term fluctuations in shareholder and market sentiment can cause this number to be positive or negative. The positive return of 14.55% for 2022 compared to the negative return of -3.79% in 2021 reflects an improvement in market sentiment for the Company and the renewables sector.

Acquisitions

See the Investment Adviser's Report in Section 2.

Portfolio Performance

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

The Company's PPA strategy is to enter into 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 2022 £ million	Year ended 30 June 2021 £ million
Total Income (Note 4 of the financial statements)	0.8	0.7
Change in fair value of assets (Note 8 of the financial statements)	175.4	25.2
Administrative expenses (Note 5 of the financial statements)	(1.6)	(1.4)
Total comprehensive income	**174.6**	**24.5**
Earnings per share	**34.91p**	**6.25p**

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

The total comprehensive income before tax of £174.6 million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on valuation movements of BR1's portfolio is given in the Report of the Investment Adviser.

The Company's ongoing charges ratio is 1.02% (2021: 1.14%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation. See page 105 for a tabular calculation of the Company's ongoing charges ratio.

(1) please see Alternative Performance Measures on pages 104 to 105 for further details.

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, with an external review as and when the Board deems appropriate.

This fair market value adopted for the portfolio was £939.9m (note 8 of the financial statements) and is confirmed by an alternative approach using a combination of discounted cash flows of income generated from the portfolio of investments.

The Board reviews the recommendations of the Investment Adviser to form an opinion of the fair value of the Company's investments. A detailed analysis of the Directors' Valuation is presented in the Report of the Investment Adviser.

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 renewable energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

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

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

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

PORTFOLIO MANAGEMENT

Risk	Potential Impact	Mitigation
1. Portfolio Acquisition Risk	Poor investment decisions or missed investment opportunities.	The Board reviews the Company's investment pipeline with the Investment Adviser, who have substantial experience in the sector, on a regular basis. To fund acquisitions, the Company has access to debt financing under terms of its revolving credit facility, as well as the option to complete equity issuances.
2. Portfolio Operational Risk	Underperformance of wind, solar or storage 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 maybe over or understated.	Valuations presented by the Investment Adviser are underpinned by comparisons with other market transactions and confirmed by long term DCF model. The valuations are reviewed and challenged by the Board at a minimum on a semi-annual basis. The Investment Adviser is currently working to simplify the Company's models to reduce the risk of errors and minimise data storage requirements. To minimise the risk of forecast error and to mitigate the impact of power price volatility on the Company's portfolio valuation, blended power price curves from three leading forecasters are used in the portfolio cash flow model.
4. Depreciation of NAV	The portfolio NAV will depreciate through the Company's life subject to other market fluctuations and the addition of new assets.	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. 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.

* Directors' Valuation is an alternative performance measure to show the gross value of the SPV investments held by BR1, including their holding companies. A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements

EXTERNAL

Risk	Potential Impact	Mitigation
5. Physical and Transitional Climate-related Risks	Global climate change has the potential to disrupt the operation of the company both directly via solar irradiation and wind speed and indirectly via the risk of damage to portfolio assets, power transmission infrastructure or the demand for the electricity that we produce.	A number of mitigation measures are already in place for physical and transitional climate-related risks, as described in the TCFD disclosure on page 57. We will also undertake scenario analysis for material physical and transitional climate-related risks and opportunities within the next 12 months, to better understand the potential impacts on the Company. In 2022, the Company undertook a climate materiality assessment to identify material physical and transitional risks. Please refer to the TCFD disclosure on page 57 for more information.
6. Changing 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. Excessive movement in power prices could destabilise the energy markets.	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 commissioned and received 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. Measures to protect UK consumers from power price increases have been implemented and it is not yet clear whether these measures will be funded through taxation.	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 UK government is currently consulting with industry on plans to reform the UK Electricity Market which may involve controls on sales prices for renewable generators.	The Investment Adviser provides regular updates in this regard within the quarterly Board papers. The Investment Adviser has begun to increase its level of political engagement to help with the formation of a new energy policy and to ensure that investment in renewables is maintained.
9. 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. A group head of IT has been appointed by our Investment Adviser with specific responsibility for cyber security.
10. 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 monitored via the Company's PR Adviser.

SHEEP GRAZING AT CAPELANDS

EMERGING RISKS

Risk	Potential Impact	Mitigation
11. 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.
12. Inflation	Excessive inflation is likely to increase the Company's cost of capital and cost of operations.	Whilst the Company is a net beneficiary of inflation it is not clear whether the government's actions will reduce inflation and could lead to a weaker currency and a higher cost of capital. The Company has maintained its interest rate hedge in case inflation does not subside leading to more aggressive action by the Bank of England.
13. Supply Chain Risks	Projects in the Company's development pipeline are becoming more costly to develop and may be subject to delays due to supply chain risks. Our supply chain has a high dependency on Chinese components which could impact availability of components and could have potential reputational risk.	BSL the Company's O&M contractor has made strategic purchases of long-lead time critical components such as transformers. We will map our supply chains, with priority given to Tier 1 and Tier 2 suppliers. We will insist that our Tier 1 suppliers have some sort of grievance mechanisms in place (Whistleblowing hotline, Grievance procedures, worker representation etc) by June 2023. We are developing a sustainable procurement policy with accompanying supplier sustainability checklist (to be used both in relation to the repair and maintenance of operational assets and also the construction of new infrastructure projects).

Longer term viability statement

Assessing the prospects of the Company

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

The scenarios are designed to be severe but plausible and take full account of the likely effectiveness of the actions to be taken to avoid or reduce the impact of the underlying risks and which would be open to management. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 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 and envisaged leverage levels, would be able to continue to produce distributable income in the event of the following scenarios:

	Strategic Report Risk Factor
2.	Plant performance degradation of 1.0% per annum versus 0.4% per annum
2.	Plant availability reduced to 95%
5.	P90 irradiation
6.	Power price set to 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 the Directors have no reason to believe that shareholders will 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 five 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 five year period ending 30 June 2027. The Directors have increased the viability period from three to five years, reflecting the maturity of the Company and the industry, and have determined that the five year period to June 2027 is an appropriate period to provide this viability statement as this period accords with the Group's planning purposes.

This period is used for our mid-term business plans and has been selected because it presents the Board 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 2027.

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

The Company's risks are mitigated and managed by the Board through continual review, policy setting and half yearly review of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board last carried out a review of the risk matrix at the Audit Committee meeting held on 26 September 2022. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisers, legal advisers and 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 on the next page.

	Stakeholder group	Methods of engagement	Benefits of engagements
Shareholders	The major investors in the Company's shares are set out on page 65. 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 127 solar PV plants (consisting of 85 large scale sites, 39 micro sites and 3 roof top sites), 6 wind farms and 109 single stick turbines, with a total capacity of 766.2MW. The portfolio displays 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 has worked with external consultants to develop robust ESG policies and procedures.	This is an area of high importance to all our stake-holders, therefore is a high priority in our decision making and is described in detail in the ESG Report.

Paul Le Page
Director
29 September 2022

Elizabeth Burne
Director
29 September 2022

Report of the Investment Adviser

Introduction from the Investment Adviser

The period under review straddles the end of prolonged low inflation with relatively stable power prices and the start of rapidly increasing inflation and significantly higher power prices. This shift is likely to see changes in public policy. The UK government has commenced a consultation on the energy markets (Review of Energy Market Arrangements under the acronym REMA) which is looking to see whether changes can be effected to make the energy system more efficient. More urgently, the government is also opening up fast track discussions with the renewable industry to see whether there is a way for the merchant power element of the Renewable Obligation Scheme's revenues to be converted into a Contract for Difference. It could be a good solution, as long as the outcome is fair to the Company's shareholders and to consumers, and we will be engaging with government on these potential solutions.

A time of crisis can often propel positive change and I believe that this crisis is the opportunity for the renewable energy industry to become even more central and vital to the government's core energy objectives. Solar and wind are now the lowest cost energy sources in the market today. They are both relatively quick to deploy and will add to the country's energy security. They also, particularly solar, have high levels of public support.

James Armstrong
Managing Partner, Bluefield Partners LLP

1. About Bluefield Partners LLP ('Bluefield')

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in renewable energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The Bluefield team has been involved in over £6 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 for selection, origination and execution of investment opportunities for the Company, having executed over 100 individual SPV acquisitions on behalf of BSIF and other European vehicles.

2. Portfolio: Acquisitions, Performance and Value Enhancement

a. Acquisitions in the period

STATUS	TECHNOLOGY	TRANSACTION DETAILS	TOTAL VALUE	DATE
OPERATIONAL	Solar and Wind	UK-based solar and onshore wind portfolio 93.2MW ROC and FiT backed operational portfolio of solar (64.9MW) and wind (28.3MW), located across England, Wales, Northern Ireland and Scotland.	c. £187m – Equity c. £112 million, net Debt (third party) c.£75. million	May 2022
	Solar and Wind	UK-based solar and onshore wind portfolio 47.5MW ROC backed operational portfolio — solar (30.1MW) and wind (17.4MW) — located largely in the South West.	c£62.5m – Equity c£22.5 million, Debt (third party) £40 million	January 2022
	Wind	Small scale onshore wind portfolio 12.6MW FiT and NI ROC backed operational portfolio of 109 small scale onshore wind turbines – located across England (62), Northern Ireland (29), Scotland (11) and Wales (7). Includes the opportunity to increase investment through the re-powering of 17 turbines in Northern Ireland.	c£63 million – All equity (potential re-powering investment of additional £35 million)	August 2021
DEVELOPMENT	Storage	100MW of consented storage projects Development rights, grid connection and associated land to build two 40MW battery storage sites in Derbyshire and Worcestershire and one 20MW storage project in Liverpool. Commercial operations scheduled to start in 2023/24.	c.£6 million – All equity	January 2022 and May 2022
	Solar and Storage	Mauxhall Farm Development rights and associated land to build a 45MW solar asset and co-located 25MW battery storage site in northeast Lincolnshire for c. £5mn. Commercial operations scheduled to start in 2023.	c.£5 million – All equity	August 2021
	Total Value		c.£323.5 million	Equity c.£208.5m, Debt (3rd party c£115m

Following these acquisitions, the portfolio's total outstanding debt has increased to £460 million, and the total installed capacity of its operational portfolio has grown to 766MW (made up of solar 708MW and wind 58MW). The Company's leverage as at 30 June 2022 is c.35% of Gross Asset Value ('GAV') (c.44% as at 30 June 2021).

Post period end – Construction Programme

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

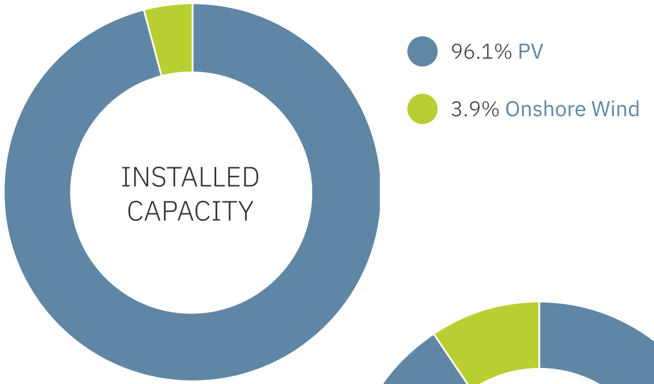
The first development to enter the mobilisation phase is the Yelvertoft Solar PV project, which signed an EPC contract with Bouygues in September 2022 and is targeting initiation of construction in Q4 2022 and operation in Q3 2023. As the EPC agreements require contractors to provide full procurement activity and to supply all materials, the Investment Adviser completes a full assessment of each contractor's procurement and supply chain management processes, to ensure compliance with the Company's ESG policies and standards. For further information relating to the Company's wider ESG activity, please refer to the ESG section on page 38.

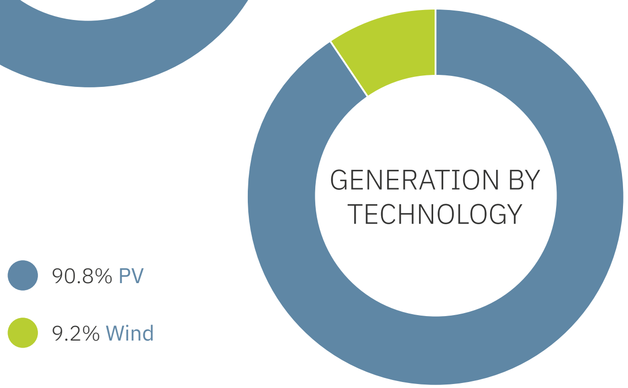
b. Portfolio Performance and Optimisation

As of 30 June 2022, the Company held an operational portfolio of 766.2MW, comprising both solar PV (707.9MW, representing 92.4%) and onshore wind (58.3MW, representing 7.6%) assets, located across the UK (June 21: 613MW, +25.0% increase). For completeness, due to the timing of an acquisition in late May 2022, 12 utility-scale plants and 3 micro sites plants (aggregated capacity of 64.9MW) and 4 wind farms (aggregated capacity of 28.3MW), are not included in the performance section of the report. These will be included in full for the FY 22/23.

The combined solar and wind portfolio generated an aggregated total of 687.5GWh during the reporting year, with a Generation Yield of 1,027MWh/MW.

Chart D.1: Summary of Installed Capacity by Technology and Total Generation by Technology



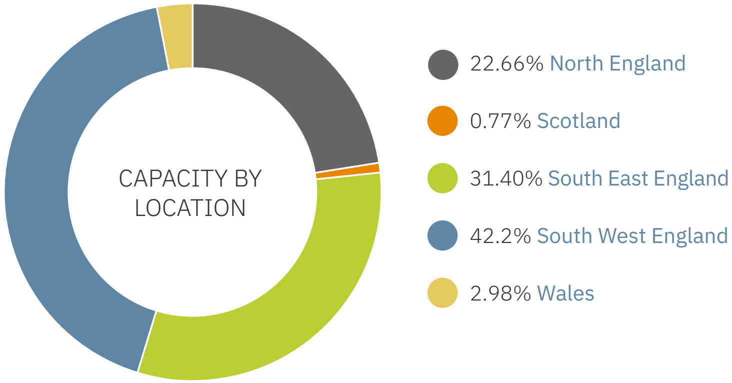


(1) Solar PV

As of 30 June 2022, the capacity of the solar PV portfolio was 708MW comprising 124 PV plants (83 large-scale plants, 39 micro sites and 2 roof top arrays). Following acquisitions outlined in the table above, this is an increase of 95MW from 30 Jun 2021. However, as outlined above, due to the timing of the acquisition of 64MW in May 2022, these assets are excluded from the performance summaries below.

The solar plants are located across the UK, predominantly in the South West and South East of England:

Chart D.2: Solar PV Capacity (MW) by Location



As shown in the table below, irradiation levels during the period were 2.6% higher than the Company's forecast and 4.7% higher than FY 2021/22. As chart D.3 illustrates on page 23, this reflects an offsetting of irradiation between the first six months of the period to December 2021 (-2.9% below expectations) and the second six month period to June 2022 (+7.3% above expectations).

In the 12 months to 30 June 2022, the solar portfolio achieved a Net PR of 79.4% (FY 2020/21: 80.3%) against a forecast of 81.4% and generated 624.58GWh of power, marginally above expectations. The generation yield was 971MWh for each MW of installed capacity, 3.5% higher than recorded in the previous year.

Availability (the total time the plant was operating, as a percentage of the maximum possible) for the year was in line with expectations at 98%.

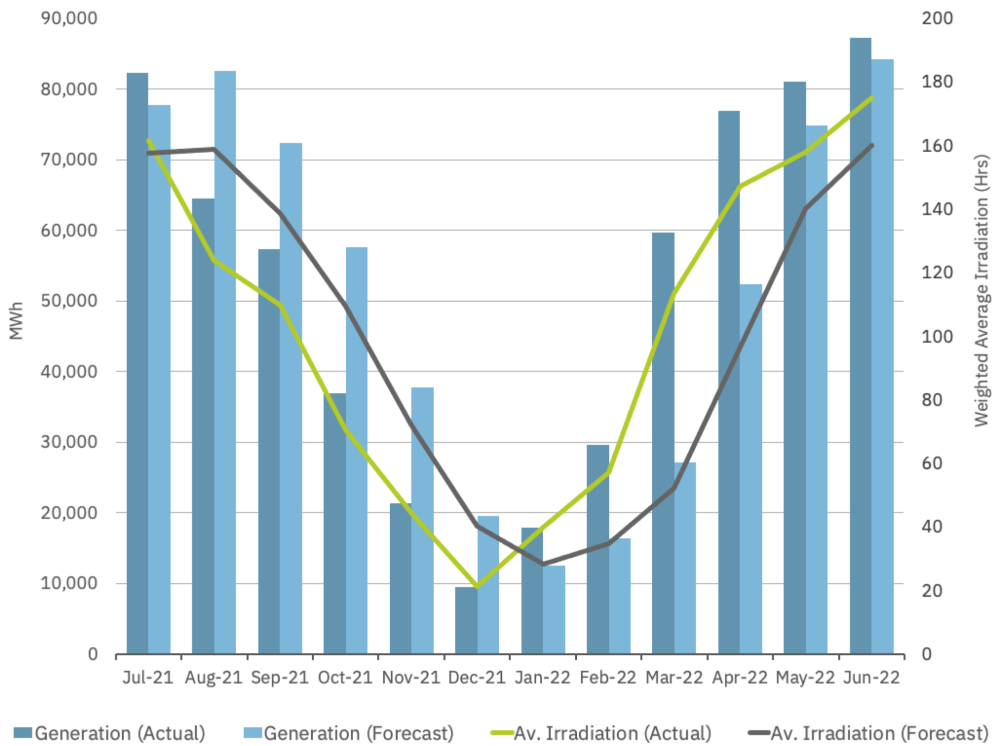
Table D. 1: Summary of Solar Fleet Performance for 2021/22:

	FY 2021/22 Actual	FY 2021/22 Forecast	Delta to Forecast (% change)	FY 2020/21 Actual	Delta 21/22 to 20/21 Actual (% change)
Portfolio Total Installed Capacity (MW) [1]	642.9	N/A	N/A	612.8	+4.9%
Weighted Average Irradiation (Hrs) [2]	1,222.7	1,191.9	+2.6%	1,168.0	+4.7%
Total Generation (MWh) [3]	624,651	621,740	+0.5%	575,358	+8.6%
Generation Yield (MWh/MW) [2]	971.6	967.1	+0.5%	938.9	+3.5%
Average Total Unit Price (GBP/MWh) [4]	£132.71	£128.47	+3.3%	£125.70	+5.6%

Notes to Table D.1.

1. Excludes 12 solar plants acquired in late May 2022 (aggregated capacity of 64.9MW)
2. Periods of irradiation where irradiance exceeds the minimum level required for generation to occur (50W/M²)
3. Excluding grid outages and significant periods of constraint or curtailment that were outside the Company's control (for example, DNO-led outages and curtailments)
4. The Total Unit Price includes all income associated with the sale of power, subsidy payments, Liquidated Damages and insurance claims amounts but excludes assumptions around ROC Recycle amounts (which may contribute a further 5-7% of revenue)

Chart D.3: Irradiation & Generation (Actual & Forecast) by month, FY 2021/22



Total Revenue for the period was £82.89m, equivalent to £128.93k/MW, 4.53% higher than forecasts and 21% higher than the previous FY (2020/21: £118/MWh), due to the more favourable fixed PPA agreements which commenced during the period.

Operational Costs for the period were c.£18.4m, including the cost associated with the optimisation & enhancement projects (see below).

Optimisation & Enhancement Activity

A core focus of the Investment Adviser's activities is protecting, optimising, and enhancing the value of the Company's operational portfolio. Examples of key activities for the solar portfolio include:

- **Asset Life Extension:** Over 400MW (31 December 21: 371.4MW) of the PV portfolio now has leases that allow for terms beyond 30 years, representing 62.8% of the solar PV portfolio as at 30 June 2022, with 332.2MW benefitting from planning term extensions up to 40 years (100% of applications successful). The Investment Adviser continues to negotiate further lease extensions.

- **Transfer of O&M Services to Bluefield Operations Limited ('BOL'):** BOL now provides O&M contractor services to 64 of the Company's assets, totalling 555MW of installed capacity, representing 86.4% of the solar portfolio (FY 2020/21: 486MW). This transition has brought enhanced service levels and operational savings of £454.3k/annum compared to the original fees paid to external service providers. Further contracts will continue to transfer to BOL in the 2022/23 FY.

- **Capital Works Projects:** We completed optimisation/enhancement projects across 10 plants, with a total investment of c.£1.46m. Further projects include the replacement of existing transformers, a phased repowering of string inverters, strengthening mounting structures and improving site drainage. The Investment Adviser intends to undertake similar works over the winter 22/23 period.

ASHLAWN

OFGEM Audits

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

Table D.2. BSIF Solar PV Generation by Asset, FY 2021/22:

Solar PV Asset	Total Investment Commitment (GBP)	Installed Capacity (MW)	Generation to 30 June 2022 (Actual,/MWh)
Bradenstoke	89.0	70.0	64,397
West Raynham	55.9	50.0	50,122
Southwick	61.0	47.9	46,783
Elms	32.8	28.9	28,128
Hardingham	22.7	20.1	19,017
Pentylands	21.4	19.2	17,530
Molehill	23.1	18.0	19,288
Hoback	19.0	17.5	17,330
Littlebourne	22.0	17.0	17,164
Goosewillow	19.0	16.9	14,890
Hill Farm	17.3	15.2	14,971
Roves	14.0	12.7	11,106
Pashley	15.4	11.5	12,455
Hall Farm	13.4	11.4	11,553
Sheppey	12.0	10.6	11,369
Betingau	11.2	10.0	7,593

Solar PV Asset	Total Investment Commitment (GBP)	Installed Capacity (MW)	Generation to 30 June 2022 (Actual,/MWh)
Capelands	8.6	8.4	8,318
North Beer	9.3	6.9	6,578
Ashlawn	7.6	6.6	6,289
Redlands	6.4	6.2	6,474
Bidwell	8.1	6.1	5,748
Nottington	11.8	6.0	7,126
Lower Marsh	8.6	5.9	5,627
Saxley	7.0	5.9	5,537
Cobbs Cross	9.1	5.7	5,518
Stow Longa	8.8	5.3	5,054
Foxcombe	7.5	5.3	4,441
Beaford	8.3	5.2	3,779
Eastcott	10.1	5.0	4,529
Hamptworth	8.8	5.0	5,107
Holly Farm	7.2	5.0	5,121
East Farm	7.2	5.0	4,861
Great Houndbeare (Little Bear)	6.8	5.0	5,529
Durrants	6.4	5.0	5,124
Clapton	6.3	5.0	5,243
Romsey	5.8	5.0	5,382
Old Stone	5.7	5.0	5,100
Salhouse	5.6	5.0	4,964
Frogs Loke	5.6	5.0	4,999

Solar PV Asset	Total Investment Commitment (GBP)	Installed Capacity (MW)	Generation to 30 June 2022 (Actual,/MWh)
Place Barton	5.5	5.0	4,993
Court Farm	5.5	5.0	5,212
The Grange	5.4	5.0	5,149
Bunns Hill	5.3	5.0	4,910
Oulton	5.3	5.0	4,713
Rookery	5.2	5.0	5,254
Wormit	5.1	5.0	4,587
Kellingley	5.0	5.0	4,902
Kislingbury	5.0	5.0	4,503
Willows	4.6	5.0	4,578
Gretton	5.1	4.9	4,630
Trethosa	5.8	4.8	4,723
Folly Lane	5.3	4.8	4,922
Gypsum	4.4	4.5	4,314
Tollgate Farm	4.6	4.3	4,137
Burnaston	14.4	4.1	3,778
Galton Manor	5.5	3.8	3,979
Thornton Lane	3.7	3.6	3,204
Blackbush	6.6	3.4	2,942
Barvills	3.3	3.2	3,338
Hazel	4.3	2.8	2,707
Norton Hall	4.1	2.8	2,773
Lount	3.3	2.5	1,974
Langlands	3.1	2.1	2,110

Solar PV Asset	Total Investment Commitment (GBP)	Installed Capacity (MW)	Generation to 30 June 2022 (Actual,/MWh)
Stantway	2.7	1.8	1,714
Aberporth	2.0	1.4	1,333
Goshawk (10 micro sites)	2.0	1.1	1,071
Butteriss (20 micro sites)	2.3	0.8	653
Corby	2.3	0.5	383
Promothames (9 micro sites)	1.3	0.4	316
SUB-TOTAL	**763.8**	**613.0**	**593,946**

Assets acquired during the Period

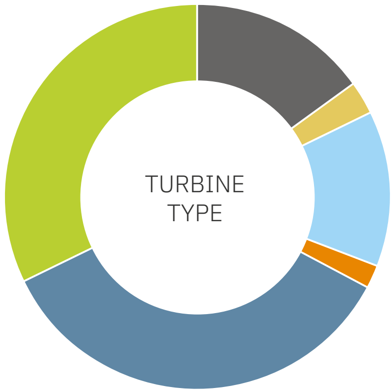
Solar PV Asset	Total Investment Commitment (GBP)	Installed Capacity (MW)	Generation to 30 June 2022 (Actual,/MWh)
Carloggas*		8.3	8,020
Crossroads*		5.0	5,289
Lower End*		5.0	5,241
Woolbridge*		5.0	5,495
Rookwood*		5.0	4,904
Creathorne*		1.8	1,682
SUB-TOTAL		**30.1**	**30,631**

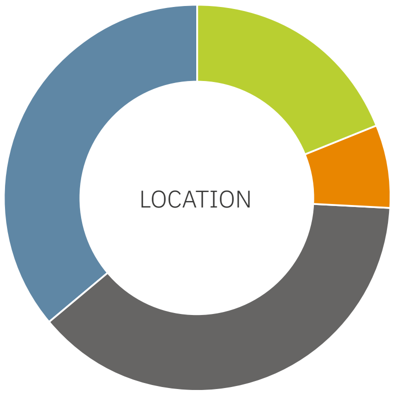
* Although assets were acquired in January 2022, generation data is for the full FY

(2) Onshore Wind

During the reporting period the Investment Adviser managed a wind portfolio of 117 onshore turbines, comprising of 109 small scale turbines (55-250KW) with 8 turbines of 2.0-2.3MW, and an aggregated capacity 30.0MW.

