Bluefield Solar Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Interim Financial Statements

FOR THE PERIOD FROM INCORPORATION ON 29 MAY 2013 TO 31 DECEMBER 2013

Company Registration Number: 56708

Table of Contents

Corporate Summary

Investment objective

The investment objective of Bluefield Solar Income Fund Limited (the **"Company"**) is to provide shareholders with an attractive return, principally in the form of semi-annual income distributions, by investing in a portfolio of large scale United Kingdom (**"UK"**) based solar energy infrastructure assets.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Companies (Guernsey) Law, 2008 on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme. The Company's Ordinary Shares were admitted to the Premium Segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 12 July 2013. The issued capital during the period comprises the Company's Ordinary Shares denominated in Sterling.

Investment Adviser

The Investment Adviser to the Company and its wholly owned subsidiary, Bluefield SIF Investments Limited (together the **"Group"**) during the period was Bluefield Partners LLP which is authorised and regulated by the UK Financial Conduct Authority under the number 507508.

General Information

Board of Directors (all non-executive)
John Rennocks (Chairman) *Appointed 12 June 2013*
John Scott *Appointed 12 June 2013*
Paul Le Page (Chairman of Audit Committee) *Appointed 12 June 2013*
Laurence McNairn *Appointed 1 July 2013*
Mark Huntley *Appointed 29 May 2013, resigned 1 July 2013*

Investment Adviser
Bluefield Partners LLP
53 Chandos Place
London, WC2N 4HS

Registered Office
Heritage Hall
PO Box 225
Le Marchant Street
St. Peter Port
Guernsey, GY1 4HY

Administrator, Company Secretary and Designated Manager
Heritage International Fund Managers Limited
Heritage Hall
PO Box 225
Le Marchant Street, St. Peter Port
Guernsey, GY1 4HY

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

Independent Auditor & Reporting Accountants
KPMG Channel Islands Limited
PO Box 20
20 New Street, St. Peter Port
Guernsey, GY1 4AN

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

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue, St Sampson
Guernsey, GY2 4LH

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

Receiving Agent and UK Transfer Agent
Capita Registrars Limited
Corporate Actions
The Registry
34 Beckenham Road, Beckenham
Kent , BR3 4TU

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

Highlights

Introduction

- Bluefield Solar Income Fund Limited is a sector specialist infrastructure fund focused on the acquisition and optimisation of UK based large scale solar energy assets;

- The Company was listed on the Premium Segment of the London Stock Exchange on 12 July 2013 raising £130m;

- The objective of the Company is to deliver long-term, stable dividends growing in-line with the Retail Price Index (**"RPI"**);

- Between listing and 31 December 2013, the Company announced seven acquisitions and had committed over 75% of the proceeds of the Initial Public Offering (**"IPO"**);

- Since 31 December 2013, a further two acquisitions have been made thus bringing the total acquisitions to date to nine and fully committing the IPO proceeds;

- The Company has committed to a diversified portfolio of assets using four different contractors and the portfolio as at 31 December 2013 is expected to deliver a capacity of 81 megawatts peak (**"MWp"**) at an average investment of £1.16m per MWp;

- Attractively priced acquisitions and strong contractual protections give the Directors comfort that the portfolio will achieve the target return of 7 pence per share annually, rising with RPI. The Company will seek to increase annual distributions after the successful execution of management strategies;

- First interim dividend of 2 pence per share was declared on 19 February 2014;

- Raised a further £13.2m on 21 February 2014, through a placing under the authority granted at launch.