Chart D.4: BSIF Wind Portfolio, and Turbine Type/Installed Capacity by Location/Installed Capacity.





In late May 2022, the Company acquired an additional 18 large onshore wind turbines, with a total installed capacity of 28.5MW. These turbines have performed better than expected, but are excluded from this report, as having less than 2 months of operations in the reporting period.

Over the reporting year, the wind speed across the asset locations averaged 6.1m/s (-4.2% to forecasts); UK averages during 2021 were at the lowest level recorded in the previous 10 years.

Total generation from onshore wind during the reporting period was 62.9MWh, 17% below forecasts, largely due to low availability of 2 turbines at Delabole Wind Farm, which experienced several key component failures during the second half of the reporting year. Liquidated Damages ('LDs') have been received from the OEM for the 2021 calendar year, with losses during 2022 due to calculated in January 2023. Availability for the remainder of the fleet (Hampole and the small-scale turbines) was largely as forecast at 95.9%.

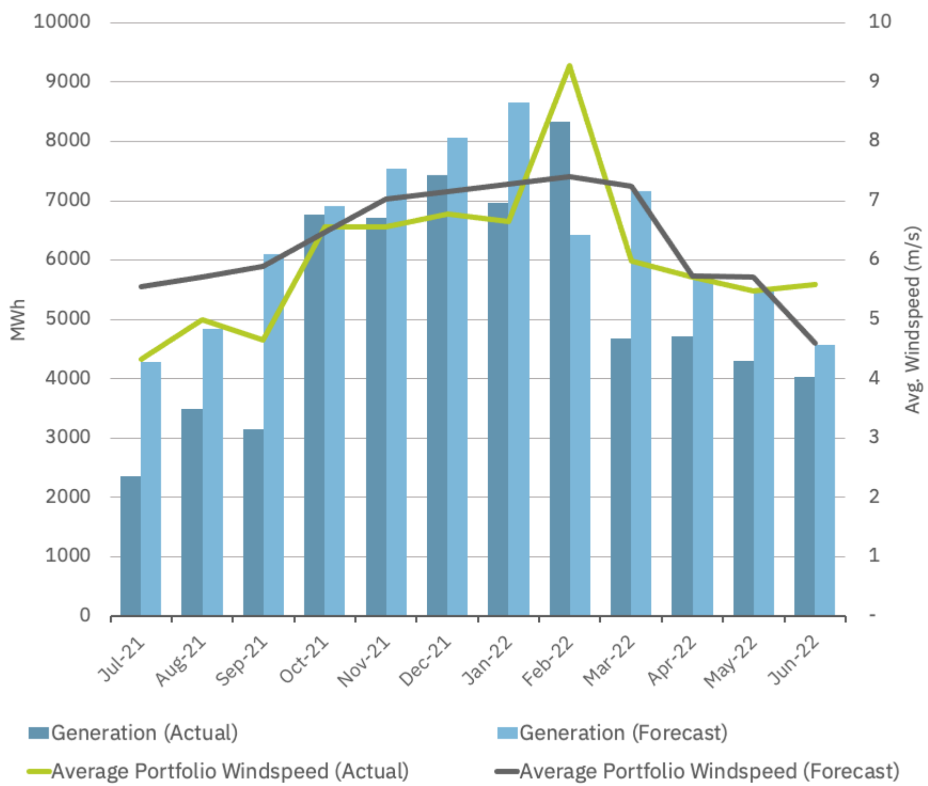
Table D.3: Aggregated Wind Portfolio Performance, Annual 2021/22

	Aggregate Capacity (MW)	Number of Turbines	Actual Total Power Price (£/MWh)	Forecast Total Power Price (£/ MWh)	Delta to Forecast Power Price (% change)	Actual Generation (MWh)	Forecast Generation (MWh)	Delta to Forecast (% change)
Small scale turbines	12.6	109	316.7	282.2	12%	27,339	29,522	-7%
Delabole	9.2	4	155.2	113.7	36%	15,615	25,227	-38%
Hampole	8.2	4	116.4	119.8	-3%	19,955	20,999	-5%
Aggregate Fleet	**30.0**	**117**	**213.1**	**181.1**	**18%**	**62,909**	**75,748**	**-17%**

The Investment Adviser was able to negotiate improved fixed PPA terms on many assets; thus, despite low generation, the wind portfolio's total revenue was as forecast, at £13.4m.

During the reporting period the wind assets recorded lower than forecast wind speeds. This was largely due to the UK experiencing the lowest average wind speeds in 10 years, during 2021.

Chart D.5: Average Windspeed & Generation (Actual Vs Forecast) by month, 2021/22



Optimisation Activities

In the Northern Ireland fleet, 17 out of 29 small-scale turbines have been identified for repowering with replacement EWT 250KW turbines. These assets can repower to a higher capacity, whilst maintaining their respective RO accreditation statuses.

As at 30 June 2022, 4 turbines have been repowered and are operational, and a further 7 have received full planning approval for a new 25-year term. Prior to end December 2022 an additional turbine will be decommissioned and repowered with the EWT model, and a further 3 are scheduled for early 2023. The remaining 6 turbines have seen planning applications submitted to the relevant LPAs.

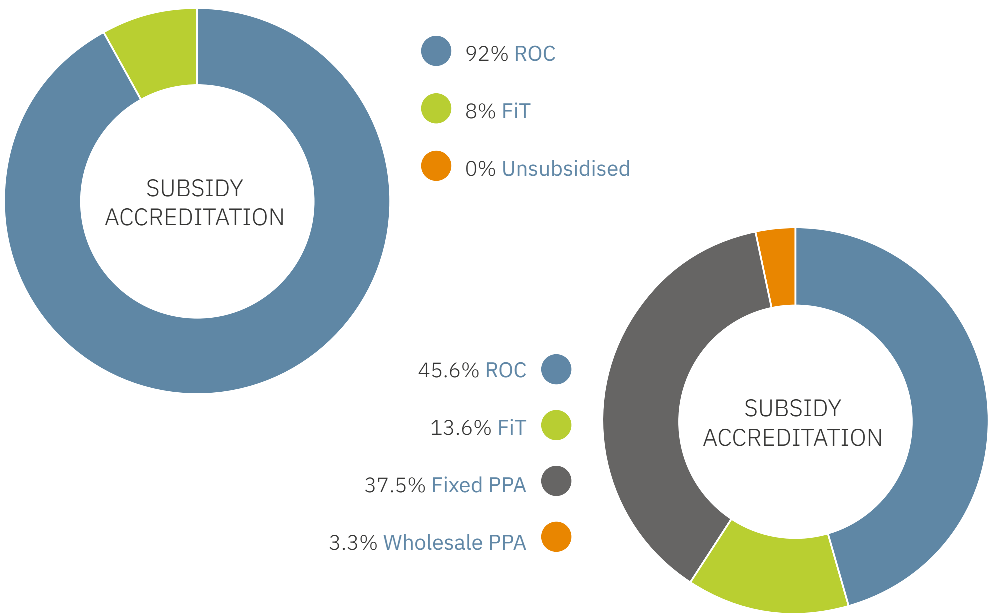
The Investment Adviser has continued to implement and manage a range of operational enhancement measures across the small-scale turbines, both to improve performance and to protect against failure.

Power Purchase Agreements

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).

As shown in the charts below, 100% of BSIF assets hold subsidy accreditation, the vast majority with RO accreditations, with RO and FiT subsidy revenue accounting for 59.2% of the total revenue (45.6% ROC, 13.6% FiT). Income from fixed purchase power agreements constituted 37.5% the total revenue for the year, with the remaining 3.3% of revenues coming from existing index-linked power agreements on newly acquired assets.

Chart D.6: Subsidy accreditation by % of Portfolio Capacity (left) and Revenue Source by % of Portfolio Capacity (right)



The Company has continued to implement the approach of fixing power prices evenly throughout the year for between 18-36 months, with the average current portfolio PPA term as at 30 June 2022 standing at 25.2 months.

The purpose of this strategy is to mitigate the Company’s exposure to seasonal fluctuations and short-term events which have the potential to increase volatility in price, whilst allowing flexibility to capitalise on periods of higher power prices, and simultaneously enabling the Company to avoid fixing prices during periods of significant weakness.

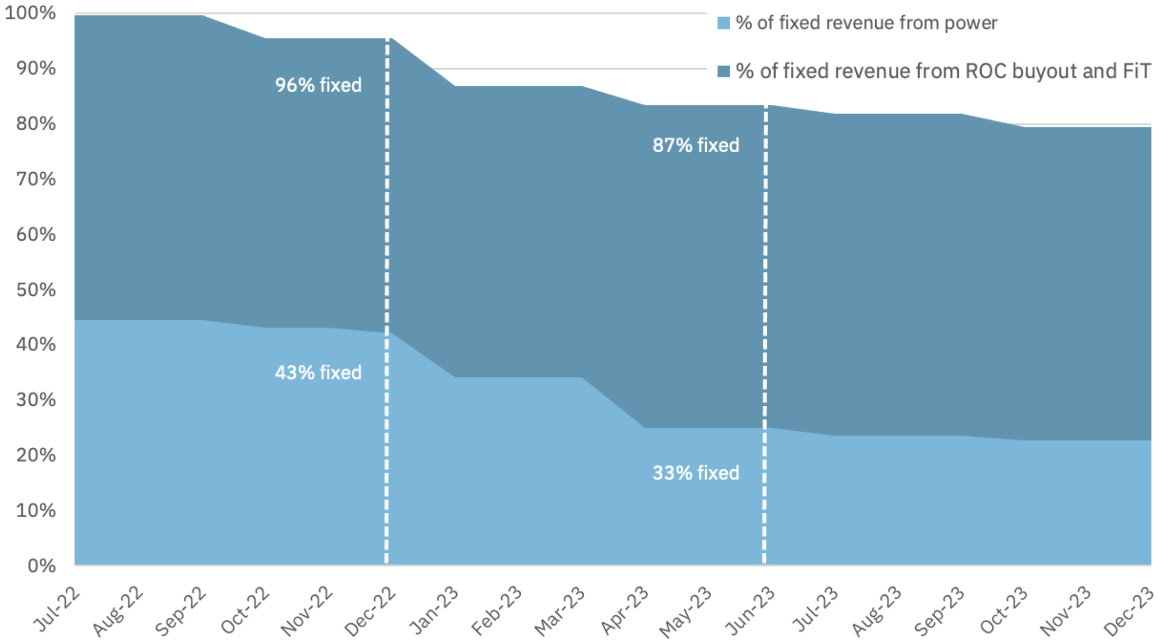
The Investment Adviser continues to believe this is the best strategy for the Shareholders, who are looking for stable revenues and forecastable, sustainable dividends. In March 2020, the Company went into the pandemic with over 90% of its revenues fixed and had the best twelve months' performance since IPO, at a time when unhedged strategies were generating less than 50% of their expected revenues. The current market is offering the opportunity to restrike contracts at far higher prices out to 2025, something we are actively doing (see chart below for the average of all fixes and 270MW, fixed in 2022). A fixed contract strategy will always lag a sudden upturn in prices, but we have very high visibility of revenues over the next few years where other strategies do not and it is a strategy that has almost a decade of delivering the highest covered dividend (covered by in year earnings and post debt amortisation).

Data Set	Jan-23	Jul-23	Jan-24	Jul-24
BSIF Weighted Average Contract Price £/MWh	126.07	124.89	129.47	116.12
BSIF Weighted Average Contract Prices Fixed from Jan'22 £/MWh	303.80	230.20	220.80	196.39

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

The graph below shows that, as at 30 June 2022, the Company has a price confidence level of 96% to December 2022 and c.87% to June 2023 over the pricing of its power and subsidy revenue streams.

Chart D.7: % of BSIF revenues fixed as at 30 June 2022 (solar PV and onshore wind, combined)



Note: There is c.95MW of capacity 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. Graph also includes all fixed wind assets but excludes 5.33MW of the small-scale wind portfolio which hold 'floating' PPAs, linked to the NI SEM.

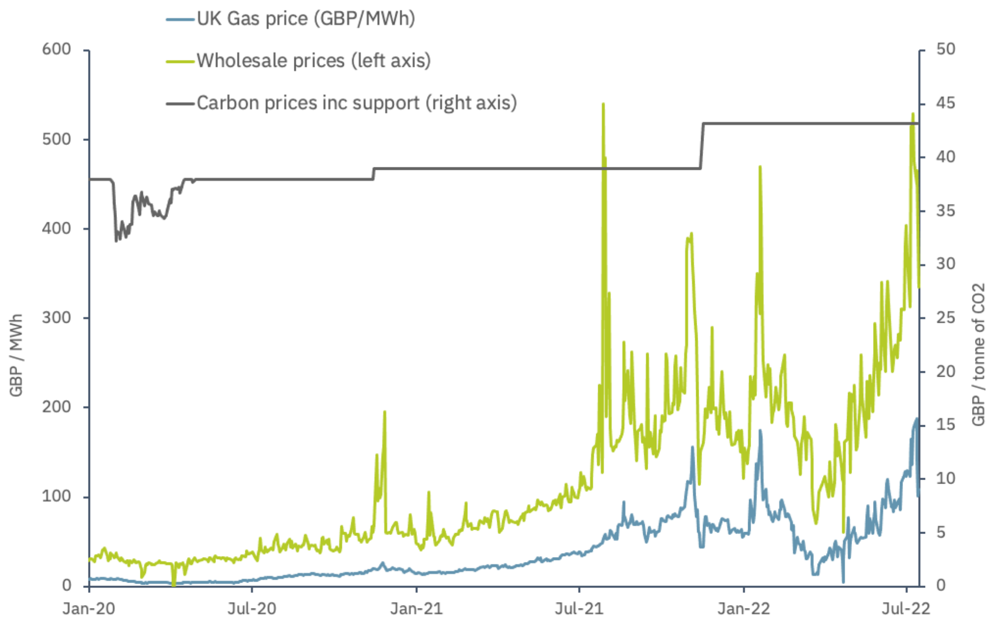
Over the past 12 months, global energy demand grew rapidly in the second half of 2021, propelled by rapid economic recovery as Covid-19 lockdowns eased, leading to increasing gas prices. The UK is particularly exposed to high gas prices due to a reliance on residential gas supplies and a significant portion of UK electricity being generated in gas-fired power stations. Increased demand, coupled with historically low gas storage levels, led to LNG and LPG prices rising significantly, pushing up wholesale electricity markets. This trend was further compounded by Russia's invasion of Ukraine, enforcing uncertainty around the security of European gas supply and price volatility on the gas markets, in turn leading to record prices and high volatility in the UK power markets.

The price of coal also rose sharply towards the latter end of the Period driven by high demand in Europe, a ban on imported Russian coal and limited supply from Asia. As a result, UK-ETS carbon prices held largely above the £70/tonne of CO2 equivalent mark throughout the second half of the Period, having closed below the £60/tonne of CO2 equivalent on most days between July 2021- mid-November 2021. The demand for carbon certificates is likely to remain supported in the coming winter after several coal plants were requested to stay online to safeguard GB system security and reduce its reliance on gas imports.

The impact of sharp commodity price increases was a three-fold year-on-year increase in the UK day-ahead base load power price for the 12 months to 30 June 2022, of £171.25 per MWh from c. £55.25 per MWh, for the 12 months to 30 June 2021.

Day-ahead base load power prices settled at £384.85/MWh on average in March 2022, which was almost 80% above market expectations, whilst UK seasonal forward power prices also rose sharply over the year, with Winter 2022-23 base load reaching highs of £345/MWh in June 2022, almost five times the level seen in July 2021.

As a further illustration of the points mentioned above, the below charts compare the wholesale electricity prices versus gas and carbon from December 2019 to June 2022.



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

The upward movement of the wholesale power market is reflected in the BSIF average seasonal weighted power price. The average seasonal weighted power price for the 12-month period ending 30 June 2022 has increased by 18.47% from the previous 12-month period ending 30 June 2021, from £47.86 per MWh to £56.70 per MWh.

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

SOLAR PV AT PLACE BARTON

3. Analysis of underlying earnings

The total generation and revenue earned in 2021/22 by the Company's portfolio, split by subsidy regime, is outlined below:

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	55,303	3.6	9.8
4.0 ROC	12,782	1.7	3.2
2.0 ROC	26,868	1.7	3.0
1.6 ROC	112,726	6.0	10.2
1.4 ROC	266,350	14.7	20.8
1.3 ROC	65,181	4.3	4.8
1.2 ROC	133,993	8.0	9.7
1.0 ROC	17,288	1.4	0.9
0.9 ROC	41,282	5.5	2.1
Total	**731,773**	**46.9**	**64.5**

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 2021, Ofgem announced that value for ROC recycle for the period April 2020 to March 2021 (CP19) was £3.87/ROC (equivalent to 7.7% of CP19 ROC buyout prices). This was in line with the ROC Recycle estimate the Company had recognised in its 30 June 2021 Financial Statements; a further 'late payment' amount of £0.55/ROC was announced in December 2021, equating to a further £455k. 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 2021/22 and FY 2020/21 are the combined effects of higher generation and PPA pricing in solar (8.6% and 9.2% respectively), lower generation in wind assets (-17%) and an increase in earnings from the acquisitions completed during the year.

The table below demonstrates that the portfolio generated underlying earnings, pre debt amortisation, of £66.8m (12.04pps) and underlying earnings for distribution, post debt repayments of £13.8m (2.50pps), of £53.0m (9.54pps).

As a result, after declaring four interim dividends totalling 8.20pps, the Company has carry forward earnings available for future dividends of 3.39pps.

Underlying Portfolio Earnings

	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)
Portfolio Revenue	111.4	73.1	65.9	63.6
Liquidated damages and Other Revenue*	1.6	2.0	3.8	0.8
Net Earnings from Acquisitions in the period	0.0	5.1	0.0	0.0
Portfolio Income	**113.0**	**80.2**	**69.7**	**64.4**
Portfolio Costs	-27.8	-17.6	-14.1	-13.1
Project Finance Interest Costs	-4.7	-1.8	-0.6	-0.6
Total Portfolio Income Earned	**80.5**	**60.8**	**55.0**	**50.7**
Group Operating Costs#**	-8.3	-7.5	-5.8	-5.4
Group Debt Costs	-5.4	-4.7	-4.6	-4.6
Underlying Earnings	**66.8**	**48.6**	**44.6**	**40.7**
Group Debt Repayments	-13.8	-9.3	-9.2	-8.8
Underlying Earnings available for distribution	**53.0**	**39.3**	**35.3**	**31.9**

	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)
Bought forward reserves	13.4	8.4	2.3	1.1
Total funds available for distribution -1	**66.4**	**47.7**	**37.6**	**33.0**
Target distribution* **	**45.2**	**34.3**	**29.3**	**28.4**
Actual Distribution -2	**45.5**	**34.3**	**29.3**	**30.7**
Underlying Earnings carried forward (1-2)	**20.9**	**13.4**	**8.4**	**2.3**

	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)
Excess Distribution Paid	**0**	**0**	**0**	**2.3**

* Other Revenue includes ROC mutualisation, ROC recycle late payment CP19, insurance proceeds, O&M settlement agreements and rebates received.

\# Includes the Company, BSIFIL and BR1 (included within BSIFIL is a group tax charge of £1.4m vs £2.3m June 2021).

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

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

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

	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)	Full year to 30 June 20 (£m)	Full year to 30 June 19 (£m)
Target Distribution	45.2	34.3	29.3	28.4
Total funds available for distribution (including reserves)	**66.4**	**47.7**	**37.6**	**33.0**
Average Number of shares in year*	554,042,715	429,266,617	370,499,622	369,883,530
Target Dividend (pps)	8.16	8.00	7.90	7.68
Total funds available for distribution (pps)	**12.22**	**11.19**	**10.13**	**8.91**
Total Dividend Declared & Paid (pps) **	8.20	8.00	7.90	8.31
Reserves carried forward (pps) ***	3.39	2.67	2.23	0.60

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

** An additional dividend of 0.63pps was paid for the year ended 30 June 2019.

*** Reserves carried forward are based on the shares in issue at the point of Annual Accounts publication (being c.611m shares, 2021: c.496m).

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 2022 was £939.9m (30 June 2021, £694.5m).

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

Valuation Component (£m)	June 2022	June 2021	June 2020
Enterprise Portfolio DCF value (EV)	1,180.6	770.1	602.7
Consented Solar and Battery Storage Development rights	13.8	1.8	0.0
Deduction of Project Co debt	-390.3	-119.8	-10.8
Project Net Current Assets	135.8	42.4	32.4
Directors' Valuation	**939.9**	**694.5**	**624.3**
Portfolio Size (MW)	**766.2**	**613.0**	**478.8**

Discounting Methodology

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 £/MW basis against comparable portfolio transactions.

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.

Key factors behind the valuation

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

(i) Competition for operational assets continues to remain high. This has resulted in average pricing for subsidised projects moving towards the higher band of the pricing range witnessed by the Investment Adviser of c.£1.25m/MW and c.£1.45m/MW for comparable portfolios to the Company's. The step up in average pricing is also related to significant increases in near-term power price forecasts, see details on page 33, and the rate of inflation (see below);

(ii) Inflation has risen sharply since the Company's Interim financial statements in December 2021, with RPI rising to over 11% on a year on year basis as at 30 June 2022. To align the Directors Valuation with the latest public data and Bloomberg's basket of independent forecasters, a revision to the assumption for 2022 from 6.4% (in December 2021) to 10.9% has been made. With high levels of uncertainty over the potential level of inflation in 2023 and beyond, the Directors have elected to remain at 3.4% in 2023 and 3.0% until 2029. Thereafter, an assumption of 2.25% from 2030 has been applied to reflect the transition from RPI to CPIH;

(iii) In tandem with rising inflation, interest rates have also seen significant increases over the period as the Bank of England raised base rates from the historic lows of 0.1% (in place until as recently as November 2021) to 1.25% as at 30 June 2022. Post year end, as at 22 September 2022, the Bank of England raised base rate to 2.25% with further increases expected. With long term debt yields increasing by a comparable amount, the Directors have determined it is appropriate that a proportional adjustment is made to the Company's equity discount rate. As such, the Levered equity discount rate has been increased to 6.75% (6.00% in December 2021 and June 2021). The discount rate for asset lives in excess of 30 years has also been increased to 8.00% (7.50% in December 2021 and June 2021);

(iv) Acquisitions made in the period, being a 109 wind turbine portfolio with 12.5MW capacity and two mixed solar and wind portfolios of 47.5MW and 93MW, have been valued on a discounted cash flow basis as at 30 June 2022 with inherited 3rd party financings (£113.5m in total) associated with these acquisitions included alongside the impact of £255m of equity raised during the period.

By reflecting the core factors above within the Directors' Valuation for 30 June 2022, the EV of the portfolio is £1,180.6m (June 2021: £770.1m) with the effective price for the solar component of £1.38m/MW (June 2021: £1.26m/MW). These metrics sit squarely within the pricing range of precedent market transactions and the 'willing buyer-willing seller' methodology upon which the Directors' Valuation is based.

Valuation Assumptions – Further detail

Debt

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 2022, the Group's short term debt consisted of £70m 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 the RCF is 4% and on the NatWest term loan it is 3% (with a cumulative balance of £131.5m).

AERIAL VIEW AT ABERPORTH

Power Price

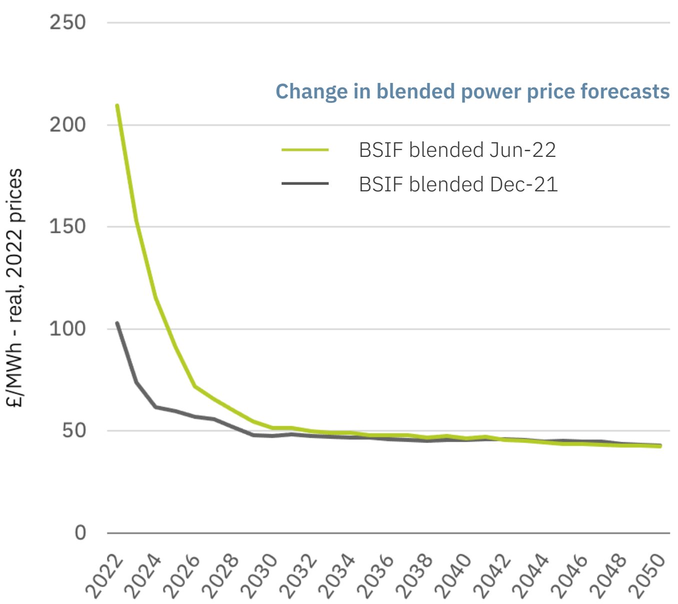
The blended forecast of three leading consultants used within the latest Directors' Valuation, as shown in the graph below, is based on forecasts released in the quarter to June 2022. For illustration purposes, the graph below also includes the blended curves used in the Company's December 2021 Interim accounts and June 2021 Annual accounts.

The curves used in the 30 June 2022 Directors' Valuation reflect the following key updates:

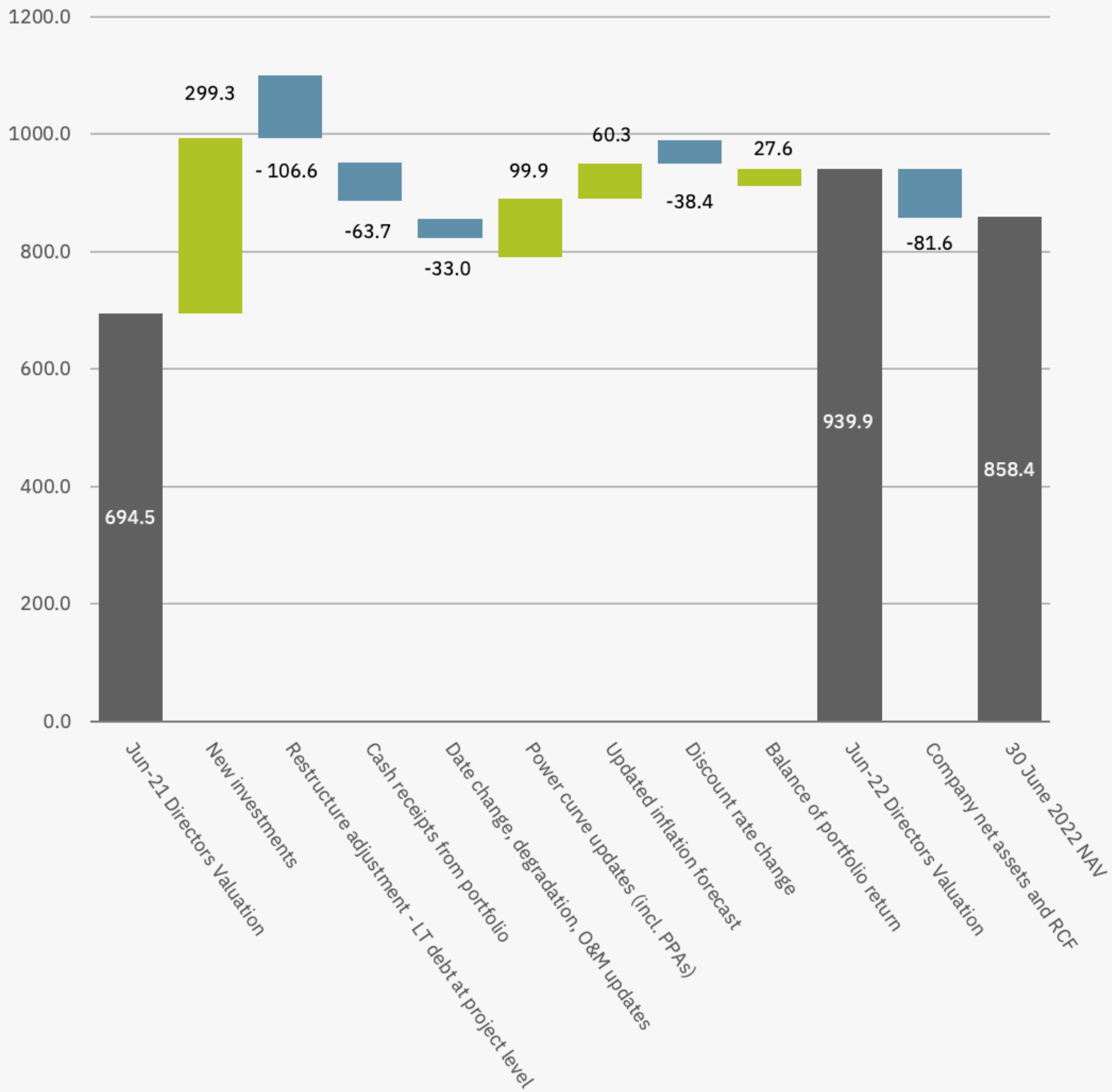
1. Short-term European fuels – gas and coal – prices have risen significantly following the invasion of the Ukraine, driving material increases in near-term wholesale power prices;

2. Increased renewable deployment in the UK (notably in the early 2030s following the launch of the REPowerEU package in May 2022 which highlights the EU's plans to accelerate the clean energy transition and rapidly reduce the region's dependence on Russian gas imports)

3. Annual GB electricity demand, driven principally by electrification of heat and transport, is expected to rise from 305TWh in 2022 to 497TWh by 2050;



NAV movement



Directors' Valuation movement

		(£million)	As % of valuation
30 June 2021 Valuation		**694.5**	
New investments acquired		299.3	
Restructure adjustment - LT debt at project level		(106.6)	
Rebased Valuation		**887.2**	
Cash receipts from portfolio	(63.7)		(7.2)%
Date change, degradation, O&M updates	(33.0)		(3.7)%
Power curve updates (incl. PPAs)	99.9		11.3%
Inflation updates	60.3		6.8%
Discount rate change	(38.4)		(4.3)%
Balance of portfolio return	27.6		3.1%
30 June 2022 Valuation		**939.9**	**6.0%**

Each movement from the 30 June 2022 valuation is considered in turn below:

New investments acquired (12.6MW wind portfolio, 47.5MW solar and wind portfolio, 93.2MWsolar and wind portfolio)
These movements reflect the base investment cost of £63.6m of the 12.6MW, 109 single stick wind portfolio the Company acquired in August 2021, 47.5MW ROC backed operational portfolio of solar and wind, located largely in the South West, acquired in January 2022, and 93.2MW ROC and FiT backed operational portfolio of solar and wind, located across England, Wales, Northern Ireland and Scotland, acquired in May 2022. New acquisitions were bought into the valuation model on a discounted cash flow basis together with the associated financing.

Cash receipts from the Portfolio
This movement reflects the cash payments made from the underlying project companies up to BSIFIL, BR1 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 power price forecasters released updated forecasts in April 2022 and June 2022, and these have been applied to the Directors' Valuation. The impact of consistently applying an even blend of three independent forecasters as well as the latest power price fixes, against power price expectations applied in the 30 June 2022 valuation, results in a valuation increase of £99.9m from June 2021.

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

Inflation
The Company's inflation assumptions within the June 2022 valuation have been adjusted to reflect higher short-term inflation expectations with levels now projected at 10.9% in 2022, 3.4% in 2023, 3.0% to 2029 and 2.25% from 2030 onwards (June 2021: 2020 and 2025 of 3.00%, and from 2025 onwards of 2.75%);

Balance of Portfolio Return
The balance of portfolio return is the Company's change in capital structure following the equity issuance of c.£255m from equity raises in August 2021 and June 2022, 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 2022.

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

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

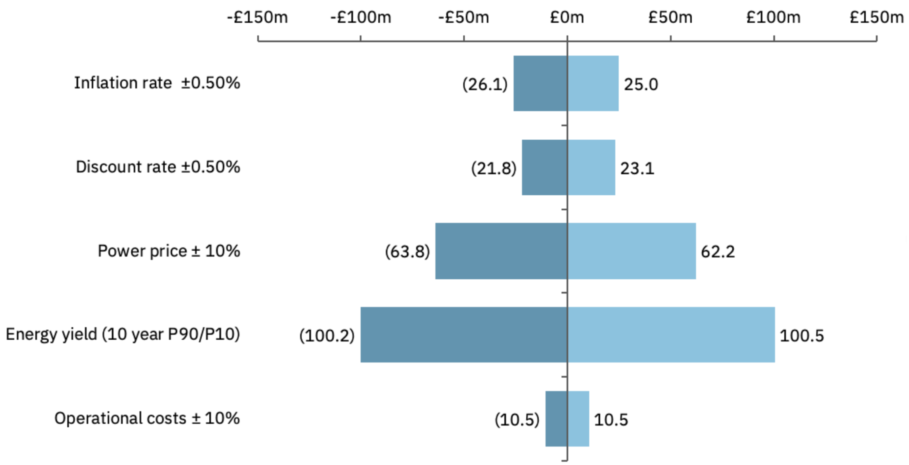
Reconciliation of Directors' Valuation to Balance sheet

	BALANCE AT YEAR END		
Category	30 June 2022 (£m)	30 June 2021 (£m)	30 June 2020 (£m)
Directors' Valuation	939.9	694.5	624.3
Portfolio Holding Company Working Capital	(13.6)	26.4	20.9
Portfolio Holding Company Debt	(70.0)	(250.6)	(212.8)
Financial Assets at Fair Value per Balance sheet	**856.3**	**470.3**	**432.4**
Gross Asset Value	**1,316.7**	**840.7**	**653.3**
Gearing (% GAV*)	**35%**	**44%**	**33%**

* GAV is the Financial Assets, as at 30 June 2022, at Fair Value of £856.3m plus RCF of £70m and 3rd party portfolio debt of £390.7m (giving total debt of £460.7m).

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

Revolving Credit Facility

On 11 May 2022, the Company agreed a new and enlarged £100 million revolving credit facility ("RCF"), provided equally by RBSI and Santander UK which, as well as being extended to May 2024 (with an option to extend to May 2025), also contained a new accordion tranche of up to a further £100.0 million which matured on 8 August 2022. The accordion facilitated the acquisition of the 93.2MW operational portfolio acquired in May 2022 and was repaid in full following the £150 million equity raise in June 2022. The margin, over SONIA, on the facility has also been lowered from 2.0% to 1.9%.

As at 30 June 2022 the Company's subsidiary had drawn £70m from its RCF.

External Debt

Excluding the Company's RCF, total outstanding loans to 3rd party lenders stands at £390.6m with each loan secured against a portfolio of assets and fully amortising within the life of the respective asset's subsidies.

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

Lender	Outstanding Amount (June 2022)	Maturity	Secured against
Aviva - 18yr amortising loan	£93.9m fixed, £64.1m index linked	Sep 2034	401.2MW solar portfolio
Natwest - 3 year Term Loan	£110m	Sep 2023 (75% hedged at 0.31% until 2038)	141.7MW solar portfolio
Gravis - 15yr amortising loan	£38.3m	Jun 2035	47.5MW solar and wind portfolio
BayernLB, Clydesdale, KfW - 15yr amortising loans	£57.0m (BayernLB), £10.6m (KfW), £8.1m (Clydesdale)	Dec 2033 to Jun 2034	93.2MW solar and wind portfolio
BayernLB – Project finance loan	£8.7m	Sep 2029	5MW solar asset
Total	**£390.7m**		

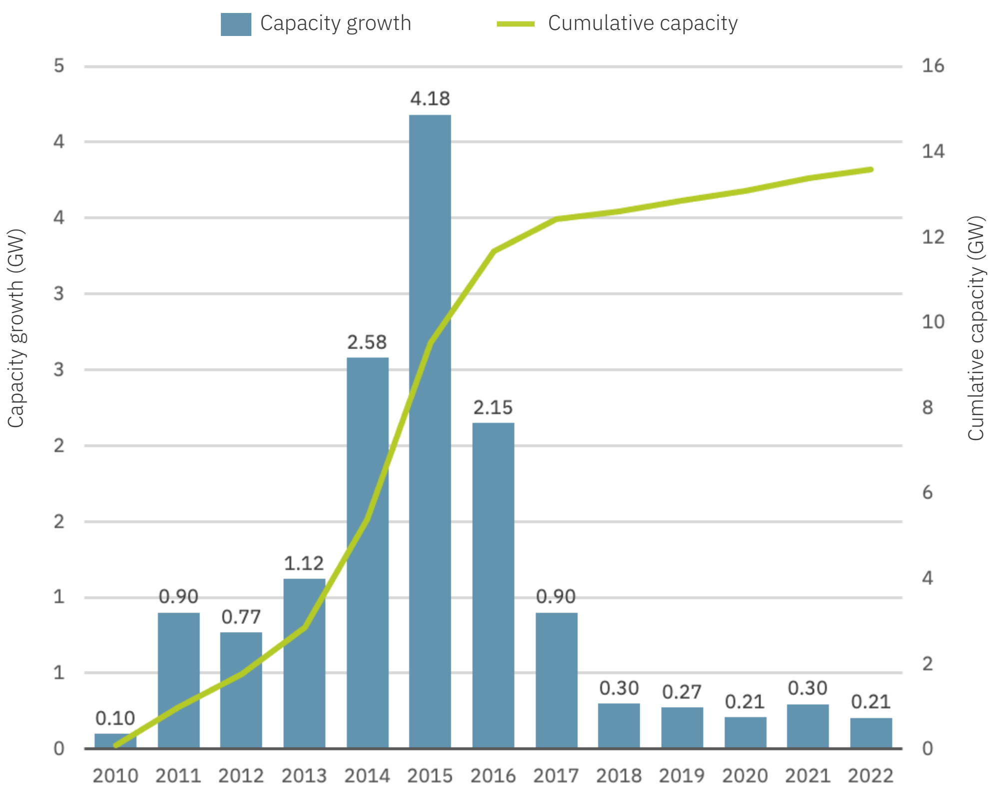
GAV Leverage

The Group's total outstanding debt, as at 30 June 2022, is c.£460 million and its leverage stands at c.35% of GAV (44% as at 30 June 21) at the lower end of the 35% - 45% range the Directors have previously outlined as desirable for the Company.

6. Market Developments

UK solar photovoltaic capacity and deployment

According to BEIS, the UK's total installed solar photovoltaic capacity as at June 2022 (the latest statistics available) was 13.99GWp, across just over 1.2 million installations. This compares to 13.66GWp in June 2021. Expansion over the period, of 330MW, has been driven exclusively by the deployment of c. 90,000 small unaccredited installations with capacities below 50kWp. 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 June 2022

Capacity accredited nationally under the RO Scheme is 7.3GWp, according to the latest data from BEIS released in March 2022, representing c. 52% of the total solar capacity in the UK, but it constitutes only 2% of the number of installations.

Capacity accredited under the FiT scheme was c. 5.1GWp. This equates to about 36% of total solar capacity and c. 75% of all installations. Subsidy-free capacity stands at 1.5GWp and 23% 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 continued its momentum during July 2021-June 2022 with investor appetite for subsidised assets remaining very high. According to the most recent figures from Bloomberg New Energy Finance (BNEF) and Bluefield internal data, 272MW of subsidised projects changed hands during January-June 2022. For reference, some 732MW of solar PV project deals were reported in 2021.

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

Estimates from Solar Power Media indicate that there are over 41GWp of large-scale solar projects in the development/ready-to-build phase (June 2021: 17GWp) and c. 7.2GWp awaiting or under construction as at the end of May 2022.

Over the past 18 months there have been a small number of larger-scale unsubsidised projects constructed in the UK. Throughout the 2021 financial year, however, there have been indications that solar deployment rates have stagnated somewhat due to increased construction costs and supply chain challenges. The elevated pricing is being driven by a significant increase in solar module prices, together with increases in commodity prices and disruption in global supply chains.

With 708MW of operational solar capacity, the Company maintains a strong position within the UK solar market, owning about 7.4% of the country's utility-scale solar PV capacity.

As an established and experienced market participant, this pre-dominantly regulated revenue base provides a strong foundation for continued growth of the Company through both primary and secondary acquisitions in solar, storage and wind.

7. Regulatory Environment

The regulatory environment is under the spotlight for the first time in a number of years as the government looks to manage soaring energy costs and increase energy security. A consultation has been launched to look at whether there needs to be reform of the energy markets. More immediately, the government is looking to see whether the renewable industry and the government can agree a mutually favourable change to the merchant part of the Renewable Obligation Scheme.

Update on Contracts for Differences (CfD)

The CfD scheme, which currently provides a tariff for 100% of an asset's generation over a 15 year period, is now the UK Government's main mechanism for supporting low-carbon electricity generation and operates via an auction process. The latest CfD allocation round (AR4) opened in December 2021 and closed in July 2022. It was the first auction round since AR1 (2015) that allowed solar PV projects to participate.

A total of ninety-three new renewable energy projects won contracts in AR4 across GB, which is more than the number of projects awarded in the previous three auctions combined. A total of 10.8GW renewable projects received CfDs in AR4 (up by 87% from the previous auction in 2019) with the majority going to offshore wind at 7GW and 2.2GW to solar PV projects. These numbers reflect the success the scheme is having with respect to accelerating the deployment of renewable energy in the UK

In February 2022, the UK government confirmed that it will hold annual CfD auctions from 2023, having previously been scheduled once every two years. The next CfD auction (AR5) is planned for March 2023.

A CfD consultation outcome published in May 2022 announced changes to Supply Chain Plan requirements and a strengthened non-delivery disincentive. The 2020-21 government call for evidence on 'Enabling a high renewable, net zero electricity system' also highlighted several areas in which CfDs could be reformed.

The UK Energy Security Strategy

In April 2022, the UK government published its British Energy Security Supply paper following widespread calls to lower the UK's reliance on Russian gas and reduce the impact of significant wholesale power price rises on UK retail energy consumers. The latest targets largely added to the goals set in the Government Energy White Paper, published in late 2020, with a particular focus on greater nuclear and offshore wind capacity targets.

The Government now plans to reach 50GW offshore wind capacity by 2030 — an increase from the 40GW target in its net zero strategy released in October 2021 — of which floating offshore wind should make up 5GW, up from 1GW previously. No target was set for onshore wind growth targets with former Prime Minister Boris Johnson having been reluctant to ease planning rules to enable more onshore wind developments. A nuclear target of 24GW by 2050 was set, with small modular reactors expected to form a key part of the nuclear project pipeline. The Government estimated a five-fold increase in solar deployment levels by 2035, as well as its intention to consult on amending planning rules for ground-mounted solar to strengthen policy in favour of development on non-protected land.

Future of the UK ETS

A joint consultation of the UK, Scottish, Welsh and North Irish governments on developing the UK Emissions Trading Scheme (UK ETS) was launched in March 2022 and closed in mid-June. The governments sought feedback on a net zero consistent UK ETS cap following advice from the Climate Change Committee's (CCC), with any changes to the policy to align the cap with a net zero trajectory to be implemented by no later than January 2024. The wide-ranging consultation also sought comments on other topics such as the role of Free Allocation policy as a carbon leakage mitigation tool and the incorporation of greenhouse gas removal into the UK ETS, all of which ultimately aim to improve the ambition and operational effectiveness of the scheme.

Balancing Services Use of System (BSUoS) Charges

The UK energy regulator Ofgem approved a measure to move balancing charges away from generators and onto final demand users from 1 April 2023, following several years of consultation processes on the proposal. Successful applicants in the AR4 will have their CfD strike prices adjusted downwards to reflect this regulatory change.

BSUoS charges are how the ESO recovers costs associated with balancing the electricity transmission system, including the costs of constraints, frequency response services, provision of reserve, the costs of actions taken in the Balancing Mechanism and the ESO's internal costs. BSUoS charges are currently recovered from demand customers and generators based on the amount of energy import from or exported into the network in each half-hour period.

Review of Electricity Market Arrangements

The UK Government published its Review of Electricity Market Arrangements (REMA) consultation in mid-July which potentially opens the GB power market to one of the biggest overhauls for a generation. REMA aims to deliver fundamental reform to non-retail electricity market arrangements to facilitate the decarbonisation of the electricity system by 2035, while ensuring security of supply. Topics covered include the revision of the wholesale market structure (potentially decoupling power from gas prices), balancing mechanism, network charging, operability services and related policies such as CfD and capacity market schemes. The consultation closes on 10 October 2022 and a delivery roadmap is expected to be released in 2024.

Bluefield Partners LLP

29 September 2022

Environmental, Social and Governance Report

1. Introduction

An introduction from the Chair

I am pleased to present the Company's first environmental, social and governance (ESG) strategy within this report, encompassing the Company's purpose of 'Renewable Energy, Delivered Responsibly'. The Company has refreshed its materiality assessment, engaged stakeholders to identify priority ESG topics, established its key pillars and articulated its ESG ambition. To enable our shareholders to feel confident that ESG issues are being well managed, and opportunities grasped, ESG performance will be reported annually against a set of commitments and KPIs.

Climate action is at the forefront of the sustainability agenda. The journey to Net Zero continues to be a challenging one, with the global pandemic, conflict between Ukraine and Russia and the cost-of-living crisis evidencing the dynamic relationship between social and environmental factors. Our societies cannot be separated from the natural environment they inhabit, and global emission reduction goals cannot be achieved in isolation from social challenges.

The renewables industry plays an important role in climate change mitigation through decarbonisation of the energy markets. As the demand for renewables continues to rise, the industry must address social risks, such as those presented within its supply chain. Indeed, we have witnessed the renewables sector come together over such matters in recent years, recognising that the greatest impact will be achieved through industry collaboration.

The Company was founded on the belief that investment in renewable technology created the opportunity for attractive and sustainable returns whilst delivering clean, renewable energy. As a pioneer in the market, BSIF has always had a clearly articulated environmental focus. The Company recognises the opportunities and value that ESG considerations present, and the positive impact which can be delivered by its portfolio in addition to financial returns.

Over the coming year, the Company will work towards its ESG vision, embedding policies and processes to ensure best practice ESG governance. A key focus will be alignment with the EU Sustainable Finance Disclosure Regulation (SFDR) and EU taxonomy, in preparation for the Company's first full disclosure next year. The Company will also enhance its understanding of potential climate related impacts, helping it to better adapt, mitigate and manage climate related risks and leverage opportunities.

This year has been a significant one in the Company's ESG journey. The Board looks forward to continuing this momentum, progressing towards the Company's ESG vision, and delivering positive impact across the communities and environments it operates within.

John Rennocks,
Chair

An introduction from the Investment Adviser

As the Company's Investment Adviser, Bluefield Partners LLP has worked closely with the Board over the last 12 months to develop its first ESG strategy, which will enable the Company to manage its ESG risks and opportunities, deliver meaningful impact and meet its regulatory requirements.

The strategy will be delivered through the activities of the Bluefield companies which service the portfolio. Their structure, with four separate but complementary businesses, facilitates the integration of ESG into different parts of the investment and operational cycle. Input from Bluefield employees, including investment and development teams through to field service engineers who maintain the portfolio on a daily basis, was instrumental to the development of the Company's ESG strategy and their passion and dedication towards sustainability will drive its success.

Though it has been a year of considerable achievement for the Bluefield companies, we are aware of the social context in which we operate, in particular the cost-of-living crisis in the UK and the contribution of rising energy prices towards this. It has always been our belief that renewable energy assets offer shareholders attractive returns, but they are also the most cost-effective energy solution globally and have a low carbon impact once operational. Large-scale deployment of renewable infrastructure throughout the UK will both support net zero ambitions and help secure domestic energy supply, stabilising energy pricing. Echoing the Chair's message above, social and environmental factors cannot be considered in isolation, and we must make simultaneous progress towards energy stability, affordability, and sustainability.