Company at a glance:

As at 31 December 2013

Number of Ordinary Shares in Issue	**130,290,000**
Market Capitalisation/Share Price	**£130,290,000/ 100.00p**
Net Asset Value (**"NAV"**)/NAV per share	**£126,785,315/97.31p**
Target dividend	7.0 pence per share per annum, rising in line with RPI inflation

Chairman's Statement

In July 2013, the Bluefield Solar Income Fund Limited achieved its IPO and in doing so became the first solar focused fund to be listed by the London Stock Exchange. We presented a simple proposal to the market: the Company would seek to deploy the IPO proceeds within a year of the listing and lock in long term, stable, index-linked dividends from solar energy assets in the UK, an asset class the Company predicted was poised to go through a rapid growth phase. The Company would target a long-term distribution of 7 pence rising with RPI, a sector leading dividend strategy based on cautious assumptions and low levels of leverage.

Six months on and the Company has worked hard to deliver on its promises to its shareholders and is well on its way to achieving these base objectives. Working closely with the Investment Adviser, Bluefield Partners LLP, there are four highlights to comment on:

- the speed of deployment; the IPO proceeds were fully committed by early 2014;
- there is the potential to grow the shareholder and asset base significantly from that point given the Investment Adviser's pipeline;
- the depth and diversity of the contractors and transactions confirms the Investment Adviser's deep knowledge of and access to the UK solar market and bodes well as the Company moves to grow the Company's asset base beyond the IPO proceeds and;
- the attractive pricing achieved by the transactions so far, and cautious assumptions that underpin the investment strategy, such as zero real energy price inflation give the Board confidence that the Company is building an asset base that can deliver, and potentially exceed, the base case distribution profile.

Regulatory Environment

The Company is working in a supportive UK regulatory regime set up by the Government, notwithstanding the narrative around consumer energy prices and green taxes in the period running up to Christmas. Looking objectively at the renewable energy policy, such as the Renewable Obligation Scheme, the support mechanism upon which the Company primarily relies, there is consistent and stable support. This confidence is highlighted by the rapid growth of the UK solar market in 2013 and the expected continuation of this growth in 2014 of installations of large-scale primary assets, opportunities for which the Company is primed to take full advantage.

Acquisitions, Cash Generation and Dividend

The seven acquisitions announced up to 31 December 2013 are in line with the base case assumption of a dividend of 4 pence per ordinary share in relation to the first financial year ending 30 June 2014, and 7 pence per ordinary share in respect of the Company's second financial year, with the intention of this rising annually with RPI thereafter. Whilst the Company is still in its investment phase, the acquisitions made so far, which are attractively priced, use prudent assumptions and have strong contractual protections, give the Directors comfort that the target distributions will be achieved once the IPO proceeds are fully deployed.

Chairman’s Statement (continued)

Business Strategy

The objective of the Company is to deploy first the proceeds of the IPO and then to build the asset base by additional capital raises and asset acquisitions. We are seeking to build the shareholder base further in the next 2 to 3 years as we see the expected growth in primary assets and are evaluating all options in this regard in order to most efficiently achieve this aim. This includes the possible use of a revolving credit facility, in addition to potential further equity raises.

Post-December update

At the date of issue of this report, we can report that the Company has committed to a further two acquisitions, fully utilising the proceeds of IPO. The second acquisition required the issuance of new shares via a placement. The placement was over-subscribed and 13,028,999 of new shares (the maximum allowable) were allotted on Friday 21, February 2014. The price was 101 pence. We also announced the Company’s first semi-annual dividend of 2 pence. For the avoidance of doubt, the new share issuance is ex-dividend. In the same announcement, the Company released a statement to the market saying that on completion of the acquisitions, the Company had contracted cashflows to deliver its target dividend of 4 pence per ordinary share in relation to the first financial year ending 30 June 2014, and 7 pence per ordinary share in respect of the Company's second financial year, with the intention of this rising annually with RPI thereafter.

Conclusion

Since the Company listed, there have been other listings with a renewable and solar energy focus. This is to be expected as the renewable energy investment market in the UK grows and increasingly attracts institutional backers. That said, by paying attractive prices for high quality assets, backed by prudent assumptions, the Company is laying a solid foundation that gives confidence that the hurdle returns and distributions can be achieved.

In summary, your Board is delighted with the progress within the first six months and we look forward to further opportunities in the coming months and thereafter.