James Armstrong,
Managing Partner of Bluefield Partners LLP

2. 2022 ESG Highlights

Covering the 12-month period ending 30 June 2022:

Over 624,000,000 kWh of renewable energy generated
(2021: over 545,000,000 kWh)

Over 120,000 tonnes of CO_2e savings achieved
(2021: over 127,000 tonnes of CO_2e)

Equivalent of 215,000 houses powered with renewable energy
(2021: over 187,000)

Over £154,000 paid to Community benefit schemes
(2021: over £151,000)

Developed a robust ESG strategy, including an ESG vision, commitments and KPIs

Published the Company's first TCFD Disclosure

Aligning with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR)

Published the Company's first ESG Policy and a Biodiversity Policy

Note: CO_2e savings have reduced from 2021 due to the decreasing contribution of fossil fuels to the UK grid mix, resulting in reduced displacement of fossil fuel generated energy and therefore reduced CO_2e savings. This is discussed in more detail on page 47.

3. ESG Context

ESG Landscape

Urgent action is needed to tackle the climate crisis and extensive financial investment will be needed to decarbonise global economies and mobilise the green transition. The Company presents an investment solution which delivers attractive returns to shareholders whilst mitigating the effects of climate change through the production of clean energy. Through its UK focused portfolio, the Company is also contributing to domestic energy security.

Whilst ESG considerations increasingly dominate the executive agenda, historically these have not received equal attention, with more focus placed on environmental issues. Recently, it has been recognised that social and environmental factors cannot be viewed separately. This has been exacerbated by the global pandemic, and the war between Russia and Ukraine. Sustainable development requires simultaneous environmental and social progress. In combination with good governance, consideration of these factors is integral to the long-term success of any investment fund.

ESG regulation

Rising demand for environmentally sustainable investments has caused a global surge in mandatory ESG reporting, driving funds to transparently disclose how they consider sustainability aspects. A suite of regulation is emerging, with the SFDR in Europe and the highly anticipated Sustainable Disclosure Regulation (SDR) in the UK. These regulations have a shared purpose to drive more consistent sustainability reporting and prevent greenwashing.

SFDR

SFDR Level 1 disclosure requirements came into effect in March 2021. The Board reviewed the Company's ESG strategy and characteristics with the Investment Adviser and elected to adopt an Article 8 classification. Given the nature of the Company's investments, Article 9 classification has been considered. However, there is currently insufficient detail on the level of regulatory scrutiny Article 9 funds will be subject to compared to Article 8. The Company has decided to remain classified as an Article 8 product for the interim and is preparing to make its first full disclosure under the SFDR Level 2 requirements, coming into effect in January 2023. As the requirements and expectations of the SFDR become clearer, the Company will review whether Article 8 classification remains appropriate.

For the purposes of Article 8, the environmental characteristics promoted by the Company are to reduce reliance on fossil fuels and facilitate the UK transition to renewable and sustainable methods of energy generation. Please see the 'Climate Change Mitigation' section of this report to see how the Company has met its environmental characteristics over the reporting period.

EU Taxonomy

The EU Taxonomy, complementary to the SFDR, specifies an additional set of disclosure requirements which establish whether an economic activity is environmentally sustainable[2]. To align with the EU Taxonomy, the Company's investments must satisfy the following criteria:

Contribute to one of six environmental objectives	'Do no significant harm' (DNSH) to any of the six environmental objectives
Comply with minimum social safeguards	Comply with the taxonomies technical screening criteria

2. https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en
3. https://www.unglobalcompact.org/
4. https://www.oecd.org/

The Company considers that its investments substantially contribute to the environmental objective of Climate Change Mitigation. During the reporting period, the Company aimed to achieve this objective through its production of clean, renewable energy, and by investing in new renewable energy infrastructure and energy storage facilities. Please see the 'Climate Change Mitigation' section of this report to see how the Company's investments have contributed to this environmental objective during the reporting period.

The Company acknowledges that its investments in renewable energy infrastructure have the potential to harm the other environmental objectives of the Taxonomy Regulation. The Company takes the following actions to help mitigate such risks:

- Protection and restoration of biodiversity and ecosystems: On-site measures are in place to preserve the natural environment and prevent adverse impacts on biodiversity-sensitive areas. This includes ensuring each asset remains compliant with its Landscape & Ecological Management Plan (LEMP). During the reporting period, a Biodiversity Policy has also been created for the portfolio. Please refer to the 'Pioneering Positive Local Impact' section of this report for further detail.

- Transition to a circular economy: The Company remains committed to a best practice approach in respect of asset decommissioning and recycling, acknowledging that recycling practices at the point of decommissioning remain difficult to define, given the long lifespan of renewable infrastructure. Further information on the Company's approach to decommissioning can be found within the 'Generating Energy Responsibly' section of this report.

Human and labour rights are key priorities for the Company, particularly in relation to materials sourcing and supply chain management. During the reporting period, the Investment Adviser carried out appropriate due diligence and compliance checks on key contractors and other counterparties to help mitigate risks, including in relation to human and labour rights, anti-money laundering, anti-bribery, and anti-corruption. The Company has also committed to ensuring that its assets are covered by a Human Rights Policy, aligned with the principles of the United Nations Global Compact[3] (UNGC) and OECD Guidelines[4]. Please refer to the 'Generating Energy Responsibly' section of this report for further detail.

Given that the Company only invests in renewable energy infrastructure and supporting technologies such as energy storage, its high-level assessments indicate that all of its investments contribute to the environmental objective of climate change mitigation. Therefore, 100% of the portfolio may be taxonomy-aligned, including approximately 12.5% in enabling activities (based on operational and controlled pipeline capacity). However, the Company acknowledges that further work is needed to ensure compliance with the other requirements of the Taxonomy Regulation, and this will be addressed as part of the ESG activities being undertaken over the coming year, which are detailed throughout this report.

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

How regulation has shaped the Company's ESG strategy

Climate considerations, the SFDR's Principal Adverse Impact (PAI) indicators and requirements of the EU Taxonomy were considered during ESG strategy development, ensuring alignment between the Company's ESG framework, commitments and KPIs, and regulatory requirements.

Other Regulation

In its 2021 Annual Report, the Company committed to aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is pleased to present its first voluntary disclosure on page 57. Emerging regulation, including the Taskforce on Nature-related Financial Disclosures (TNFD) and the UK climate transition plan standard[5], are being monitored by the Investment Adviser.

5.https://www.gov.uk/government/publications/fact-sheet-net-zero-aligned-financial-centre/fact-sheet-net-zero-aligned-financial-centre

4. The Company's ESG Strategy

Introduction

As a pioneer in the renewable market, the Company has always considered ESG issues. The Company is proud to have developed its approach and embraced a critically self-reflective practice to discover, define and articulate an ESG strategy that reflects stakeholder expectations, and which will deliver a positive impact across its portfolio of investments.

Company Purpose & ESG Vision

The Company's ESG vision acts as a guide for the strategy and aligns with the Company's wider purpose and ambition to deliver value through its investments.

TURBINES AT DELABOLE

OUR PURPOSE:

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

OUR ESG VISION:

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

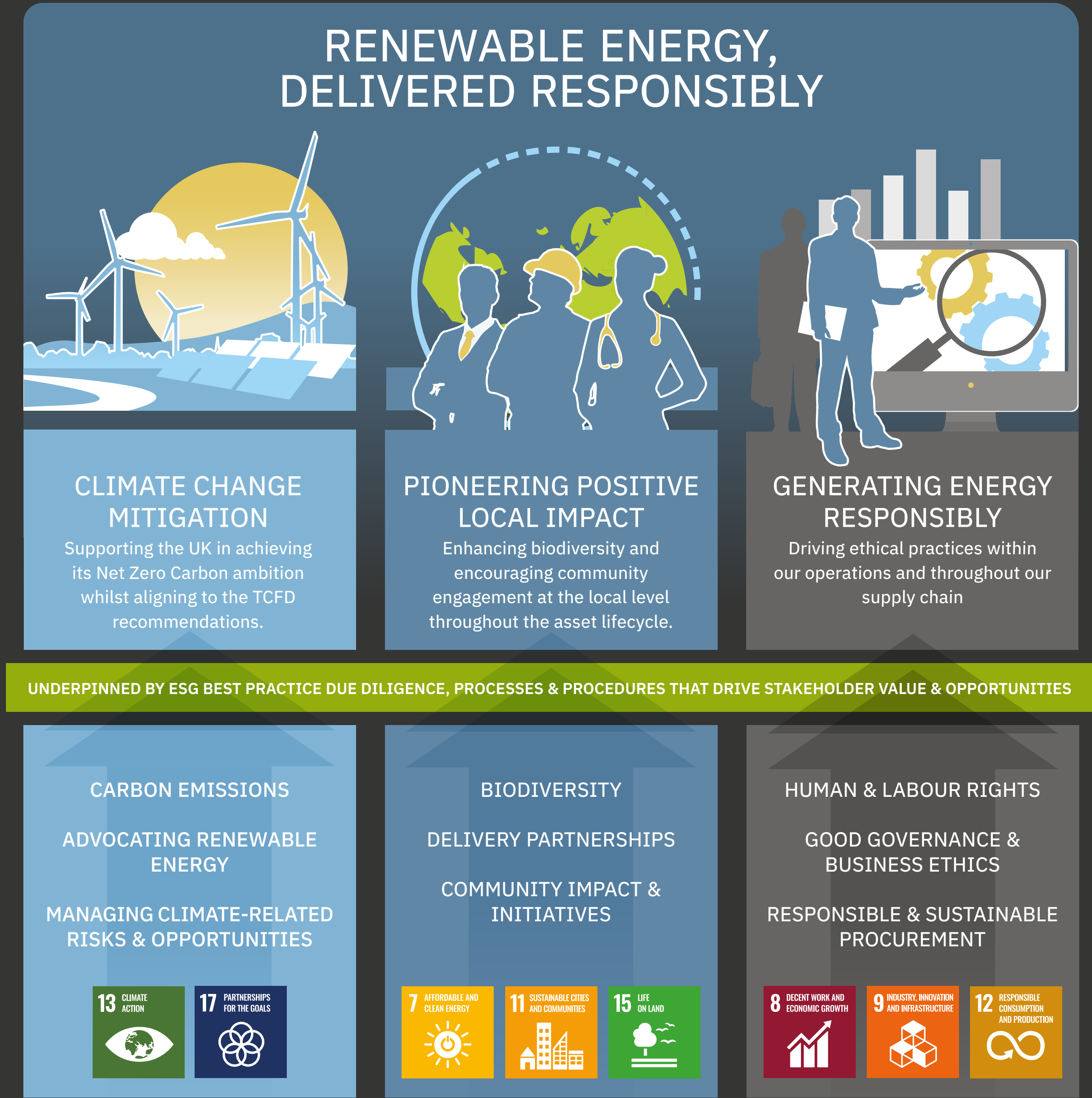
ESG STRATEGY:

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

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

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

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



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SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals[6]

The United Nations Sustainable Development Goals (UN SDGs) [7] were a key consideration during strategy development. Following the alignment protocol, the most relevant SDGs have been mapped against each of the Company's ESG pillars (Figure 1). In total, eight goals have been identified where the Company believes it can have the greatest positive impact

The Company's largest impact will be in relation to Goal 7, 'Affordable and Clean Energy' and Goal 13, 'Climate Action'. Through its portfolio of renewable energy assets, the Company is producing hundreds of thousands of MWh of renewable energy each year and supporting decarbonisation of the UK economy.

Commitments & KPIs

Commitments and KPIs have been developed to enable the Company to monitor and evidence its ESG performance. These were adopted by the Board in August 2022 and will be reviewed by the Board annually, to ensure they remain aligned to the evolving ESG landscape. Data will be collected over the coming year to enable the Company to first report against its KPIs in 2023.

Key commitments are highlighted in Table 1 and a full breakdown of the Company's commitments and KPIs is presented within Appendix 1 on page 55.

Table 1 – key ESG commitments for the 22/23 financial year

PILLAR	KEY COMMITMENTS
Climate Change Mitigation	• We will report our renewable energy generation annually • We will implement renewable energy import tariffs across our portfolio • We will invest up to £50,000 in industry collaborations annually to support the energy transition • We will undertake scenario analysis for material physical and transitional climate-related risks and opportunities within the next twelve months
Pioneering Positive Local Impact	• We will evaluate Biodiversity Net Gain (BNG) across the operational portfolio and achieve at least 20% BNG on new solar developments • We will conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity) • We will continue to promote positive action within the communities we operate within
Generating Energy Responsibly	• We will ensure 100% of our assets are covered by a Human Rights policy by June 2023 • We will ensure 100% of our assets are covered by policies covering UNGC principles and OECD Guidelines by June 2023 • We will adopt a Supplier Code of Conduct and require its adoption by Tier 1 suppliers by the end of June 2023

7. https://sdgs.un.org/goals

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

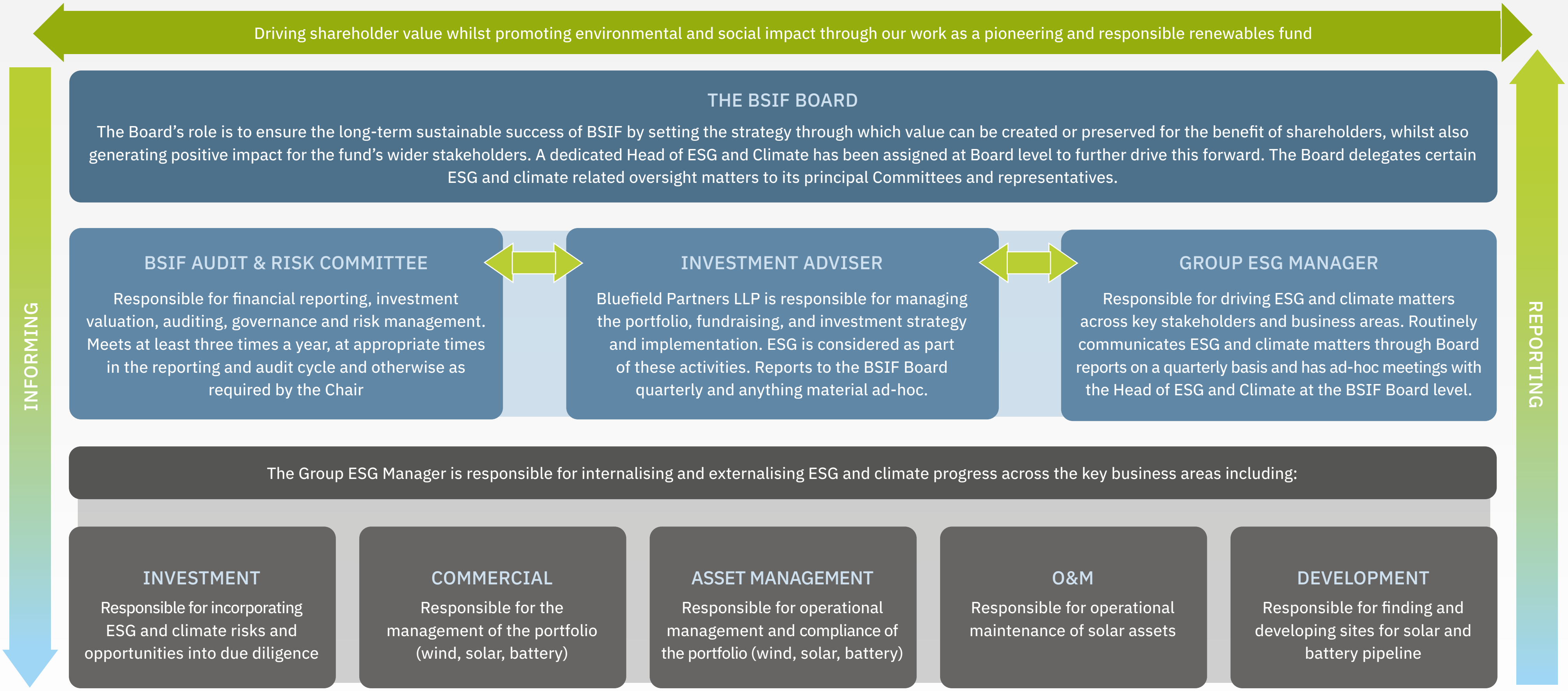
5. How ESG is Embedded

ESG Oversight

ESG is considered by the Board as part of Board meetings and investment decisions, with Meriel Lenfestey named as the Director having overall responsibility and oversight of ESG risks and opportunities, including in relation to climate. Figure 2 presents the Company's ESG and climate governance structure.

The Board monitors ESG and climate activity through regular communication with the Investment Adviser, including as part of investment committee papers, Board meetings, ad hoc calls, and written updates. Key activities, such as development of the Company's ESG strategy, must be approved by the Board. Where additional ESG expertise is required, the Company engages external consultants, including ESG specialists, biodiversity consultants and law firms. The Company's ESG policy, which communicates its ESG ambition and strategy, is available on its website: bluefieldsif.com/investors/publications/.

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



Day-to-day management of ESG and climate is the responsibility of the Investment Adviser. The Group ESG Manager works closely with the Investment and Commercial teams to drive ESG and climate activities across the portfolio. ESG is included as a standing agenda item as part of the Investment Adviser's quarterly Board meetings and the Group ESG Manager regularly reports progress to the Managing Partner and Group General Counsel.

The Group ESG Manager is also responsible for communicating, embedding, and monitoring ESG initiatives across the other Bluefield companies which service the portfolio. Key individuals from each team, including Commercial Analysts, Investment Managers, Asset Managers and O&M Portfolio Managers, regularly interact with the Group ESG Manager to integrate ESG considerations into each stage of the asset lifecycle. The performance of the Group ESG Manager is assessed via progress against agreed ESG objectives, which are reviewed and updated annually.

Responsible Investment

On behalf of the Company, the Investment Adviser undertakes detailed due diligence on each investment opportunity. ESG consideration within the investment process has been enhanced recently, with the creation of a standalone ESG due diligence questionnaire. Developed in line with SASB standards, the questionnaire includes an exclusionary list, high-level climate screening and SFDR considerations, in addition to focused environmental, social and governance questions. As part of a recent potential acquisition, the Company piloted outsourcing ESG due diligence to an external consultant, trialling the questionnaire and refining it for future use.

The following diagram details how sustainability risks are integrated into the Company's investment process:

The focus over the coming months will be to integrate the Company's ESG strategy into portfolio related activities. Collaboration between the Bluefield companies, including between development, investment, asset management and O&M teams, will aid this process. Robust data will be needed to evidence ESG performance, and the Company is working with the Investment Adviser to implement systems to facilitate the collection, analysis, and monitoring of ESG data across the portfolio.

ESG CONSIDERATION WITHIN THE INVESTMENT PROCESS

NEGATIVE SCREENING

Checks made against the Company's investment policy and exclusionary list (which forms part of its ESG due diligence questionnaire).

INVESTMENT SCREENING

The Company primarily invests in solar energy infrastructure, alongside a minority exposure to other renewable energy assets, including energy storage;

DUE DILIGENCE

In 2022, a comprehensive due diligence questionnaire was created to identify material ESG risks and opportunities and identify data gaps associated with the asset which the Company may need to fill in order to comply with its ESG reporting requirements. In addition to an exclusionary list, the questionnaire includes questions relating to material ESG risks and opportunities, developed in line with SASB standards. Requirements of the EU SFDR, including in relation to Principal Adverse Indicators (PAIs) and climate risk screening, and the EU Taxonomy's Do No Significant Harm (DNSH) criteria, are also captured. Where required, the Company may outsource ESG due diligence to a competent third party;

VETTING AND MONITORING

Legal checks are undertaken on key counterparties to ensure that they are reputable, particularly as regards anti-money laundering, anti-bribery and anti-corruption, and sanctions breaches. Diligence is undertaken on O&M contractors associated with target assets, including in relation to labour practices and Health & Safety. Integration of ESG into vetting and monitoring of third-party service providers is ongoing, including use of an ESG due diligence process in association with engineering, procurement and construction ("EPC") site contractors;

INVESTMENT APPROVAL

Approval of acquisition of renewable energy assets by the Board, with a dedicated ESG section within the submitted investment committee papers;

MANAGEMENT AND REPORTING

Active management of sustainability issues over the operational lifetime of the assets, including implementation of the Company's ESG strategy and reporting against ESG commitments and KPI's;

END OF INVESTMENT LIFE

Best practice will be followed in the recycling of assets in line with industry standards at the time of decommissioning, recognising their long lifespan.

Principles for Responsible Investment

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

Stakeholder Engagement

Stakeholder engagement was key in defining the Company's ESG focus. To identify priority ESG topics, interviews were conducted with a range of internal and external stakeholders, capturing different perspectives and interests, and building upon the findings of the materiality assessment undertaken in 2021. The interviews were conducted by Anthesis Group ("Anthesis"), a global sustainability consultancy engaged to support the Company with development of its ESG strategy. Stakeholders were asked to identify topics that they felt were most likely to influence the Company's future performance as a sustainable business, and what areas should be focused on as a priority.

Though different ESG challenges and opportunities presented for different stakeholder groups, three topics were routinely identified:

- Renewable Energy Production
- Ecological Impacts
- Material Sourcing and Lifecycle Assessment

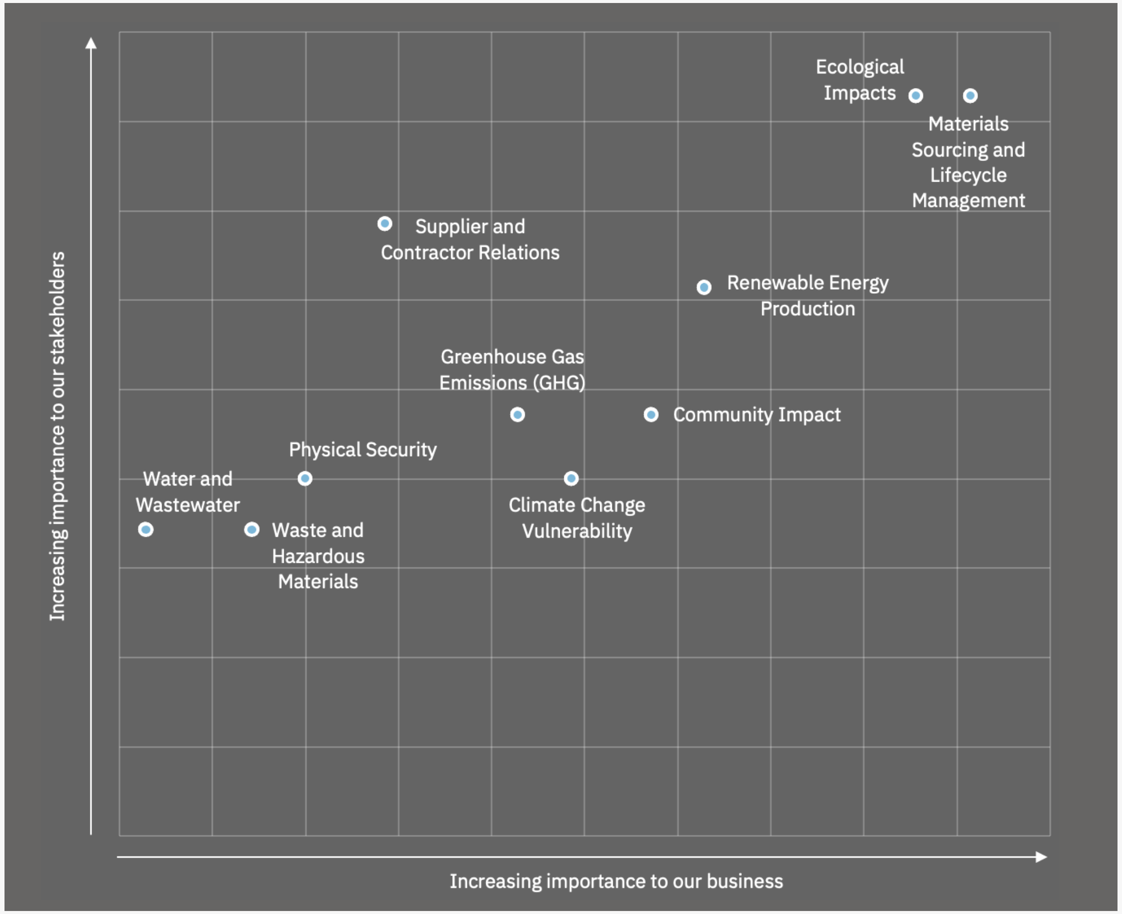
Other topics such as supplier and contractor relations, community impact and greenhouse gas (GHG) emissions were also identified as important areas for the Company to address. With no employees, health, safety, and wellbeing were linked to the Company in relation to its duty of care to those who service its portfolio, and therefore areas for which the Company should retain oversight.

The Company will look to implement formal processes to facilitate engagement with its stakeholders on ESG topics. The Company will continue to engage with local communities, as detailed within the 'Pioneering Positive Local Impact' section of this report.

Materiality Assessment

In addition to stakeholder interviews, a landscape review of the Company was undertaken. This helped evaluate the ESG context that the Company sits within and included a review of regulatory drivers and industry reporting standards. Information gathered from the interviews and landscape review was used to update the Company's materiality assessment. The materiality assessment is presented in a matrix (Figure 3), that compares internal and external stakeholder priorities, with the highest priorities appearing in the top right corner.

Figure 3 – the Company's updated materiality assessment, highlighting priority ESG topics



Identified material topics form the basis from which the Company's ESG strategy was built and are represented within each of its three key pillars. By focusing on these prioritised topics, the Company aims to anticipate and meet the needs of its stakeholders as much as possible.

Key Commitments:

- We will report our renewable energy generation annually
- We will implement renewable energy import tariffs across our portfolio
- We will invest up to £50,000 in industry collaborations annually, to support the energy transition
- We will undertake scenario analysis for material physical and transitional climate-related risks and opportunities within the next twelve months

SDG Contribution:

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

8. https://bit.ly/3vBw6rH
9. https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SPM.pdf
10. https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035

6. CLIMATE CHANGE MITIGATION

Introduction

Critical and ambitious action is needed to address climate change. To remain in line with the Paris Agreement, global emissions need to reduce by at least 45% by 2030[8]. Despite this, fossil fuels still account for 64% of global greenhouse gas emissions[9].

The UK has set one of the world's most ambitious climate change targets, aiming to reduce emissions by 78% by 2035[10]. Renewable energy infrastructure will be critical for decarbonisation and to reduce reliance upon volatile and polluting fossil fuel markets[11].

In addition to supporting the UK's transition to net zero, the Company is contributing to sustainable development by helping secure domestic energy supply. Through its ESG strategy, the Company will evidence a responsible and ethical approach to investment, driving shareholder value whilst also promoting positive environmental and social impact.

Advocating Renewable Energy

The Company substantially contributes to climate change mitigation through its generation of renewable energy. During the period 1 July 2021 – 30 June 2022, the Company produced:

- over 624,000,000 kWh of renewable energy
- powered the equivalent of over 215,000 UK homes with renewable electricity for a year[12]
- achieved over 120,000 tonnes of CO2e savings[13]

Since IPO in 2013, the Company has saved over one million tonnes of CO2e from being released into the atmosphere. Though CO2e savings are a commonly used metric in the renewables industry, the reducing contribution of fossil fuels to the UK grid mix means that relative CO2e savings will decrease over time, even if renewable energy generation increases. This is because the CO2e savings metric is derived from the displacement of fossil fuel generated electricity, therefore as fewer fossil fuels supply the grid, there will be less carbon to be displaced. For this reason, the Company reports against additional environmental metrics to evidence the portfolio's positive environmental impact.

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

GUERNSEY GREEN FUND

TISE Sustainable

GREEN ECONOMY LONDON STOCK EXCHANGE

11. https://www.gov.uk/government/publications/british-energy-security-strategy/british-energy-security-strategy
12. Based on Ofgem's Typical Domestic Consumption Values
13. Based on generation data aligned with the appropriate Government CO2e conversion factor

The Company will achieve its greatest impact in the fight against the climate crisis by working side by side with other industry players. The Company recognises the potential harmful impacts that come with being part of the renewables industry, and as the sector continues to grow, it will need to address emerging social and environmental risks. Where immediate solutions do not present, the industry will need to work collaboratively to manage these risks and ensure an ethical approach to investment is upheld. Such has been recently demonstrated in regard to concerns of forced labour in the polysilicon supply chain.

Over the coming year, the Company will invest up to £50,000 in industry initiatives, including universities and research institutions, to support the energy transition. Renewable asset end-of-life considerations, an increasingly important topic for the industry to address, will be considered as part of this. The Company's approach to end-of-life considerations is discussed in more detail in the 'Generating Energy Responsibly' section of this report.

The Role of Batteries

In 2020, the Company widened its investment mandate from focusing solely on solar PV to include minority exposure to additional renewable energy assets and energy storage technology (up to 25% of the Company's Gross Asset Value).

Battery storage systems are integral to the net zero transition through their role in stabilising the electricity grid. Renewable energy is generated in peaks and troughs, and therefore to ensure a stable supply, batteries are needed to store energy as it is generated and deploy it to the grid during times of peak demand.

The Company is aware of the socio-environmental challenges associated with battery supply chains and will look to mitigate these as batteries are adopted into its portfolio.

Carbon Emissions

Though the Company generates renewable energy, it also takes accountability for its own carbon contribution and is committed to reporting against its carbon emissions annually. To date, the Company has primarily invested in secondary assets, meaning they were operational when acquired. Once operational, a renewable asset will generate more energy than it will consume, making its carbon impact net positive. However, as the Company plans to construct new solar and battery assets from 2022, it is taking steps to better understand the carbon intensity of its operations.

The Company has calculated its first GHG inventory for the period 1 July 2021 – 30 June 2022, in line with the GHG Protocol. Emission factor sources included DEFRA 2021, DEFRA EEIO 2022, and IEA 2021. Table 2 highlights emission results per category[14].

Table 2 – the Company's GHG emission inventory for the period 1 July 2021 – 30 June 2022

	Emissions Location-Based (tCO$_2$e)	%	Emissions Market-Based (tCO$_2$e)	%
Scope 1	58	2	58	2
Scope 2	1,081	30	1,249	34
Scope 3	2,453	68	2,353	64
Total	3,592	100	3,660	100

The Company defines its organisational boundaries using the Operational Control approach as per the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG Protocol. Under this approach, the Company will account for 100% of the GHG emissions from operations over which it has operational control. Scope 1 emissions are those arising directly from the Company's operations; Scope 2 are those which arise indirectly in relation to the purchase of electricity; and Scope 3 relates to indirect emissions associated with the Company's wider supply chain. Scope 3 emission categories included: Purchased Goods and Services; Fuel-and-Energy-Related Activities; and Waste.

As this was the Company's first GHG inventory, certain areas of data collection proved challenging and therefore some data were estimated. The Company will improve the accuracy of its inventory over time as it embeds the required data collection processes into its regular GHG reporting routine.

As expected, the Company's Scope 3 emissions represent the bulk of its carbon footprint. It is expected that Scope 3 emissions will increase over coming years as the Company begins its construction programme. The Investment Adviser is working collaboratively with Engineering, Procurement & Construction (EPC) contractors to understand how energy use can be reduced during the construction process.

As a measure to reduce its direct emissions, the Company will transfer its assets onto renewable energy import tariffs, where these are not already in place. As standard, renewable energy import tariffs will be elected for all new assets being developed. The Company will continue to review what additional measures could be taken to reduce its operational footprint over time.

The Investment Adviser and other Bluefield companies calculate their carbon footprint annually and offset this through investment in Plan Vivo verified carbon offset projects. Bluefield Operations Limited is also continuing to investigate how electric vehicles can be incorporated effectively into its fleet.

14. The carbon footprint relating to the 21-22 financial year has not been externally verified

Case Study

Lifecycle Carbon Analysis of a Solar Asset

Once operational, renewable energy assets generate minimal carbon emissions. However, the manufacturing, transportation and construction of renewable assets does have an associated carbon footprint. As part of its responsible investment approach, the Company is committed to better understanding the lifecycle carbon impact of the assets within its portfolio.

In 2022, the Investment Adviser, in partnership with Lightrock Power, commissioned a Lifecycle Assessment (LCA) for a new build 50MW solar asset based in the UK. The LCA was undertaken by an independent environmental adviser, who built a model to examine the assets cradle-to-grave impact across a range of environmental factors, including carbon emissions. The model required an extensive range of data, and despite working collaboratively with several suppliers, there were certain areas of data collection which proved challenging. In these instances, estimated or industry standard data was used.

The weights and materials of each solar farm component, their shipping, plus the activities associated with installing and maintaining the site, were all included within the model. For end-of-life considerations, industry predictions were used regarding the likely fates of different materials.

Depending on the future energy mix modelled, the carbon payback period of the solar farm ranged between one to three years, with the asset increasingly carbon negative for the rest of its 25 to 40-year lifespan. Approximately 75% of the total emissions from the asset were estimated to arise from the production phase, which relates to material extraction and manufacturing of on-site equipment.

The results of the LCA indicate that there can be a significant carbon benefit from the installation and operation of solar assets. Moving forward, these results will be used to support the Company in accurately calculating its carbon footprint, particularly regarding new build assets. As part of the construction process, the Investment Adviser will work with EPC contractors to collect exact data (for example, in relation to the quantity and composition of construction materials) to enable the accuracy of the model to be improved over time.

CONSTRUCTION AT KISLINGBURY

Climate-related Risks and Opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) is the first international initiative to examine climate change in a financial context. Recognising the potential impact of climate risks and opportunities on investments, the FCA introduced mandatory TCFD reporting for asset managers and asset owners, supporting the UK's ambition to create a net zero aligned financial centre[15]. Although the Company does not currently fall within the scope of the FCA's mandatory reporting requirement, it has chosen to undertake TCFD reporting on a voluntary basis. The Company's first TCFD disclosure can be found on page 57.

15. https://www.gov.uk/government/news/chancellor-uk-will-be-the-worlds-first-net-zero-financial-centre

Key Commitments:

- We will evaluate Biodiversity Net Gain (BNG) across the operational portfolio and achieve at least 20% BNG on new solar developments
- We will conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity)
- We will continue to promote positive action in the communities we operate within

SDG Contribution:

16. https://earth.org/uk-biodiversity-loss/

7. PIONEERING POSITIVE LOCAL IMPACT

Introduction

The Company believes that the assets within its portfolio can drive positive local impact, as well as having a role at the national level. Recognising that ecological improvements such as enhanced biodiversity can bring about community gain, for example through visual accessibility to nature, education and conservation, the Company wishes to maximise its impact by strengthening its approach to these areas simultaneously.

The Company is also mindful of the potential adverse impacts that its operations may have at a local level. This includes the activities of delivery partners, such as suppliers and contractors, who service the portfolio on the Company's behalf. Supply chain engagement will therefore be key to ensuring the Company's ESG expectations are communicated and met across portfolio related activities.

Biodiversity

Climate change and ecological impact are intrinsically linked, and both require urgent action. The Company aims to create positive impact in both of these areas simultaneously, focusing upon Biodiversity Net Gain (BNG) across the portfolio as an additional way to mitigate climate change beyond its contribution to the net zero transition. Given the alarming rate of biodiversity decline in the UK[16], and the thousands of acres of land under management, the Company has the opportunity to go beyond its mandatory requirements to deliver a notable ecological impact.

The Company has developed a biodiversity policy which reflects its aspiration to become an industry leader in biodiversity management. The policy is available on the Company's website: bluefieldsif.com/investors/publications/.

The policy was developed with support from Wychwood Biodiversity, a leading ecological consultant working closely with the UK solar industry to enhance ecological monitoring standards. Delivery of the policy will help the Company benefit from nature related opportunities which may arise in the future and also evidence to shareholders how nature related risks are being considered as part of ensuring long term sustainability.

Does solar support farmers?

Yes – in addition to providing an extra source of stable income, solar farms can support grazing and enable farmers to continue their operations on other parts of their land. In line with planning requirements, solar developments target poor quality or non-agricultural land in the first instance. More information can be found as part of Solar Energy UK's Fact-checker Campaign.

To achieve the Company's biodiversity aspirations, a 12-month implementation plan has been created and will be delivered by the Bluefield companies which service the portfolio. Due to the close working nature of the Bluefield companies, the Company has an enhanced ability to implement, manage and monitor biodiversity initiatives across its portfolio, integrating them into the planning process and fostering them throughout the operational lifecycle. Focus will be given to quantifying BNG across the existing portfolio, as well as ensuring at least 20% BNG is achieved for all new solar developments, going beyond the 10% requirement of the Environment Act.

Case Study

Biodiversity Assessments

To quantify biodiversity across the portfolio, the Company has committed to assessing biodiversity across at least 10% of its portfolio annually (relating to assets over 1MW in capacity).

Following industry best practice, during summer 2022 Wychwood Biodiversity conducted biodiversity assessments across a range of sites showcasing different geographical and ecological characteristics:

- Sites independently assessed: 10
- Number of red listed bird species identified: 13, including lapwing, swift, greenfinch and spotted flycatcher
- Number of amber listed bird species identified: 17, including marsh harrier, meadow pipit, and oystercatcher
- Pollinator surveys undertaken: 10 surveys, consisting of over 100 transects in total. Pollinators identified were mainly common species of butterfly and bumblebee
- Mammal species identified: 6, including a polecat

"Wychwood is delighted to be working with Bluefield to assess biodiversity across their assets under management. Results from these initial assessments indicate that the solar farms are supporting a wide range of biodiversity, including rare birds and mammals".

Guy Parker, Wychwood Biodiversity

This data, and that from future assessments, will be used to build up a picture of biodiversity across the Company's portfolio and will facilitate quantitative target setting over time.

In line with the EU Taxonomy's requirement to do no significant harm to biodiversity, the Company carefully manages its ecological impacts across the operational cycle of its assets. Bluefield Operations Limited is responsible for ensuring each asset remains compliant with its Landscape and Ecological Management Plan (LEMP). The LEMP is often created during the planning phase of a new project, to help 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.

Once operational, 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. Many of the sites also support sheep grazing, helping manage grassland whilst supporting farming activities.

Community Impact and Initiatives

A key focus for the Company is how it can maximise its positive impact towards the communities surrounding its portfolio. Community perception of renewable technology is important as it feeds into local decision making, policy development and ultimately planning requirements. Engagement undertaken as part of the planning process helps develop positive relationships with local stakeholders and obtain community support.

Though a certain level of public consultation must be undertaken as standard, Bluefield Development, currently developing a solar and battery pipeline for the Company, prides itself on going beyond minimum requirements to actively engage community representatives, such as Parish Councils, as early in the planning process as possible. Information obtained during early consultation helps refine project plans and can feed into the creation of community benefit funds.

Minimising community impact during the construction process is a priority for the Company. Though the Company has yet to start its new construction programme, as part of the tender process, EPC contractors are asked how they engage with the local community. Adherence of subcontractors to construction and traffic management plans, which help minimise disturbance to the local community, will be monitored by EPC contractors and reported as required to the Investment Adviser.

Once assets are operational, community engagement is maintained through long-term relationships with landowners and the administration of community benefit funds. To better understand the positive impact of its community benefit payments, the Company has engaged an independent grant specialist to oversee community benefit fund management across the portfolio. As well as offering administrative support to Parishes, the engagement will provide greater insight into how funds are being used, enabling the Company to enhance its reporting in this area.

The Company has paid over £154,000 to Community Benefit Funds during the financial year ending 30 June 2022.

Over the coming year, the Company will identify and support partnerships and initiatives which benefit the local communities surrounding its assets. The Investment Adviser will also explore how to better quantify community engagement and value, which is currently challenging. One area could relate to local job creation – for example, during the last financial year Bluefield Operations Limited created an additional ten Field Service Engineer (FSE) positions to support growth of the Company's portfolio.

Community Engagement

Bluefield Development engage with local communities through:

- Parish Council Meetings
- In-person Consultations
- Brochures
- Dedicated phonelines
- Websites

Case Study

The Bluefield Foundation

The Bluefield companies are launching a Charitable Incorporated Organisation (CIO) to maximise their positive social and environmental impact. Bluefield employees will be offered paid volunteering days to work with charities supported by the Foundation, enabling them to 'give back' whilst also experiencing the personal benefits that volunteering offers.

Note: the charity will be a legally separate organisation, taking its own decisions independently from the Bluefield companies.

Delivery Partnerships

On-site activities, including construction and maintenance, grass cutting, panel cleaning and ecological management, all require the services of external parties. To communicate its ESG expectations and to support delivery of its ESG strategy, the Company will adopt a suite of policies at SPV level, including a Sustainable Procurement Policy, a Waste Management Policy, and a Supplier Code of Conduct. Commitments within these policies will be enacted through the activities of the Company's delivery partners, including suppliers and contractors, helping drive ethical practices across the Company's operations and supply chain.

Health & Safety is of the highest importance to both the Company and the Bluefield companies which service its portfolio. Every asset owning SPV holds Health & Safety policies, standards, and process requirements, with which all contractors must comply. Main contractors (including Bluefield companies) undergo annual Health & Safety audits by the SPVs, to ensure ongoing compliance. Each SPV conducts a routine review of its Health & Safety records and policies, to ensure compliance with the latest Health & Safety guidance and industry best-practise.

During the reporting year, Bluefield Operations Limited had one major Health & Safety incident, which resulted in no injuries to personnel. Bluefield Operations Limited investigate every incident report raised and any learnings or significant trends are followed up and communicated to the wider team.

8. GENERATING ENERGY RESPONSIBLY

Introduction

To ensure that ESG issues are well managed, the Company is currently embedding policies, processes, and procedures to drive best practice and reduce its exposure to industry risks, both social and environmental. As part of its responsible investment approach, the Company will consider both the positive and adverse impacts of its investment decisions on sustainability factors, seeking to mitigate the negative where possible.

By integrating ESG considerations into its underlying corporate governance, the Company hopes to not only produce a sustainable product but achieve sustainability throughout its operations.

Human & Labour Rights

The renewables industry has a responsibility to ensure social safeguards are upheld during the transition to a low carbon economy. Human and labour rights are a key consideration for the Company, particularly in relation to materials sourcing and supply chain management.

The Company has zero tolerance for any form of human rights abuse, reflected in the Company's Modern Slavery Statement: bluefieldsif.com/modern-slavery-statement/. To mitigate these risks as far as possible, and help ensure it is benefitting from ethical supply chains, the Company is committed to building robust management and due diligence practices, aligned with global frameworks. Over the coming months, the Company will ensure its assets are covered by a Human Rights Policy, which will be aligned with the principles of the United Nations Global Compact (UNGC) and OECD Guidelines. The Company will also begin mapping its supply chains to identify upstream social and environmental risk and improvement opportunities.

Whilst the Company is taking steps to strengthen its own approach to human rights due diligence, it is also supporting industry initiatives in this area. In 2021, concerns arose relating to the use of forced labour in the supply chain of polysilicon, which is the base material used to manufacture solar cells. This prompted an industry response, led by Solar Energy UK and Solar Power Europe, to develop systems and processes to improve transparency and sustainability within the PV supply chain. Representatives of the Investment Adviser are part of the Solar Energy UK Supply Chain Taskforce, which is driving progress of this initiative, and financial support has also been committed – the Investment Adviser is one of only a few UK solar power organisations to do so. The UK solar industry's supply chain statement, to which the Investment Adviser is a signatory, can be viewed here: https://solarenergyuk.org/uk-industry-supply-chain-statement/.

Responsible and Sustainable Procurement

To meet future energy demand through renewable sources, extensive deployment of renewable infrastructure will be needed. As a result, demand for the raw materials needed to manufacture these products will increase substantially. Consideration of risks relating to materials sourcing will be an important element of the Company's responsible investment approach, including in relation to human rights.

In addition to a Sustainable Procurement Policy, during the next financial year the Company will adopt a Supplier Code of Conduct, which will set out the Company's expectations in regard to responsible and ethical supplier practices, including materials sourcing. The Company will require adoption of the Supplier Code of Conduct by its Tier 1 suppliers in the first instance.

Through its Code of Conduct, the Company will encourage its contractors to take a responsible approach to waste management, in line with Waste Hierarchy principles[17]. A Waste Management Policy will also be adopted by each SPV. To better understand the waste generated by its portfolio, and to reduce this over time, the Company will implement mechanisms to calculate its hazardous waste ratio.

As with operational considerations, the Company also seeks to take a responsible approach to asset end of life. End of life considerations refers to the processes undertaken once assets are withdrawn from operation, including how the materials are repaired, recycled, reused, or disposed of. These processes are difficult to define given the long lifespan of renewable technology, which is often 25+ years, and the uncertainty around what recycling practices will look like in several decades time, or how technology may develop to facilitate this.

Key Commitments:

- We will ensure 100% of our assets are covered by a Human Rights policy by June 2023
- We will ensure 100% of our assets are covered by policies covering UNGC principles and OECD Guidelines by June 2023
- We will adopt a Supplier Code of Conduct and require its adoption by Tier 1 suppliers by the end of June 2023

SDG Contribution:

17.https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69403/pb13530-waste-hierarchy-guidance.pdf

Despite end-of-life considerations being largely unknown, as part of the lease and planning conditions for each project, budget is set aside to support with the dismantling and recycling of equipment once it is no longer operational. Equipment on-site is maintained to ensure it lasts as long as possible, with Bluefield Operations Limited implementing a detailed Planned Preventative Maintenance (PPM) programme to reduce equipment failures. Wherever possible, equipment is repaired as opposed to being replaced.

Over the coming year the Company will invest in industry collaborations to support the energy transition, which may include initiatives relating to end-of-life considerations. The Investment Adviser will also track end-of-life developments through engagement with key suppliers and industry trade bodies.

Good Governance and Business Ethics

The reputation and success of the Company could not have been achieved without its foundation of sound corporate governance, into which ESG is being increasingly considered. It is the framework from which the Company undertakes decision making, reporting, management, risk analysis and compliance.

The Company's approach to responsible investment, which has been recently enhanced, facilitates the identification of ESG risks and opportunities, which are considered as part of investment decisions. Integration of ESG into policies, procedures, and processes is ongoing, and the Company will develop a range of related policies over the coming year to support its responsible approach. These will increase the Company's requirements for its suppliers and contractors and enhance due diligence processes.

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

For the other Bluefield companies which service the portfolio, governance is evidenced through a suite of policies, including in relation to anti-bribery, anti-corruption, GDPR, conflicts of interest and whistleblowing.

The Company has always taken a comprehensive and transparent approach to financial reporting. Through its ESG strategy, commitments and KPIs, the Company will take a similarly transparent approach to its ESG disclosures, with more quantitative reporting over time. By continually improving its ESG performance, the Company will deliver positive environmental and social impact whilst continuing to decarbonise energy markets.

The Company recognises the value of diversity and has previously committed to making progress in this area. In October 2021 the Board was pleased to announce the appointment of Ms. Libby Burne as an independent non-executive Director, bringing the current representation of women on the Board to 40%, being two of five current Directors. The Company will continue to diversify its Board as part of its commitment to fostering an inclusive culture.

Diversity, Equity, Inclusion and Belonging (DEIB) is a key focus of the Investment Adviser and other Bluefield companies. DEIB is embedded through an equal opportunities policy in the UK and a new DEIB committee, which will contribute to the creation of a DEIB strategy from 2023. Inclusive Leadership training has also been provided to managers. Discussions with universities are in progress to identify opportunities to engage on diversity and inclusion issues, such as through mentoring and seminars, supporting students wanting to enter less diverse industry sectors. Bluefield has also pledged to create two paid internship placements in 2023 through the 10,000 Black Interns initiative[18], a programme that is designed to change the horizons of young black people in the UK, with the aim of creating a more diverse workforce.

18. https://www.10000blackinterns.com

Case Study

Industry Engagement

Several Bluefield employees are members of trade body working groups, including Solar Energy UK's Natural Capital and Supply Chain task groups and Renewable UK's ESG Steering Group. Participation in working groups allows Bluefield to contribute to the improvement of industry standards and remain at the forefront of industry developments. Luke Roberts, Senior Commercial Director of the Investment Adviser, joined the board of Solar Energy UK in 2020, and has chaired the Utility Scale Commercial Working Group since early 2021.

Representatives of the Investment Adviser also regularly participate in industry webinars and events, including discussion on ESG topics.

9. Looking Forward

To the Company, ESG provides a framework through which the Company can deliver environmental and social gain whilst also taking accountability for its own adverse impacts. It provides opportunities to drive shareholder value, recognising the Company's role in mitigating the climate crisis, but also further opportunities relating to biodiversity, community benefit and industry collaboration.

Through the Company's new ESG strategy, it has made a number of commitments, from becoming a leader in biodiversity management to the development of Human Rights and Sustainable Procurement policies. Working with its Investment Adviser and the Bluefield companies which service its portfolio, the Company will deliver its ESG strategy and satisfy regulatory reporting requirements, implementing processes and procedures to collect and report quantitative ESG data, which will form the basis from which the Company will measure its ESG performance moving forward.

The Company is proud of the progress it has made towards ESG this year. To achieve its ESG ambition and truly deliver renewable energy responsibly, the Company will continue to embed ESG into its corporate governance, approaching ESG with transparency and integrity on a journey of constant evaluation and improvement.

DELIVERED BLADES AT ERRIGAL ROAD

APPENDIX

A full breakdown of the Company's ESG commitments and KPIs for the financial year 1 July 2022 – 30 June 2023.