John Rennocks
Chairman
27 February 2014

Investment Adviser’s Report

About Bluefield Partners LLP (the “Investment Adviser” or “Bluefield”)

The Investment Adviser was established in 2009 and is a specialist investment adviser to companies and funds investing in solar energy infrastructure. Bluefield’s team has a proven track record in the selection, acquisition and management of large scale energy and infrastructure assets in the UK and Europe. The managing partners have been involved in over GBP350m of solar photovoltaic (**“PV”**) funds and/or transactions in both the UK and Europe since 2008, including over GBP170m in the UK since December 2011. Bluefield has led the acquisitions, and currently advises, on over 50 UK based solar assets. Bluefield was appointed Investment Adviser to the Company in June 2013.

Growth of Primary Assets in the UK

The development and installation of large scale solar in the UK is going through a significant growth phase. During 2013 an estimated 1.45 gigawatts peak (**“GWp”**) of new capacity was added and saw total installed solar capacity, across all sectors, come close to doubling to 3 GWp.

The UK was ranked in sixth place globally for large-scale solar PV, and is one of just six countries that had, or approached, a GWp-level for large-scale solar market during 2013. This growth, as forecast by the Company’s Investment Adviser pre-listing, amounts to over £1.5 billion of new assets being grid-connected in 2013. One market segment that did not see strong growth was commercial and industrial rooftop installations, although it is an area that is expected to grow significantly in the next few years.

Indications are that 2014 is going to see continued growth in the primary market for agriculturally situated, large-scale sites with some market analysts forecasting a further 1 GWp of new large ground based capacity being added in quarter 1, 2014 and a total of 2 GWp being installed by the end of 2014. This would create an investment market, as estimated by the Investment Adviser, in new build primary assets in excess of £2 billion.

Regulatory Stability

Investment into solar infrastructure in the UK gives the Company the ability to use either the Renewable Obligation (**“RO”**) Scheme or Feed-in Tariff (“**FiT**”) regime to provide long-term regulated revenues. To date, the Company has exclusively used the RO Scheme due to all the assets being in excess of 5MWp (FiT support is only available to assets that are 5MWp capacity or less). The RO Scheme enables investors to access a 20 year support mechanism with revenues that are linked to RPI. The RO Scheme is the main support for renewable energy investment in the UK and has been the basis of the growth in the UK offshore and onshore wind industry and the recent growth in the UK large-scale solar market.

The RO Scheme for solar is due to close for new installations in 2017, being replaced by the new support, Contracts for Difference (“**CfD**”). In December the government announced the intended support levels, or strike prices, for CfDs, which have created the potential for an additional regulated support for the solar industry from 2014 onwards, alongside the established RO Scheme and FiT.

Regulatory Stability (continued)

In the short term, it is expected that the Company will continue to invest using RO Scheme and FiT. The Company notes that the period in the run up to Christmas, 2013, was challenging for renewable energy companies in that consumer energy price inflation became a key issue between the coalition Government and the Labour opposition. All government backed 'green' supports from the Energy Companies Obligation ("**ECO**") to the RO Scheme and FiT appeared to be under review as green levies and taxes got caught in the middle of the debate. Throughout the debate, the Department of Energy and Climate Change ("**DECC**") gave consistent, clear and unchanging support for both the RO Scheme and FiT regime and in December 2013 it was confirmed that there was no change to policy.