PILLAR	COMMITMENT	SUPPORTING KPI/S
CLIMATE CHANGE MITIGATION	We will report our renewable energy generation annually.	• Renewable energy generated (kWh) • CO2e savings achieved (tCO2e) • Equivalent houses powered (#)
	We will invest up to £50,000 in industry collaborations annually to support the energy transition.	• Revenue targeting industry collaboration (£)
	We will report against our carbon emissions annually.	• Measurement of Scope 1 GHG Emissions (tCO2e) • Measurement of Scope 2 GHG Emissions (tCO2e) • Measurement of Scope 3 GHG Emissions (tCO2e) • Total GHG Emissions (tCO2e) • GHG intensity of the Fund (tCO2e / EUR Rev)
	We will implement renewable energy import tariffs across our portfolio.	• Relative percentage of renewable and non-renewable energy consumed by BSIF (%) • Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources (%) • AUM with renewable energy import tariffs (%)
	We will undertake scenario analysis for material physical and transitional climate-related risks and opportunities within the next twelve months	• Scenario analysis undertaken (Y/N)
	We will incorporate ESG-related matters into BSIF's risk register.	• ESG-related matters in risk register (#)
	We will undertake a climate change risk and vulnerability assessment (CRVA) in line with the TCFD recommendations	• Climate change risk and vulnerability assessment undertaken (Y/N)

PILLAR	COMMITMENT	SUPPORTING KPI/S
PIONEERING POSITIVE LOCAL IMPACT	We will evaluate BNG across the operational portfolio and achieve at least 20% BNG on new solar developments.	• New developments that have had BNG assessment (%) • New solar developments with at least 20% BNG achieved (%) • Existing sites with evidenced BNG (%)
	We will conduct independent biodiversity assessments across at least 10% of our sites annually (relating to assets over 1MW in capacity).	• AUM independently assessed (relating to assets over 1MW in capacity) (%) • AUM without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas (%) • Notable species identified (e.g., red and amber listed species) (#)
	We will minimise potential risks posed to threatened species by our assets and will apply industry best practice to new sites under development.	• AUM which are deemed to have operations that affect threatened species (%) • AUM that are located in or near to biodiversity-sensitive areas (%) • AUM that negatively affect biodiversity-sensitive areas (%)
	We will continue to promote positive action within the communities we operate within.	• Revenue given to partnerships benefiting the local community (£) • Revenue paid to community benefit schemes (£)
	We will insist that our Tier 1 suppliers that directly service the portfolio report H&S performance on a quarterly basis.	• Lost time incident rate (per 100,000 employees) • Number of reportable accidents (RIDDOR) (#) • Number of near misses (#) • Employees who have received H&S training (where possible) (%)
GENERATING ENERGY RESPONSIBLY	We will map our supply chains, with priority given to Tier 1 and 2 suppliers.	• Tier 1 supply chains mapped (%) if available
	We will ensure 100% of our assets are covered by a Human Rights Policy by June 2023.	• AUM with Human Rights Policy (%) • AUM with a due diligence process to identify, prevent, mitigate, and address adverse human rights impacts (%)
	We will ensure 100% of our assets are covered by policies covering UNGC principles and OECD Guidelines by June 2023.	• Share of investments in assets without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)
	We will implement mechanisms to measure our hazardous waste ratio by 2023	• Tonnes of hazardous waste and radioactive waste generated by assets per million EUR invested, expressed as a weighted average
	We will clearly communicate our ESG governance structure.	• Clear governance structures in ESG report (Y/N)
	We will further diversify our Board.	• Average ratio of female to male board members expressed as a percentage of all board members (%) • Number of senior board positions held by a woman (#) • Number of board members from a non-white ethnic minority background (#)
	We will ensure 100% of our assets are covered by a Sustainable Procurement Policy by June 2023	• AUM with Sustainable Procurement Policy (%)
	We will adopt a Supplier Code of Conduct and require its adoption by Tier 1 suppliers by the end of June 2023.	• Tier 1 suppliers signed Supplier Code of Conduct (%)
	We will encourage our contractors to use the waste hierarchy principles.	• AUM with a Waste Management Policy (%)

Task Force for Climate-related Financial Disclosures (TCFD)

1. Introduction

Climate change is one of the largest environmental challenges facing the planet, with urgent action needed to reduce global Greenhouse Gas (GHG) emissions. The Company supports the UK's Net Zero carbon ambition by helping to mitigate climate change through decarbonisation of the energy sector, whilst delivering long-term, attractive dividends to its shareholders.

As a renewable energy fund, climate-related opportunities are the basis on which the Company was founded. However, climate change poses both opportunities and risks, and the Company will need to ensure it is considering both of these in order to increase the resilience of its strategy over time. Climate-related considerations form a key element of the Company's ESG strategy, helping ensure that climate is considered across the investment lifecycle, including pre-investment due diligence, asset management and reporting.

The following pages present the Company's first voluntary TCFD disclosure. This will develop over time as climate-related considerations are further embedded into the activities of the fund.

2. Governance

a. Describe the Board's oversight of climate-related risks and opportunities

Given the nature of the Company, climate opportunities are fundamental to every investment decision. The Board, who meet formally at least once a quarter, have ultimate oversight of climate-related risks and opportunities.

These are considered by the Board as part of every investment decision and, to date, on an ad hoc basis as part of Board meetings. Recently, 'Climate-related risks and opportunities' has been added as a standalone Board agenda item. Though the Board has overall responsibility for managing all forms of risk, Meriel Lenfestey, non-executive Director, has been named as having oversight and responsibility of material climate-related risks and opportunities. The Company's ESG and climate governance structure is presented on page 44.

To help ensure that climate issues are suitably considered as part of strategic decision making, and to strengthen understanding of climate-related risks and opportunities, in September 2022 the Board undertook climate risk training, which will be repeated on an annual basis.

DAWN AT BIDWELL

b. Describe management's role in assessing and managing climate-related risks and opportunities

The Board monitor climate-related matters through regular communication with the Investment Adviser, including as part of Board meetings, investment committee papers, ad hoc calls, and written updates. The Bluefield Group ESG Manager engages with the Board directly on material topics, to discuss risks and opportunities and obtain approval on climate-related activities. The Company's Audit & Risk Committee, comprised of all Board members, meets at least three times a year to monitor the Company's risk matrix and assess material risks, including in relation to climate.

Day-to-day management of ESG and climate matters is the responsibility of the Investment Adviser and other Bluefield companies which service the portfolio. Working with the Investment team, the Group ESG Manager oversees the integration of climate considerations into the risk management and strategic thinking of both existing assets and new acquisitions. Implementation of ESG initiatives across the Bluefield companies is overseen by the Partners of the Investment Adviser and CEO of Bluefield Services Limited, Bluefield Operations Limited and Bluefield Development.

To strengthen the identification and assessment of climate-related risks and opportunities, the Investment Adviser has recently enhanced consideration of climate change within the investment due diligence process. As a result, assessment and management of climate-related factors are now embedded into business-as-usual activities. Climate change considerations will be integrated into wider portfolio activities through the Company's ESG strategy, which includes a Climate Change Mitigation pillar, ESG objectives and key performance indicators (KPIs). As part of this, the Bluefield companies which service the portfolio will play an important role in providing the Company with climate specific data.

3. Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

The Company is well positioned to benefit from climate-related opportunities over the short, medium, and long term. In 2022, the Company undertook a climate materiality assessment to identify areas of potential greatest impact and vulnerability. This included consideration of the activities of the Bluefield companies which service the portfolio, to ensure the Company's upstream risks and opportunities were captured. Identified risks are described within the 'Risk Management' section of this disclosure.

Given its investment strategy, it was identified that the Company is already leveraging climate-related opportunities from the transitional perspective of market shifts, policy shifts and the transition to low carbon technologies (with the speed of the transition impacting upon the scale of opportunities available). Whilst these opportunities exist in the short-term, they will also play a critical role in the Company's business model over the medium and long term.

The materiality assessment also identified potential climate-related risks, primarily related to the physical impacts of climate change and how these may impact the Company's assets, operations, and productivity of service providers over the short, medium, and long term. The 2022 heatwave highlighted the risk of extreme heat, including the potential negative impacts of rising temperatures upon the efficiency of solar PV and the productivity of on-site service providers. This is expected to impact the Company in the long-term, however, efforts are being made to reduce the impact of this risk across the medium to long-term time horizons.

The increased frequency and intensity of storm events, such as Storm Eunice earlier in 2022, has been identified as a potential short-term risk, which could result in damaged assets or equipment being offline for prolonged periods. The impact that extreme weather events, such as precipitation and flooding, could have upon the Company's service providers was also identified as a potential material risk in the medium to long-term.

b. Describe the impact of climate-related risks and opportunities on the organisations businesses, strategy, and financial planning

The Company's investment objective is to provide shareholders with an attractive return through investment in renewable energy assets. The Company recognises the importance of managing climate-related risks and opportunities as part of preserving shareholder value, and it is for this reason that the Company has embedded climate considerations so prominently within its ESG strategy, including a 'Climate Change Mitigation' pillar.

As a renewable energy fund which is supporting the transition to a net zero economy, the Company has desirable investment attributes, which are only further enhanced by its robust ESG strategy and focused lens upon climate change adaptation and mitigation. The Company is well positioned to benefit from climate-related opportunities and in 2020 widened its investment mandate to allow minority investment into a more diversified range of renewable technologies. Since 2019, the Company has also invested a small proportion of its gross asset value into development stage opportunities. The build out of these projects will enable the Company to contribute to renewable infrastructure deployment targets whilst increasing its market share.

However, the Company is conscious of the risks posed by climate change. The Company's portfolio will likely be exposed to more frequent and intensive weather events, resulting in an increased risk of damage to on-site infrastructure and off-site transmission and distribution systems. Long-term changes to weather patterns will likely result in material increases and decreases in asset yield and performance. The Company's service providers will also be exposed to additional Health and Safety risks, transportation disruption, and wider operational disturbance.

To better understand the potential impact of climate change on its portfolio, the Company has committed to undertaking scenario analysis for material physical and transitional risks and opportunities. The analysis is likely to be undertaken later in 2022 and will include a climate risk and vulnerability assessment to determine the greatest impacts of climate risks and opportunities on the Company's strategy and financial planning.

c. Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario

As described above, the Company has not yet undertaken scenario analysis, but is planning to do so shortly. This will include the analysis of a material physical risk across three-time horizons (e.g., short, medium, and long-term) and will be modelled against three temperature scenarios. For the physical scenario model, this will be aligned to CMIP6 global and regional climate model data. Scenario pathways will also be developed for transitional risk, enabling the Company to understand the potential positive and negative impacts of transition risks on the portfolio, as well as the opportunities for the Company to further embed climate resilience into the overarching strategy.

Case Study

Mitigating Heat Stress

As part of Planned Preventative Maintenance (PPM) activities, Bluefield Operations Limited, have implemented on-site solutions to help assets maintain generation despite high temperatures. Significant heat stress can cause damage to key pieces of on-site equipment, such as transformers, which are often programmed to shut down once a critical temperature is reached. Though this protects the equipment from damage, it can result in lost generation during key generation periods, i.e., on hot, summer days.

During Spring 2022, Bluefield Operations Limited retrofitted the transformers at Goosewillow Solar Park with waterproof connections and suitable bunds, allowing the removal of surrounding buildings (which were housing the equipment) and consequently assisting cooling by natural convection. As a result, during the hottest days on record in the UK during July 2022, the transformers and associated equipment worked safely throughout, with no loss of generation or risk of damage.

4. Risk Management

a. Describe the organisation's processes for identifying and assessing climate-related risk.

Climate-related risks and opportunities are identified, assessed, and discussed by the Audit and Risk Committee and included as part of the Company's risk matrix. The Board currently uses a 1-3 rating to assess the potential likelihood and potential impact of any particular risk occurring. The risks are assessed in a pre- and post- mitigated setting, to map risks into a compositive score ranging from 1-9. Principal and emerging risks are disclosed annually as part of a risk matrix within the Company's Financial Accounts. Historically, 'Unfavourable Weather and Climate Conditions' has been considered a principal risk and has sat within mainstream risk management processes. Following the climate-related materiality assessment undertaken in 2022, the Company has enhanced its consideration of climate change within its risk matrix, which is presented on page 15.

Climate risks and opportunities are also identified by the Investment Adviser and Bluefield companies which service the portfolio. These are communicated to the Board as part of quarterly Board meetings, investment committee papers and ad-hoc communications. The Investment Adviser actively monitors electricity markets and government policy/ regulatory developments. This is especially the case in relation to national planning policy frameworks and local authority development plans, to identify transitional risks and opportunities for the Company. Independent market advisers are also engaged to help track potential regulatory changes in electricity markets and related areas, so that the Company is prepared for any risks to its business model.

Working with Bluefield's technical advisers, the Investment Adviser closely follows developments in renewable energy technology, to ensure the Company is well positioned to benefit from any advances made in the future. In 2022, the Investment Adviser commissioned a Lifecycle Assessment (LCA) relating to a new build solar farm, identifying which areas of the asset lifecycle have the greatest environmental impact, including in relation to carbon emissions. The results of the assessment can be used by the Company to further enhance its climate resilience.

Climate-related risks, particularly physical risks, are also considered as part of asset management service provisions, including monitoring and reporting. As an example, the impact of weather events, including elevated generation from high irradiation or downtime caused by storm damage, is captured within portfolio reporting. For new developments, consideration is given to wind speed and different flooding scenarios, helping inform site design and increase resilience to adverse weather. When acquiring operational assets, due diligence is undertaken in relation to any flood risk assessments which have been previously carried out or damage that has previously occurred due to adverse weather. This year, high-level climate screening was incorporated into a new ESG due diligence questionnaire as part of the investment process, to help ensure material climate-related risks are identified and that sufficient management systems and processes are in place to manage these risks.

b. Describe the organisation's processes for managing climate-related risks

The Investment Adviser, working with the Bluefield companies, is responsible for managing climate-related risks on behalf of the Company. Identified climate-related risks are presented in the table below:

PHYSICAL RISKS		
POTENTIAL RISK	**RISK DESCRIPTOR**	**CURRENT MITIGATION MEASURES**
Flooding	Flooding is likely to affect the portfolio and may require significant preventative investment. If service providers are unable to service equipment as a result, there is possibility of compound risks.	Mitigation measures to reduce water ingress can be considered during the design stage of new developments and flood risk assessments are reviewed as part of the project development and investment processes. Foundation slabs have previously been elevated at specific sites to help alleviate flood risk . Flood events are captured in incident reports.
Extreme Heat	Solar panel yield can reduce above 24°C and in extreme cases, intense heat can cause fires. Equipment such as inverters, transformers, and PV panels are most likely to be affected. However, there is potential for the lifespan of all electrical equipment to be reduced, including in relation to batteries.	Transformers protect themselves by shutting down if they reach a temperature outside of their operational range. Bluefield Operations Limited have implemented on-site solutions to help some assets maintain generation during high temperatures, as described on page 46.
Storms	Storms are more unpredictable compared to other physical risks, making them more difficult to adapt to. Turbines can stop generating at high wind speeds and there is potential for damage to both wind and solar assets.	Turbine control systems are designed to switch off at around 25 metres per second, to avoid significant damage or detachment. As part of the site design process for new solar assets, static and dynamic load calculations are performed to help ensure that panels and their mounting structures can withstand predicted maximum wind speeds. Routine framework checks are performed on mounting structures.
Snow / Blizzards	Snow can cover solar panels and therefore impact upon generation. Removal of snow requires operational resources. Snow is not expected to be as material as other physical risks.	Snow mitigation measures can be costly. However, PV panels have a coating that, together with the angle that the panels are installed at, help the panels 'self-clean'. Additionally, the dark colours of PV panels (typically blue or black) facilitate the capture of thermal energy, therefore speeding up the melting process.

TRANSITIONAL RISKS		
POTENTIAL RISK	**RISK DESCRIPTOR**	**CURRENT MITIGATION MEASURES**
Electricity Market Conditions	The renewables market is anticipated to grow and therefore market conditions are seen as an opportunity rather than a risk. However, the success of the Company is sensitive to future power market pricing, and a major shift in power demand or supply will impact the Company's ability to meet its dividend target. The UK Government is also consulting on proposals to reform electricity markets which may result in split pricing for renewable and baseload generation and the possibility of a regional pricing framework for generation and other adverse consequences for the Company.	The Investment Adviser regularly updates the portfolio cash-flow model to reflect future power market forecasts and where appropriate applies discounts to the forecasts. The Investment Adviser fixes PPA's quarterly and 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. Storage technology, which can profit from power price volatility, is also being acquired into the portfolio. The Company has begun a programme to improve its links with Westminster to ensure that all members of Parliament are aware of the need to maintain sufficient incentives for renewable investment. For a full overview of how market condition risks are being mitigated, please refer to the Company's risk matrix on page 15.
Technology	Solar assets have a lifespan of up to 40 years, during which the technology could become outdated. There is a shorter-term risk associated with the technology chosen at the point of planning and whether this is still optimal at the point of construction (which can be 4/5 years later). Also includes consideration in relation to spare or replacement parts.	The Investment Adviser periodically evaluates and reviews the cost of replacement parts for the assets within the portfolio. Availability of old parts may present an issue and, long-term, PV panels may need to be re-designed for warmer temperatures and wind turbines designed to withstand a wider range of windspeeds. Heat losses are also built into generation models. In regard to short-term risks, once a project has achieved planning, the technical specification of the site is reviewed and can be amended to ensure appropriate equipment is installed.
Policy	Whilst climate-related policy changes may present some challenges in relation to the planning process for new assets, overall, policy shifts present prominent opportunities for the Company to leverage.	Bluefield Development, who are developing a solar and battery pipeline for the Company, engages local authorities at all stages of the development process to ensure climate change is specifically addressed in the determination of planning applications.
Reputation	The renewables sector has a positive reputation due to its role in climate change mitigation and the energy transition. A potential source of reputational damage could come from health & safety incidents or supply chain issues.	The Company's continued transparency regarding the climate actions it is taking will improve reputational risks. As part of the development process, Bluefield Development engages with local stakeholders to communicate the benefits of renewable energy projects and obtain local support. As part of its ESG strategy, the Company will look to address the potential negative impacts associated with being part of the renewables industry, such as those relating to supply chain.

Climate-related risks and opportunities associated with the acquisition of new assets is managed by the Investment Adviser's Investment team. If a material climate risk is identified, the appropriate adaption and mitigation measures would be discussed amongst the Investment Adviser and with the Investment Committee, the latter ultimately approving whether the acquisition goes ahead or not.

The Company invests in a range of renewable technology types, which are geographically diverse across the UK, helping to provide resilience against unpredictable weather patterns. In particular, the use of solar photovoltaic technology means generation is not dependent only on direct irradiation but also on predictable daylight hours, limiting short-term volatility when compared to other forms of weather dependent electricity generation.

The assets have suitable insurance in place, including both public liability and business interruption, to help mitigate the impact of operational disruption, which can occur through weather related events. As part of its ESG strategy, the Company has committed to implementing renewable energy import tariffs across its portfolio (if not already in place) over the coming year.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisations overall risk management

Climate change risks, both transitional and physical, are considered by the Board, the Investment Adviser and Bluefield companies and are included within the Company's risk matrix. Ultimately, the Board of the Company has oversight for what controls and mitigation measures are deemed sufficient to manage climate-related risks, with delegation given to the Investment Adviser when further action is deemed necessary.

The Bluefield companies are well-equipped to identify, assess, and manage climate-related risks from an operational perspective. For example, generation irregularities are identified in real time by monitoring teams who, following an initial investigation into the cause of the issue, can classify the risk and communicate it to asset management and O&M teams, helping ensure a quick resolution. Following climate events such as extreme storms, Bluefield Operations Limited are able to adapt work schedules and respond quickly to affected sites, securing them from a Health & Safety perspective and identifying follow up works to restore generation.

Climate-related events that impact a site (e.g., heat stress), are recorded by O&M teams and provided as an incident report to the asset manager. This helps the Company to perform trend analysis on asset performance to track the behaviour of installed equipment, produce forecasts and analyse how performance can be optimised. This insight into the impact of climate-related incidents on generation will support the Company in evaluating the potential impact of climate risk on its portfolio and as a result, help inform decisions to future-proof its assets.

Case Study

Pond installation

To assist drainage on site, and therefore prevent flooding during periods of intense rain, Bluefield Operations Limited carry out regular ditch clearing and watercourse maintenance.

Working with the Investment Adviser, a new programme of works is currently being considered to construct ponds on sites which are prone to flooding. Use of ponds to control surface run-off is multi-functional, not only helping remediate flooding but also providing freshwater habitat for local fauna and flora. Pond feasibility assessments have been undertaken on several sites and follow up action will be considered over coming months.

5. Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.

Climate-related opportunities are tracked through the following metrics, described in more detail within the Company's ESG report:

- Renewable energy generated (kWh)
- CO_2e savings achieved (tCO_2e)
- Equivalent number of houses powered with renewable energy (#)

Power price volatility is monitored through wholesale energy prices and the % of revenues with fixed power prices. Various climate-related metrics are collected through incident reports and monitoring data, which include: climate-related events; temperature thresholds of equipment/components; heat losses; and windspeed thresholds. Given that the Company will start to construct new battery and solar assets shortly, metrics are being identified to enable the carbon intensity of these operations to be measured.

It is anticipated that the results of the scenario analysis will help inform and expand the Company's list of climate metrics. The Company will continue to review metrics which will enhance the assessment of climate-related risks and opportunities in line with its strategy and risk management processes, helping monitor climate-related trends impacting the Company and its service providers.

b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.

As found on page 48, the Company has calculated its GHG emission inventory for the period 1st July 2021 – 30th June 2022. Emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, therefore covering the Company's direct and indirect emissions across its value chain. Figure 2 highlights emission results per category[18].

18. The carbon footprint relating to the 21-22 financial year has not been externally verified

Figure 2 – the Company's GHG emission inventory for the period 1 July 2021 – 30 June 2022

	Emissions Location-Based (tCO_2e)	%	Emissions Market-Based (tCO_2e)	%
Scope 1	58	2	58	2
Scope 2	1,081	30	1,249	34
Scope 3	2,453	68	2,353	64
Total	3,592	100	3,660	100

As expected, the Company's Scope 3 emissions represent the vast majority of its carbon footprint. It is envisaged that Scope 3 emissions will increase over coming years as the Company begins its new construction programme. The Investment Adviser is working collaboratively with Engineering, Procurement & Construction (EPC) contractors to understand how energy usage can be reduced during the construction process.

As a measure to reduce its direct emissions, the Company will transfer its assets onto renewable energy import tariffs, where these are not already in place. As standard, renewable energy import tariffs will be elected for all new assets being developed. The Company will continue to review what additional measures could be taken to reduce its operational footprint over time.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Company's performance, which is intrinsically linked to climate-related opportunities, is monitored through its financial objectives, which are described within the Strategic section of this report.

However, the Company also wishes to manage its climate-related risks and consider sustainability alongside financial performance. As part of the Company's ESG strategy, the following targets are in place:

- The Company will implement renewable energy import tariffs across its portfolio (including for construction assets once they become operational).
- The Company will invest up to £50,000 in industry collaborations annually to support the energy transition.
- The Company will undertake scenario analysis for material physical and transitional climate-related risks and opportunities within the next 12 months.
- The above will help the Company further embed climate considerations into strategic decision making and financial planning.

Work will continue to identify suitable targets and metrics to support the Company in managing its climate-related risks and opportunities.

bluefield Solar Income Fund

Report of the Directors

The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2022.

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, wind and renewable energy infrastructure assets.

The Company has a progressive dividend target. The dividend target for the financial year ended 30 June 2022 was 8.16pps.

Business Review

A review of the Company's business and its likely future development is provided in the Chair's Statement on pages 6 to 8, Strategic Report on pages 10 to 19 and in the Report of the Investment Adviser on pages 20 to 37.

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 84 to 100.

The dividends for the year are set out in the financial statements in Note 14 on page 97.

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 2022 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2022	% holding at 30 June 2022	Ordinary Shares of £1 each held 30 June 2021	% holding at 30 June 2021
John Rennocks*	290,388	0.05	316,011	0.08
John Scott*	543,312	0.09	512,436	0.13
Paul Le Page	35,000	0.01	35,000	0.01
Laurence McNairn	N/A	N/A	441,764	0.11
Meriel Lenfestey	7,693	0.00	-	-
Elizabeth Burne	15,000	0.00	N/A	N/A

* 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 3 December 2021. 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 3 December 2021 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 29 November 2022.

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

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

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

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 12 July 2022.