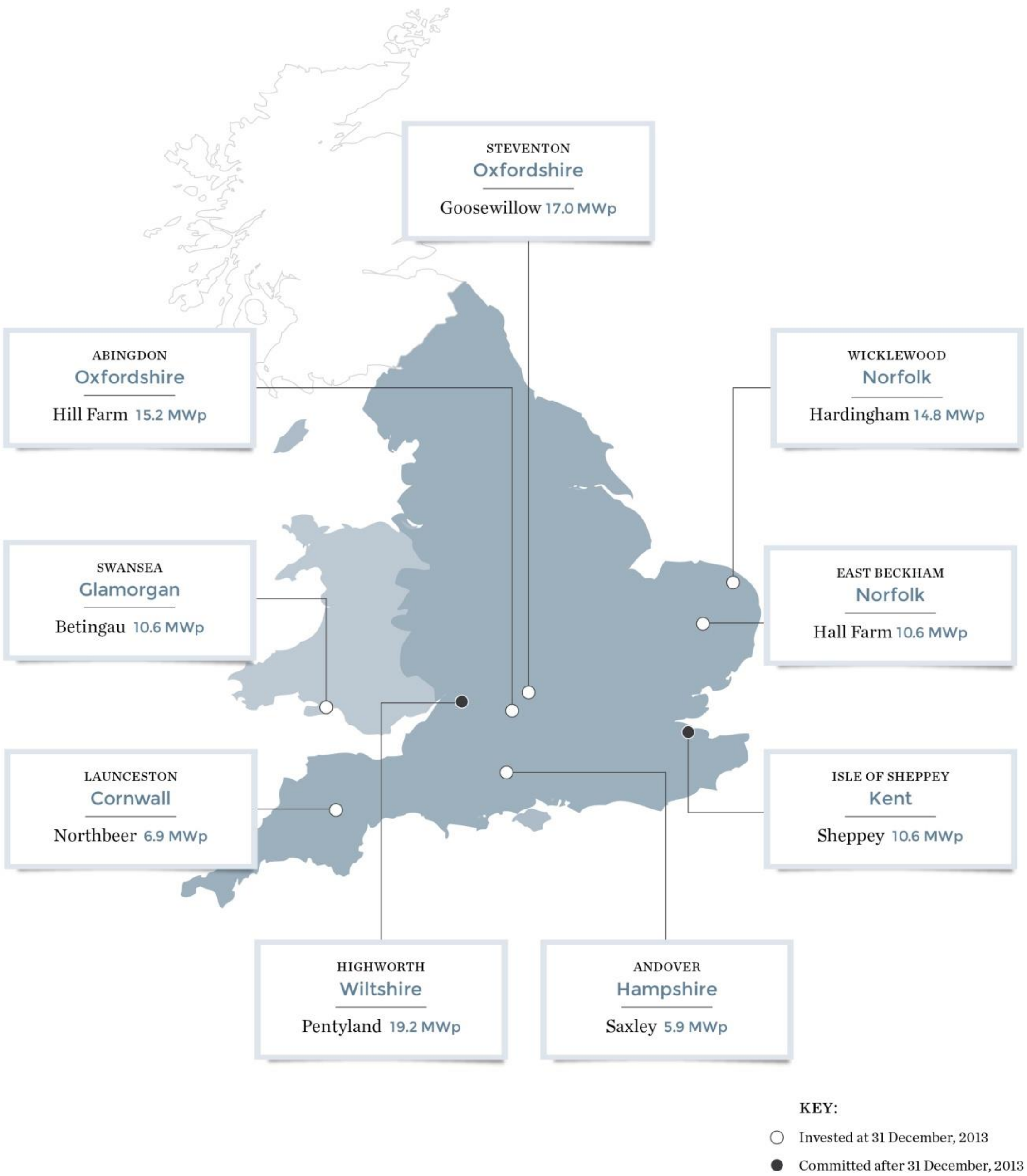
Planning

The Company is not exposed to planning risk as it looks to commit to projects that have the requisite planning and grid connection permissions in place and where the legal responsibility for the planning and discharge of any planning conditions remains with the developers and/or contractors engaged to build the plants. However, whilst selecting potentially suitable sites for review and investment by the Company, the investment adviser is conscious of increased profile of solar installations in the UK due to the growth in the market and it focused on assets that are sensitively and discreetly situated.