Substantial Shareholdings

As at 30 June 2022, 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	89,238,358	14.59
Newton Investment Management	42,220,250	6.90
Gravis Capital Management	38,053,279	6.22
abrdn Capital	31,003,900	5.07
Hargreaves Lansdown, stockbrokers (EO)	30,285,508	4.95
Legal & General Investment Management	25,628,211	4.19
Total Shares in Issue	**256,429,506**	

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 6 September 2022, being the most current information available.

Shareholder	Shareholding	% Holding
BlackRock	89,379,090	14.62
Newton Investment Management	42,322,112	6.92
Gravis Capital Management	38,053,279	6.22
Hargreaves Lansdown, stockbrokers (EO)	30,957,636	5.06
abrdn Capital	30,718,189	5.02
Legal & General Investment Management	24,951,206	4.08
Brooks Macdonald	20,016,831	3.27
Interactive Investor (EO)	19,122,974	3.13
Total Shares in Issue	**295,521,317**	

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 reappoint 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 reappointment at the forthcoming AGM. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 75 to 78.

Articles of Incorporation

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

Going Concern

At 30 June 2022, the Company had invested in 127 solar plants, six wind farms and 109 single stick wind turbines, committing £962.2 million to SPV investments. The Company, through its direct subsidiary, BR1, has access to an RCF which, together with the net income generated by the acquired projects, is expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new renewable energy infrastructure assets. The Company, through BR1, expects to comply with the covenants of its long term loans and RCF.

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, taking into account capital raises to 30 June 2022, as well as the performance of the solar and wind plants currently in operation. The conflict in Ukraine continues to have a significant impact on the macro-economic environment in which the Company operates. The Board and Investment Adviser have been closely monitoring this and it has been considered as part of the going concern assessment.

The Board has also considered the likelihood of the Company being asked to discontinue operations in its mandatory five year discontinuation vote that is due at the 2023 AGM and regards this as very unlikely, given the strong performance of the Company and the support which it has received from its major shareholders. In assessing the going concern status of the Company, the Board has also considered the re-financing of the Natwest term loan, maturing in August 2023, and the interest rate swaps for 75% of the balance (being £82.5m) in place until 2037, and has concluded that there is no reason to believe that these will not be refinanced or repaid as they fall due.

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

Internal controls review

Taking into account the information on Principal and Emerging Risks provided on pages 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 29 November 2022 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	Elizabeth Burne
Director	*Director*
29 September 2022	29 September 2022

Board of Directors

John Rennocks

(Chair)

John Rennocks was appointed as non-executive Chair on 12 June 2013 and is Chair 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 chair of Inmarsat plc, a non-executive director of Foreign & Colonial Investment Trust plc, Chair 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 RENNOCKS

JOHN SCOTT

PAUL LE PAGE

MERIEL LENFESTEY

ELIZABETH BURNE

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 Chair of Impax Environmental Markets plc since May 2014 and Chair of Alpha Insurance Analysts since April 2013. In 2019, he was appointed Chair of JP Morgan Global Core Real Assets. In June 2017, he retired as Chair of Scottish Mortgage Investment Trust PLC. He has an MA in Economics from Cambridge University and an MBA from INSEAD. He is also a Fellow of the Chartered Insurance Institute.

Paul Le Page

(Chair 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 of a number of investment funds. Mr. Le Page is Audit Committee Chair of RTW Venture Fund Limited and was previously Audit Committee Chair of UK Mortgages Limited, Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited. Mr. Le Page has 18 years' Audit Committee experience within the closed end investment fund sector and has a broad-based knowledge of the global investment industry, fund governance, reporting and product structures. Mr Le Page graduated from University College London in Electrical and Electronic Engineering and qualified as a Chartered Electrical Engineer whilst leading the development of robotic immunoassay equipment. He obtained an MBA from Heriot Watt University in 1999 which he used to switch from industrial R&D to investment research.

Meriel Lenfestey

Meriel Lenfestey was appointed as a non-executive director of the Company in April 2019. Ms Lenfestey founded Flow Interactive in 1997, a London based Customer Experience Consultancy assisting clients across many sectors embracing digital transformation. Since exiting the business in 2016 she has held a portfolio of non-executive director and advisory roles across Energy, Telecoms, Transport, Infrastructure, Technology, E-gaming and local charities. She is a non-executive director at International Public Partnerships (FTSE 250), Boku (FTSE AIM), and Ikigai Ventures (FTSE All share). She also holds non-executive director roles at several private companies including Gemserv, Jersey Telecom and Aurigny as well as Art for Guernsey a local charity. 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.

Elizabeth Burne

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

Directors' Statement of Responsibilities

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

The Law requires the Directors to prepare financial statements for each financial year. Under the Law, the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law. The financial statements are required by Law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

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

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

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

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

By order of the Board

Paul Le Page
Director
29 September 2022

Elizabeth Burne
Director
29 September 2022

bluefield
Solar Income Fund

Responsibility Statement of the Directors in Respect of the Annual Report

Each of the Directors, whose names are set out on page 67 in the Board of Directors section of the annual report, confirms that to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS, as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chair's Statement, Strategic Report, Report of the Directors and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal and emerging risks on pages 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
29 September 2022

Elizabeth Burne
Director
29 September 2022

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 2022, the Company has complied with the provisions of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed; as an investment company, however, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors, including the Chair, are non-executive and independent of the Investment Adviser, the Company has not established a remuneration committee which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 7 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 77.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender (as stated in Principle 7 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have well-diversified representation and it continues to value directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds that enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members and notes that we have 40% female representation, exceeding the Hampton-Alexander Review target.

The Board

The Directors' biographies are provided on page 67 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, Meriel Lenfestey was appointed on 1 April 2019 and Elizabeth Burne was appointed on 7 October 2021. Laurence McNairn was appointed 1 July 2013 and retired on 17 February 2022. The Board appointed John Scott as Senior Independent Director effective from 10 December 2013 to fulfil any function that is deemed inappropriate for the Chair 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 29 November 2022.

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

The Board is of the opinion that members should be re-elected because they believe that they have the right skills and experience to continue to serve the Company. As recommended in Principle 7 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. As at 30 June 2022, each of the directors had been on the Board for approximately nine years, with the exceptions of Ms Lenfestey and Ms Burne who were appointed to the Board in 2019 and 2021 respectively. The Board is cognisant of the AIC guidance around Board member tenure and has taken positive action to address this by implementing a carefully thought through succession plan that manages the transition of corporate knowledge, recognises the benefits of bringing new perspectives and diversity, all whilst ensuring independence.

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

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

Directors' Remuneration

The Chair was entitled to an annual remuneration of £62,500 (2021: £62,500). The other Directors were entitled to an annual remuneration of £39,000 (2021: £39,000). Paul Le Page received an additional annual fee of £8,000 (2021: £8,000) for acting as Chair of the Audit Committee. The Board reviewed the Directors' remuneration and following this review from 1 January 2022 the Chair is entitled to an annual remuneration of £65,625. The other Directors are entitled to an annual remuneration of £41,000 and Paul Le Page receives an extra £8,350 as Chair of the Audit Committee. Post year end the Board established a Management Engagement Committee and ESG Committee, the Chair of each is entitled to an extra £3,000.

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

Director	2022 £	2021 £
John Rennocks	64,063	62,500
John Scott	40,000	39,000
Paul Le Page	48,175	47,000
Laurence McNairn (retired 17 February 2022)	24,892	39,000
Meriel Lenfestey	40,000	39,000
Elizabeth Burne (appointed 7 October 2021)	29,689	N/A

The total Directors' fees expense for the year amounted to £240,818 (2021: £226,500). 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 69. 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 2022 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 11)	Audit Committee Meetings (max 6)
John Rennocks	4	10	5
John Scott	4	10	6
Paul Le Page	4	10	6
Laurence McNairn (retired 17 February 2022)[1]	3	6	5
Meriel Lenfestey	4	8	6
Elizabeth Burne (appointed 7 October 2021)[2]	3	7	4

1 Prior to retirement Mr McNairn had attended all scheduled and ad-hoc Board Meetings.

2 Since appointment Ms Burne has attended all scheduled and ad-hoc Board Meetings.

11 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. Any new Director appointed to the Board will be provided with a bespoke induction programme tailored to the individual needs of the Director.

Performance Evaluation

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 67. 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 75 to 78. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

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 67. 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 75 to 78. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

Nomination Committee

Post year end the Board established a Nomination Committee. It is chaired by John Rennocks and at the date of this report comprised all of the Directors set out on page 67. The principal functions of the Committee are to assist the Board in filling vacancies on the Board and its committees and to review and make recommendations regarding Board structure, size and composition. The Committee has yet to meet since establishment, but shall meet at least once a year.

Management Engagement Committee

Post year end the Board established a Management Engagement Committee. It is chaired by Elizabeth Burne and at the date of this report comprised all of the Directors set out on page 67. The principal function of the Committee is to annually review and, if thought fit, approve the terms of the Investment Advisory Agreement between the Company and the Investment Adviser. Additionally, the Committee shall review annually the performance and terms of engagement of any other key service providers to the Company as considered appropriate. The Committee has yet to meet since establishment, but shall meet at least once a year.

ESG Committee

Post year end the Board established an ESG Committee. It is chaired by Meriel Lenfestey and at the date of this report comprised all of the Directors set out on page 67. The principal function of the Committee is to provide a forum for mutual discussion, support and challenge the Investment Adviser with respect to ESG including, with respect to the policies adopted by the Company, in respect to investment and divestment and by the Investment Adviser with respect to asset management activities and their reporting on ESG matters to the Committee and Board. The Committee will also assist on such other matters related to ESG as may be referred to it by the Board. The Committee has yet to meet since establishment, but shall meet at least once a year.

Internal Control and Financial Reporting

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

- the Board has delegated the day–to-day operations of the Company to the Administrator and Investment Adviser; however, it remains accountable for all of the functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisers;
- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and
- the Administrator provides administration and company secretarial services to the Company.

The Administrator maintains a system of internal control on which it reports to the Board.

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

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

The Company has delegated the provision of all services to external service providers whose work is overseen by the Board at its quarterly meetings. Each year a detailed review of performance pursuant to their terms of engagement has been completed by the Audit Committee and will in future be undertaken by the Management Engagement Committee and recommendations made to the Board.

Investment Advisory Agreement

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

The Investment Adviser 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 substantial resources of the Investment Adviser and the Company's strong 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.

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

By order of the Board

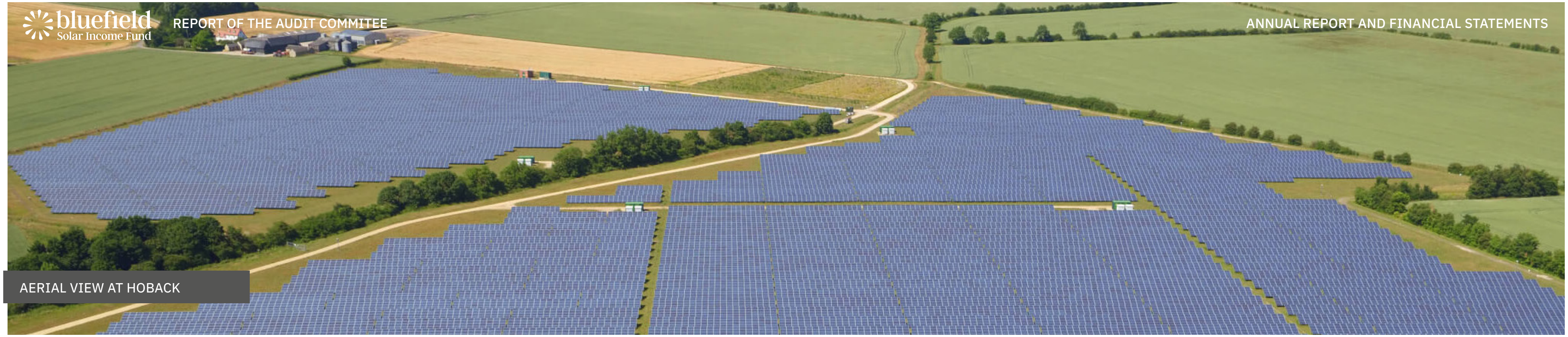
Paul Le Page	Elizabeth Burne
Director	*Director*
29 September 2022	29 September 2022

Report of the Audit Committee

The Audit Committee, chaired by Paul Le Page and comprising all of the Directors set out on page 67, operates within clearly defined terms of reference (which are available from the Company's website, www.bluefieldsif.com) and includes all matters indicated by Rule 7.1 of the UK FCA's DTRs and the AIC Code. It is also the formal forum through which the Auditor will report to the Board of Directors.

The Audit Committee meets no less than three times 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 qualified accountants and three members with an investment background.



AERIAL VIEW AT HOBACK

Responsibilities

The main duties of the Audit Committee are:

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

The Audit Committee chair 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 BR1's investments (Directors' Valuation) as at 30 June 2022 was £939,947,842 (2021: £694,542,588). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash flow methodology. The Directors have also considered transactions in similar assets and used these to infer the discount rate. Significant inputs such as the discount rate, rate of inflation, power price forecast and the amount of electricity the renewable energy infrastructure assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 8 in the financial statements.

The valuation of the BR1's portfolio of renewable energy infrastructure assets (Directors' Valuation) as at 30 June 2022 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 BR1's portfolio valuation and its related sensitivities to the carrying value of the investments as required in accordance with IPEV Valuation Guidelines.

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit 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 there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External Audit

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

The Auditor is required to rotate the audit partner every five years. The current Audit Director is in his first 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 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 and to provide reporting accountant services in relation to the Company's share placings. Total fees paid for the Company and its subsidiaries amounted to £611,400 (2021: £105,250), fees for the Company itself amounted to £230,608 for the year ended 30 June 2022 (30 June 2021: £105,250) of which £97,975 related to audit and audit related services to the Company (30 June 2021: £74,200) and £132,633 in respect of non-audit services (30 June 2021: £31,050).

Notwithstanding such services, which have arisen in connection with review of the interim financial statements and reporting accountant services, 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 2023.

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 Company is subject to mandatory audit director rotation and Mr Barry Ryan was appointed as the signing audit director for the current financial year following the rotation of Mr Rachid Frihmat. The Audit Committee met with Mr Ryan to assess his background and independence at the start of the Company's financial year.

During the course of the year as part of the board refreshment programme the Audit Committee initiated a review of the Company's articles of association and its regulatory and taxation substance requirements.

The Chair 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

29 September 2022

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 2022, 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 2022, and of the Company’s financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies’ Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2021):

Valuation of financial assets held at fair value through profit or loss **£856,380,000;** (2021: £470,282,000)

Refer to the Report of the Audit Committee on pages 75 to 78, note 2 (j) accounting policy and note 8 disclosures.

THE RISK	OUR RESPONSE
Basis: The Company's investment in its immediate subsidiary is carried at fair value through profit or loss and represents a significant proportion of the Company's net assets (2022: 99.8%; 2021: 99.8%). The fair value of the immediate subsidiary, which reflects its net asset value, predominantly comprises of the fair value (£939,948,000) of underlying special purpose vehicle renewable project investments ("SPVs") and the immediate subsidiary level debt (see note 8). The fair value of the SPVs has been determined using the income approach, discounting the future cash flows of underlying renewable projects (the "Valuations"), for which there is no liquid market. The Valuations incorporate certain assumptions including discount rate, 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.	Our audit procedures included, but were not limited to: **Control evaluation:** We assessed the design and implementation of the control over the Valuation of financial assets held at fair value through profit or loss. Valuation model integrity and model inputs: • We tested the valuation model for mathematical accuracy including, but not limited to, material formulae errors; • We verified key inputs into the valuation model, such as power price forecasts, contracted revenue and operating costs to supporting documentation; • We agreed a value driven sample of balances within the residual net asset amounts at subsidiary level to supporting documentation, such as independent bank confirmations and other source documentation; and • In order to assess the reliability of management's forecasts, for a risk based selection, we assessed the historical accuracy of the cash flow forecasts against actual results. **Benchmarking the valuation assumptions:** With support from our KPMG valuation specialist, we challenged the appropriateness of the Company's valuation methodology and key assumptions including discount rate, power price forecasts, inflation, and other macro-economic assumptions applied, by: • assessing the appropriateness of the valuation methodology applied by the Investment Adviser; • benchmarking against independent market data and relevant peer group companies; and • using our KPMG valuation specialist's experience in valuing similar investments. **Assessing transparency:** We considered the appropriateness of the Company's investment valuation policies and the adequacy of the Company's disclosures in relation to the use of estimates and judgements in arriving at fair value (see note 3). We assessed whether the disclosures around the sensitivities to changes in key assumptions reflect the risks inherent in the valuation of the underlying investment portfolio (see note 8).

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

Materiality for the financial statements as a whole was set at £17,167,000 determined with reference to a benchmark of net assets of £858,391,000 of which it represents approximately 2% (2021: 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% (2021: 75%) of materiality for the financial statements as a whole, which equates to £12,875,000. 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 £858,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Going concern

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

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

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

- 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 17 and 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 17 and 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 pages 17 and 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 69, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Barry Ryan

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

29 September 2022

Statement of Financial Position

As at 30 June 2022

Assets	Note	30 June 2022 £'000	30 June 2021 £'000
NON-CURRENT ASSETS			
Financial assets held at fair value through profit or loss	8	856,380	470,282
Total non-current assets		**856,380**	**470,282**
CURRENT ASSETS			
Trade and other receivables	9	882	773
Cash and cash equivalents	10	1,619	775
Total current assets		**2,501**	**1,548**
TOTAL ASSETS		**858,881**	**471,830**
Liabilities			
CURRENT LIABILITIES			
Other payables and accrued expenses	11	490	405
Total current liabilities		**490**	**405**
TOTAL LIABILITIES		**490**	**405**
NET ASSETS		**858,391**	**471,425**
Equity			
Share capital		663,809	413,215
Retained earnings		194,582	58,210
TOTAL EQUITY	13	**858,391**	**471,425**
Number of Ordinary Shares in issue at period/year end	13	611,452,217	406,999,622
Net Asset Value per Ordinary Share (pence)	7	140.39	115.83

These financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and signed on their behalf by:

Paul Le Page
Director
29 September 2022

Elizabeth Burne
Director
29 September 2022

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

Statement of Comprehensive Income

For the year ended 30 June 2022

Income	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Income from investments	4	834	740
		834	**740**
Net gains on financial assets held at fair value through profit or loss	8	175,308	25,181
Operating income		**176,142**	**25,921**

Expenses	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Administrative expenses	5	1,569	1,404
Operating expenses		**1,569**	**1,404**
Operating profit		**174,573**	**24,517**
Profit and total comprehensive income for the year		**174,573**	**24,517**
Earnings per share: Basic and diluted (pence)	12	34.91	6.25

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 2022

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

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**

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

Statement of Cash Flows

For the year ended 30 June 2022

	Note	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Cash flows from operating activities			
Total comprehensive income for the year		174,573	24,517
Adjustments:			
Increase in trade and other receivables		(109)	(5)
Increase/(decrease) in other payables and accrued expenses		85	(31)
Net gains on financial assets held at fair value through profit or loss	8	(175,308)	(25,181)
Net cash used in operating activities*		**(759)**	**(700)**
Cash flows from investing activities			
Purchase of financial assets held at fair value through profit or loss	8	(250,282)	(44,625)
Receipts from investments held at fair value through profit or loss	8	39,492	31,950
Net cash used in investing activities		**(210,790)**	**(12,675)**
Cash flow from financing activities			
Proceeds from issue of Ordinary Shares		251,410	45,260
Issue costs paid		(816)	(757)
Dividends paid	14	(38,201)	(31,100)
Net cash generated from financing activities		**212,393**	**13,403**
Net increase in cash and cash equivalents		844	28
Cash and cash equivalents at the start of the year		775	747
Cash and cash equivalents at the end of the year	10	**1,619**	**775**

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

* Net cash used in operating activities includes £833,887 (2021: £739,966) of investment income.

** Receipts from investments held at fair value through profit or loss includes £14.1 million (2021: £5.4 million) of interest.

Notes

to the Financial Statements for the year ended 30 June 2022

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 2022 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 2022 or later periods.

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

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

b) Going concern

At 30 June 2022, the Company had invested in 127 solar plants, six wind farms and 109 single stick wind turbines, committing £962.2 million to SPV investments. The Company, through its direct subsidiary, BR1, has access to an RCF which, together with the net income generated by the acquired projects, is expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new renewable energy infrastructure assets. The Company, through BR1, expects to comply with the covenants of its long term loans and RCF.

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, taking into account capital raises to 30 June 2022, as well as the performance of the solar and wind plants currently in operation. The conflict in Ukraine continues to have a significant impact on the macro-economic environment in which the Company operates. The Board and Investment Adviser have been closely monitoring this and it has been considered as part of the going concern assessment.

The Board has also considered the likelihood of the Company being asked to discontinue operations in its mandatory five year discontinuation vote that is due at the 2023 AGM and regards this as very unlikely, given the strong performance of the Company and the support which it has received from its major shareholders. In assessing the going concern status of the Company, the Board has also considered the re-financing of the Natwest term loan, maturing in August 2023, and the interest rate swaps for 75% of the balance (being £82.5m) in place until 2037, and has concluded that there is no reason to believe that these will not be refinanced or repaid as they fall due.

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

c) Accounting for subsidiaries

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

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

d) Functional and presentation currency

These financial statements are presented in Sterling, which is the functional currency of the Company as well as the presentation currency. All amounts are stated to the nearest thousand unless otherwise stated. The Company's funding, investments and transactions are all denominated in Sterling.

e) Income

Monitoring fee income is recognised on an accruals basis.

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

f) Expenses

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

g) Finance costs

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

h) Dividends

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

i) Segmental reporting

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

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

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

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

j) Financial instruments

Classification and measurement of financial assets and financial liabilities

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

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

Classification

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

Recognition and de-recognition

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

Measurement

Subsequent to initial recognition, investment in BR1 is measured at each subsequent reporting date at fair value. The Company holds all of the shares in the subsidiary, BR1, which is a holding vehicle used to hold the Company's SPV investments. The Directors believe it is appropriate to value this entity based on the fair value of its portfolio of SPV investment assets held plus its other assets and liabilities. The SPV investment assets held by the subsidiary are valued semi-annually as described in Note 8 on a discounted cash flow basis which is benchmarked against market transactions.

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

ii) Cash and cash equivalents and trade and other receivables

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

iii) Financial liabilities

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

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

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

Financial liabilities measured at amortised cost

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

Derecognition of financial liabilities

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

k) Equity instruments

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

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

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

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

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

As disclosed in Note 8, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m/MW basis against comparable portfolio transactions and on this basis a weighted average discount rate of 6.75% (6.00% as at 30 June 2021) has been utilised.

Use of a blended power forecast is unchanged, but the inflation assumption has been increased to 10.9% in 2022 and 3.4% in 2023 to reflect market forecasts, after this a medium-term rate at 3% (June 2021: 3%) has been extended to June 2029 before reverting to a reduced long term assumption of 2.25% (June 2021: 2.75%) thereafter.

The Directors' Valuation as at 30 June 2022 is based on a weighted average life of the portfolio of 25 years (vs. 30.2 years in June 2021), reflecting both new acquisitions and asset life extensions.

4.Income from investments

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Monitoring fee in relation to loans supplied (Note 16)	834	740
	834	**740**

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

5. Administrative expenses

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Investment advisory base fee * (see Note 16)	491	363
Legal and professional fees	166	186
Administration fees	395	319
Directors' remuneration	241	227
Audit fees	98	74
Non-audit fees	40	30
Broker fees	52	50
Regulatory Fees	50	48
Registrar fees	35	51
Insurance	11	11
Listing fees	37	21
Other expenses	(47)	24
	1,569	**1,404**

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

Investment Advisory Agreement

The Company, BR1 and the Investment Adviser have entered into an Investment Advisory Agreement, pursuant to which the Investment Adviser has been given overall responsibility for the non-discretionary management of the Company's (and any of BR1'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.

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.

Administration Agreement

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

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £7,500 and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

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

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

For the year ended 30 June 2022, the Company incurred fees to the administrator of £395,329 (2021: £319,331) of which £204,162 (2021: £89,438) 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 (2021: £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% (2021: 19%).

7. Net Asset Value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £858,390,982 (2021: £471,424,833) and the number of shares in issue at 30 June 2022 of 611,452,217 (2021: 406,999,622) 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 2022 Total £'000	30 June 2021 Total £'000
Opening balance (Level 3)	470,282	432,426
AAdditions – funds passed to BR1/BSIFIL	250,282	44,625
Change in fair value of financial assets held at fair value through profit or loss	135,816	(6,769)
Closing balance (Level 3)	**856,380**	**470,282**

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

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Unrealised change in fair value of financial assets held at fair value through profit or loss	135,816	(6,769)
Cash receipts from non-consolidated subsidiary*	39,492	31,950
Net gains on financial assets held at fair value through profit or loss	**175,308**	**470,282**

*Comprising of repayment of Loans and Eurobond interest

Investments at fair value through profit or loss comprise the fair value of the SPV investment portfolio held by BR1, the Company's single direct subsidiary, which changed from BSIFIL to BR1 in May 2022 to facilitate arrangement of the new RCF. This is valued semi-annually by the Directors, and the fair value of BR1'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 84.

	30 June 2022 Total £'000	30 June 2021 Total £'000
SPV investment portfolio, Directors' Valuation	939,948	694,543
Immediate Holding Company		
Cash	13,102	22,542
Working capital	(26,670)	3,754
Debt	(70,000)	(250,557)
	(83,568)	(224,261)
Financial assets at fair value through profit or loss	**856,380**	**470,282**

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.

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

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

The only financial instrument carried at fair value is the investment held by the Company, BR1, which is fair valued at each reporting date. The Company's investment has been classified within Level 3 as BR1's investments are not traded and contain unobservable inputs.

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2022. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, these are always expected to be classified as Level 3.

Directors' Valuation methodology and process

The same valuation methodology and process for operational assets is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2021. Assets under construction and not yet operational are valued at cost (deemed to approximate fair value) and exclude acquisition costs which are expensed in the period in which they are incurred, whilst investments that are operational are valued under the 'willing buyer-willing seller' methodology, on a DCF basis over the life of the asset (typically more than 25 years) and, prudently benchmarked on a £/MW basis against comparable transactions for large scale portfolios.

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

The Investment Adviser recommends the fair value on a semi-annual basis, subject to the Board's approval. The key inputs, as listed below, are derived from various internal and external sources. The key inputs to a DCF based approach are: the equity discount rate, the cost of debt (influenced by interest rate, gearing level and length of debt), power price forecasts, long term inflation rates, asset life, irradiation forecasts, average wind speeds, operational costs and taxation. Given discount rates are a product of not only the factors listed previously but also regulatory support, perceived sector risk and competitive tensions, it is not unusual for discount rates to change over time. Evidence of this is shown by way of the revisions to the original discount rates applied between the first renewable acquisitions and those witnessed in the past twelve months.

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

Judgement is used by the Board in increasing the weighted average discount rate to 6.75% as at 30 June 2022 (2021: 6.00%) with three key factors that have impacted the adoption of this rate outlined below:

a. Transaction values have risen to c.£1.25-1.45/MW for large scale portfolios and which the Board have used to determine that an effective price of £1.38m/MW is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2022;

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 (530MW) 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.

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.

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 2022		30 JUNE 2021	
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%	(21.8)	(3.57)	(16.0)	(3.93)
	- 0.5%	23.1	3.77	17.1	4.20
Power prices	+10%	62.2	10.17	41.4	10.17
	-10%	(63.8)	(10.43)	(43.5)	(10.69)
Inflation rate *	+ 0.5%	25.0	4.09	14.2	3.49
	- 0.5%	(26.1)	(4.28)	(13.9)	(3.42)
Energy yield	10 year P90	(100.2)	(16.39)	(66.6)	(16.36)
	10 year P10	100.5	16.43	65.9	16.19
Operational costs	+10%	(10.5)	(1.72)	(8.3)	(2.04)
	-10%	10.5	1.72	8.3	2.04

* PY change in input was +0.25%/-0.25%

Subsidiaries and Associates

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

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

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

Name	Ownership percentage
Kislingbury Solar Limited	100
Thornton Lane Solar Farm Limited	100
Gretton Solar Farm Limited	100
Wormit Solar Farm Limited	100
Langlands Solar Limited	100
Bluefield Merlin LTD	100
Harrier Solar Limited	100
Rhydy Pandy Solar Limited	100
New Energy Business Solar Ltd	100
Corby Solar Limited	100
Falcon Solar Farm Limited	100
Folly Lane Solar Limited	100
New Road Solar Limited	100
Blossom 1 Solar Limited	100
Blossom 2 Solar Limited	100
New Road 2 Solar Limited	100
GPP Eastcott LLP	100
GPP Blackbush LLP	100
GPP Big Field LLP	100
Good Energy Creathorne Farm Solar Park (003) Limited	100
Good Energy Lower End Farm Solar Park (026)	100
Good Energy Woolbridge Solar Park (010) Limited	100
Good Energy Rook Wood Solar Park (057) Limited	100
Good Energy Carloggas Solar Park (009) Limited	100
Good Energy Cross Road Plantation Solar Park (028) Limited	100
Good Energy Delabole Windfarm Limited	100
Good Energy Hampole Windfarm Limited	100
Good Energy Generating Assets No.1 Limited	100
Good Energy Holding Company No.1 Limited	100
Aisling Renewables LTD	100

Name	Ownership percentage
Arena Wind Beragh Limited	100
Arena Wind Camlough Limited	100
Arena Wind Cullybackey Limited	100
Arena Wind Dungorman Limited	100
Arena Wind Holdings Limited	100
Arena Wind Killeenan Limited	100
Arena Wind Mowhan Limited	100
Arena Wind Mullanmore Limited	100
Arena Wind (NI) Limited	100
Ash Renewables No 3 Limited	100
Ash Renewables No 4 Limited	100
Ash Renewables No 5 Limited	100
Ash Renewables No 6 Limited	100
Carmoney Energy Limited	100
Errigal Energy Limited	100
Galley Energy Limited	100
Oak Renewables 2 Limited	100
Oak Renewables Limited	100
S&E Wind Energy Limited	100
Arena Capital Partners Limited	100
Boston RE Ltd	100
DC21 Earth SPV Limited	100
E5 Energy Limited	100
E6 Energy Limited	100
E7 Energy Limited	100
Hallmark Powergen 3 Limited	100
Warren Wind Limited	100
Wind Energy Three Limited	100
Wind Energy Holdings Limited	100
Wind Energy Scotland (Fourteen Arce Fields) Limited	100
Wind Energy Scotland (Birkwood Mains) Limited	100

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

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

9.Trade and other receivables

	30 June 2022 £'000	30 June 2021 £'000
CURRENT ASSETS		
Income from investments	834	740
Other receivables	43	13
Prepayments	5	20
	882	**773**

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 2022 was £1,619,313 (2021: £775,016) and approximated their fair value. Cash held by BR1, the Company's immediate wholly owned subsidiary, as at 30 June 2022 is shown in Note 8.

11. Other payables and accrued expenses

	30 June 2022 £'000	30 June 2021 £'000
CURRENT LIABILITIES		
Investment advisory fees	121	89
Administration fees	204	89
Audit fees	95	85
Directors' Fees	60	60
Other payables	10	82
	490	**405**

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 2022	Year ended 30 June 2021
Profit attributable to Shareholders of the Company	£174,572,832	£24,517,576
Weighted average number of Ordinary Shares in issue	500,110,688	392,299,622
Basic and diluted earnings from continuing operations and profit for the year (pence per share)	**34.91**	**6.25**

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 2022 Number	Year ended 30 June 2021 Number
Opening balance	**406,999,622**	**370,499,622**
Shares issued for cash	204,452,595	36,500,000
Closing balance	**611,452,217**	**406,999,622**

Shareholders' Equity	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Opening balance	**471,425**	**433,505**
Ordinary Shares issued for cash	255,100	45,260
Share issue costs	(4,506)	(757)
Dividends paid	(38,201)	(31,100)
Retained earnings	174,573	24,517
Closing balance	**858,391**	**471,425**

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 had in issue was 496,067,602.

On 1 June 2022, the Company announced the issue of 115,384,615 new Ordinary Shares at a price of £1.30 per ordinary share raising gross proceeds of approximately £150.0 million. Following the issue, the number of ordinary shares that the Company has in issue is 611,452,217.

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 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 5 October 2021, the Board declared 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 was paid on 8 November 2021 to Shareholders on the register on 15 October 2021.

On 31 January 2022, the Board declared its first interim dividend of £10,070,172, in respect of the year ended 30 June 2022, equating to 2.03pps (first interim dividend in respect of the year ended 30 June 2021: 2.00pps), which was paid on 10 March 2022 to Shareholders on the register on 11 February 2022.

On 4 May 2022, the Board declared a second interim dividend of £10,070,172, in respect of the year ended 30 June 2022, equating to 2.03pps (second interim dividend in respect of the year ended 30 June 2021: 2.00pps), which was paid on 13 June 2022 to Shareholders on the register as at 13 May 2022.

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

Post year end, on 29 September 2022, the Board approved a fourth interim dividend of £12,779,351 in respect of the year ended 30 June 2022, equating to 2.09pps (fourth interim dividend in respect of the year ended 30 June 2021: 2.00pps), which will be declared on 30 September 2022 and paid on or around 4 November 2022 to Shareholders on the register on 14 October 2022.

15. Risk management policies and procedures

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

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

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

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

Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company, in particular through the Company's subsidiary, BR1, will fluctuate because of changes in market prices.

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

BR1's future SPV investments are subject to fluctuations in the price of secondary assets which could have a material adverse effect on the BR1's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

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

Currency risk

The Company does not have any direct currency risk exposure as all its investments and transactions are in Sterling. The Company is however indirectly exposed to currency risk on future equipment purchases, made through BR1's SPVs, where equipment is imported.

Interest rate risk

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

The Company is also exposed, through BR1, to interest rate risk on drawings under its RCF. Please see page 35 in the Investment Adviser's report for details of the third party debt within the Company's subsidiaries.

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

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

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

	Interest rate	Total as at 30 June 2021 (£'000)
Floating rate		
RBSI	0.00%	272
Fixed rate		
Lloyds	0.00%	503
		775

The valuation of BR1's SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash flow technique when valuing the investments. The Investment Adviser reviews the discount rates semi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. The Group is exposed to interest rate risk on the Directors' Valuation of £939.9m (2021: £694.5m).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. At the reporting date BR1's SPVs (2021: BSIFIL's SPVs) held performance bonds totalling £1,830,000 (2021: £1,411,977) with banks that have a credit rating which is of investment grade.

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

The Company's credit risk exposure is due to a portion of the Company's assets being held as cash and cash equivalents and accrued interest. The Company maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2022, the maximum credit risk exposure in relation to cash and cash equivalents held by the Company was £1,619,313 (2021: £775,016). If the cash and cash equivalents held by BR1 (2021: BSIFIL) are included, this increases to £14,721,105 (2021: £23,316,642). All cash and cash equivalents held by the Company and BR1 is with banks that have a credit rating which is of investment grade.

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

	Cash £'000)	Fixed deposit £'000)	Total as at 30 June 2021 (£'000)
RBSI	272	-	272
Lloyds	-	503	503
	272	**503**	**775**

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 BR1, are in the SPVs, which are private companies that are not publicly listed, the return from these investments is dependent on the income generated or the disposal of renewable energy infrastructure assets by the SPVs and will take time to realise.

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

AERIAL VIEW AT TRETHOSA

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 2022 (£'000)
ASSETS				
Financial assets held at fair value through profit or loss*	-	-	484,322	**484,322**
Trade and other receivables**	877	-	-	**877**
Cash and cash equivalents	1,619	-	-	**1,619**
LIABILITIES				
Other payables and accrued expenses	(490)	-	-	**(490)**
	2,006	-	484,322	**486,328**

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

**excluding prepayments

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

	Less than one year (£'000)	Between one and five years (£'000)	After five years (£'000)	Total as at 30 June 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 BR1 under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above

**excluding prepayments

Portfolio operational risk

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

Concentrations of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The concentrations of the Company's assets by geography, construction contractor and revenue type are shown on page 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 any share issuance and loan facilities) is to fund BR1's projects, as well as expenses related to fundraising, the share issues, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.

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

The Company has no imposed capital requirements.

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

16. Related Party Transactions and Directors' Remuneration

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

The Chair was entitled to an annual remuneration of £62,500 (2021: £62,500). The other Directors were entitled to an annual remuneration of £39,000 (2021: £39,000). Paul Le Page received an additional annual fee of £8,000 (2021: £8,000) for acting as Chair of the Audit Committee. The Board reviewed the Directors' remuneration and following this review from 1 January 2022 the Chair is entitled to an annual remuneration of £65,625. The other Directors are entitled to an annual remuneration of £41,000 and Paul Le Page receives an extra £8,350 as Chair of the Audit Committee. Post year end the Board established a Management Engagement Committee and ESG Committee, the Chair of each is entitled to an extra £3,000.

The total Directors' fees expense for the period amounted to £240,818 (2021: £226,500) of which £59,750 was outstanding at 30 June 2022 (2021: £59,750).

At 30 June 2022, the number of Ordinary Shares held by each Director is as follows:

	2022 Number of Ordinary Shares	2021 Number of Ordinary Shares
John Rennocks*	290,388	316,011
John Scott*	543,312	512,436
Paul Le Page	35,000	35,000
Laurence McNairn	N/A	441,764
Meriel Lenfestey	7,693	-
Elizabeth Burne	15,000	N/A
	891,393	**1,305,211**

*Including shares held by PCAs

John Scott and John Rennocks are Directors of BSIFIL. They received an annual fee of £6,250 (2021: £6,250) each for their services to this company, from 1 January 2022 the annual fee was increased to £6,565. Neil Wood and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL and BR1.

The Company, BSIFIL's and BR1's investment advisory fees for the year amounted to £5,131,527 (2021: £3,764,777) of which £494,485 (2021: £299,763) was outstanding at the year end. James Armstrong, Giovanni Terranova and Neil Wood, who are partners of the Investment Adviser, hold a 0.03%, 0.06% and 0.01% interest in the Company as at 30 June 2022, respectively.

Fees paid during the period by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £3,199,594 (2021: £2,914,444). BSL provides asset management and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the period by SPVs to BOL, a company which has the same ownership as that of the Investment Adviser totalled £5,788,585 (2021: £3,471,624). BOL provides O&M and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the period by SPVs to BRD, a company which has the same ownership as that of the Investment Adviser, totalled £691,280 (2021: £85,500). BRD locates and manages a pipeline of development projects for the Company.

The Company's monitoring fee income received from BSIFIL and BR1 amounted to £833,887 (2021: £739,966) of which £833,887 was outstanding at the year end (2021: £739,966).

TURBINE AT HAMPOLE

17. Subsequent events

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

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

Post year end, on 29 September 2022, the Board approved a fourth interim dividend of £12,779,351 in respect of the year ended 30 June 2022, equating to 2.09pps (fourth interim dividend in respect of the year ended 30 June 2021: 2.00pps), which will be declared on 30 September 2022 and paid on or around 4 November 2022 to Shareholders on the register on 14 October 2022.

On 16 September 2022 the Company was admitted to the FTSE 250 and on 15 August 2022 announced it had successfully qualified 65MW of new build PV projects to receive CfDs under the recent AR 4 auction.

Glossary

of Defined Terms

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

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

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

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

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

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

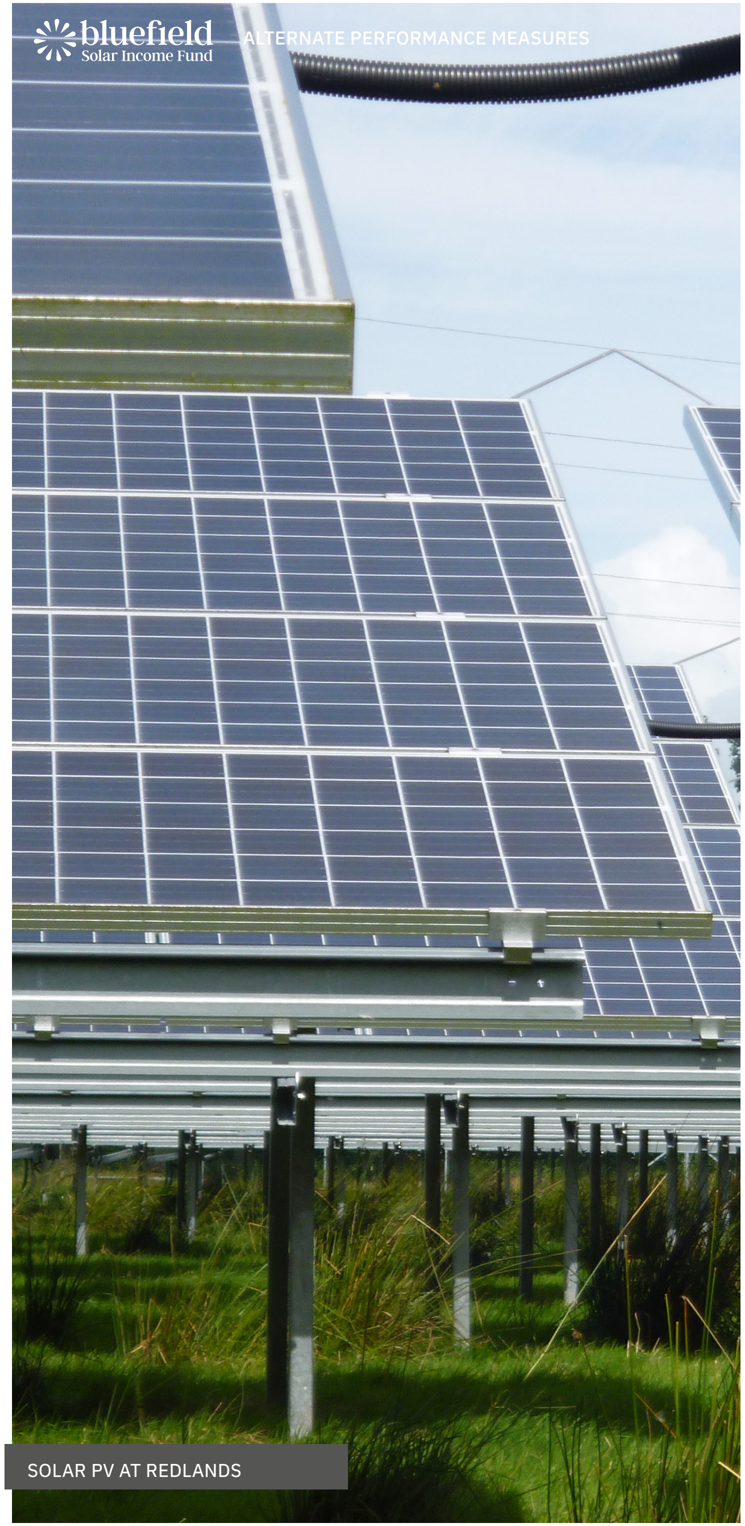
Law	Companies (Guernsey) Law, 2008 as amended (see Companies Law)
LD	Liquidated damages
LIBOR	London Interbank Offered Rate
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK

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
NatWest	NatWest International plc
NAV	Net Asset Value as defined in the prospectus
NMPI	Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion
NPPR	The AIFMD National Private Placement Regime
O&M	Operation and Maintenance
OECD	The Organisation for Economic Cooperation and Development
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class
Outage Risk	A higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage
P10	Irradiation estimate exceeded with 10% probability
P90	Irradiation estimate exceeded with 90% probability
PCA	Persons Closely Associated
PPA	Power Purchase Agreement
pps	Pence per share
PR	Performance ratio (the ratio of the actual and theoretically possible energy outputs)
PRIIPS	Packaged Retail and Insurance-Based Investment Products
PV	Photovoltaic
RBSI	Royal Bank of Scotland International Limited
RCF	Revolving Credit Facility
RO Scheme	The Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources, or pay a penalty
ROC	Renewable Obligation Certificates
ROC recycle	The payment received by generators from the redistribution of the buy-out fund. Payments are made into the buy-out fund when suppliers do not have sufficient ROCs to cover their obligation
RPI	The Retail Price Index
Santander UK	Santander UK plc
SASB	Sustainability Accounting Standards Board
SDG	The United Nations Sustainable Development Goals
SFDR	The Sustainable Finance Disclosure Regulation
SONIA	Sterling Overnight Index Average
SPA	Share Purchase Agreement
SPVs	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
Sterling	The Great British pound currency
TCFD	Task Force for Climate-related Financial Disclosures
TISE	The International Stock Exchange (based in the Channel Islands)
UK	The United Kingdom of Great Britain and Northern Ireland
UK Code	The United Kingdom Corporate Governance Code
UK FCA	The UK Financial Conduct Authority
UNGC	The United Nations Global Compact
United Nations Principles for Responsible Investment	An approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long term returns

Alternative Performance Measures

Unaudited

APM	DEFINITION	PURPOSE	CALCULATION
Total return	The percentage increase/(decrease) in NAV, inclusive of dividends paid, in the reporting period.	A key measure of the success of the Investment Adviser's investment strategy.	The change in NAV for the period plus any dividends paid divided by the initial NAV. (140.39 - 115.83+2.0+2.0+ 2.03+2.03)/115.83=28.16%
Total Shareholder Return	The percentage increase/(decrease) in share price, inclusive of dividends paid, in the reporting period.	A measure of the return that could have been obtained by holding a share over the reporting period.	The change in share price for the period plus any dividends paid divided by the initial share price. (131.00 121.40+2.0+2.0+2.03+2.03)/121.40=14.55% The measure excludes transaction costs.
Total Dividends Declared in Period	This is the sum of the dividends that the Board has declared relating to the reporting period.	A measure of the income that the company has paid to shareholders that can be compared to the Company's target dividend.	The linear sum of each dividend declared in the reporting period
Underlying Earnings	Total net income of the Company's investment portfolio.	A measure to link the underlying financial performance of the operational projects to the dividends declared and paid by the Company.	Total income of the Company's portfolio minus Group operating costs minus Group debt costs.
Market Capitalisation	The total value of the Company's issued share capital.	This is a key indicator of the Company's liquidity.	The price per share multiplied by the number of shares in issue.
NAV per Ordinary Share	The Company's closing NAV per share at the period end.	A measure of the value of one Ordinary Share.	The net assets attributable to Ordinary Shares on the statement of financial position (£858.4m) divided by the number of ordinary shares in issue (611,452,217) as at the calculation date.
Sale of Electricity	The total proportion of revenue generated by the Company's portfolio that is attributable to electricity sales.	A measure to understand the proportion of revenue attributable to sales of electricity.	The amount of revenue attributable to electricity sales divided by the total revenue generated by the Company's portfolio, expressed as a percentage.
Total Revenue	Total net income of the Company's investment portfolio.	A measure to outline the Total revenue of the portfolio on per MW basis.	Total income of the Company's portfolio owned for a full 12 months.
PPA Revenue	Revenue generated through PPAs.	A measure to outline the revenue earned by the portfolio from power sales.	Total revenue from all power price sales during the period from the Company's portfolio.
Regulated Revenue	Revenue generated from the sale of FiTs and ROCs.	A measure to outline the revenue earned by the portfolio from government subsidies.	Total revenue from all subsidy income earned during the period from the Company's portfolio.
Ongoing charges ratio	The recurring costs that the Company and its Immediate Holding Company has incurred during the period excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the period.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for Shareholders.	Calculated in accordance with the AIC methodology detailed in the table below.



SOLAR PV AT REDLANDS

APM	*DEFINITION*	*PURPOSE*	*CALCULATION*
Weighted Average ROC	A relative indicator of the regulatory revenues within a renewable portfolio.	A measure of the Company's portfolio earnings as a proportion of its assets.	Total Regulated Revenue received by the portfolio divided by the product of the current market value of a ROC and the annual generation capacity of the portfolio.
Weighted Average Life	The average operational life of the Company's portfolio.	A measure of the Company's progress in extending the life of its portfolio beyond the end of the subsidy regime in 2036.	The sum of the product of each plant's operational capacity in MWp and the plant's expected life divided by the total portfolio capacity in MW.
Directors' Valuation	The gross value of the SPV Investments held by BR1, including their holding companies minus Project level debt.	An estimate of the sum that would be realised if the Company's portfolio was sold on a willing buyer, willing seller basis.	A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the total value of the Company's Assets.	The total assets attributable to Ordinary Shares on the Statement of Financial Position.
Total Outstanding Debt	The total outstanding balances of all debt held within the Company and its subsidiaries.	A measure that is used to establish the Company's level of gearing.	The sum of the Sterling equivalent values of all loans held within the Company.

Ongoing Charges		Year to 30 June 2022	
	The Company £'000s	Immediate Holding Company £'000s	Total £'000s
Fees to Investment Adviser	491	4,640	5,131
Legal and professional fees	159	165	324
Administration fees	395	-	395
Directors' remuneration	240	13	253
Audit fees	98	181	279
Other ongoing expenses	60	-	60
Total ongoing expenses	**1,521**	**4,921**	**6,442**
Average NAV			**630,257,213**
Ongoing Charges (using AIC methodology)			**1.02%**