Investment Adviser’s Report (continued)

Portfolio Highlights

The Company has acquired a portfolio of assets from a diverse group of experienced solar contractors. Located across the south of England and Wales, the investments are geographically diverse and contain a range of proven solar technology and infrastructure.



Investment Adviser's Report (continued)

Portfolio summary as at 31st December 2013

Project	SPV name	Valuation (£m)	Size (MW)	Region	Achieved/Targeted ROC Band
Goosewillow	ISP (UK) 1 Ltd	19.0	17.0	Oxfordshire	1.6
Hardingham	Hardingham Solar Ltd	17.0	14.8	Norfolk	1.6
North Beer	North Beer Solar Ltd	9.3	6.9	Cornwall	2.0
Hill Farm	HF Solar Ltd	17.3	15.2	Oxfordshire	1.6
Betingau	Betingau Solar Ltd	11.8	10.6	Glamorgan	1.6
Hall Farm	Hall Solar Ltd	12.3	10.6	Norfolk	1.6
Saxley	Saxley Solar Ltd	6.9	5.9	Hampshire	1.6
Total		**93.6**	**81.0**		

There are no material issues affecting portfolio performance.

Portfolio Pricing

The Company has committed to assets at pricing that compares favourably to the pricing disclosed by other funds in the market. The attractive pricing achieved to date from a high quality and diverse set of acquisitions is expected to deliver the base return assumptions targeted by the Company.

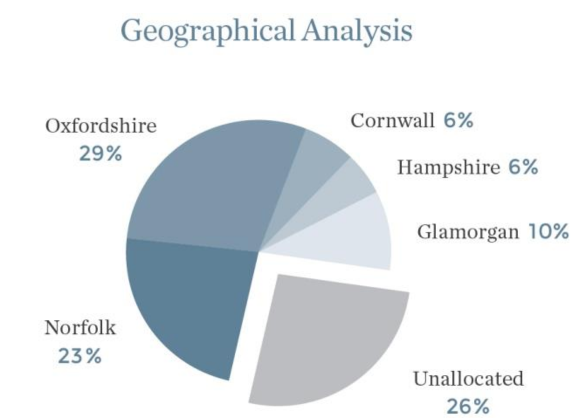
Of the seven acquisitions announced by the Company, all are either operational or are targeted to be grid connected by March 2014. Six plants are either grid connected or targeted to be grid connected under the 1.6 ROC banding have been acquired at an average cost of £1.14 million per MWp (including transaction costs and working capital). In the event of a delay to a grid connection and the contractor securing a 1.4 ROC banding as opposed to the 1.6 ROC level, the Company has contractual protections that result in the contract price stepping down to compensate for the lower revenues, so enabling the Company to achieve the same hurdle return from the asset. One asset was grid connected prior to 1 April 2013, qualifying under the 2 ROC regime and, due to the higher level of regulated revenues to which the asset is entitled, the Company was able to pay £1.36 million per MWp (including transaction costs and working capital) to achieve the same hurdle return.

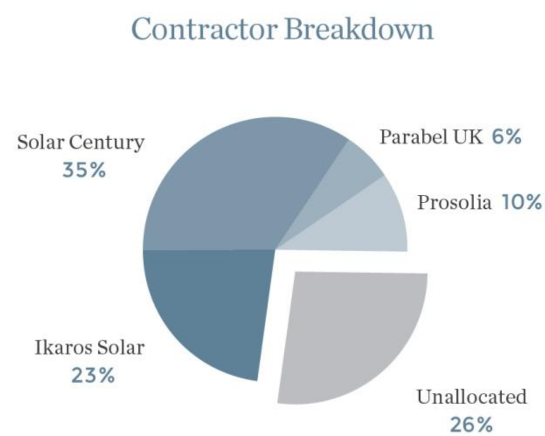
The core assumptions that underpin the Company's acquisition strategy and long term return assumptions are defensive. They include long-term energy price inflation in line with RPI (2.5% per annum) and low levels of leverage; to date, no leverage has been used.

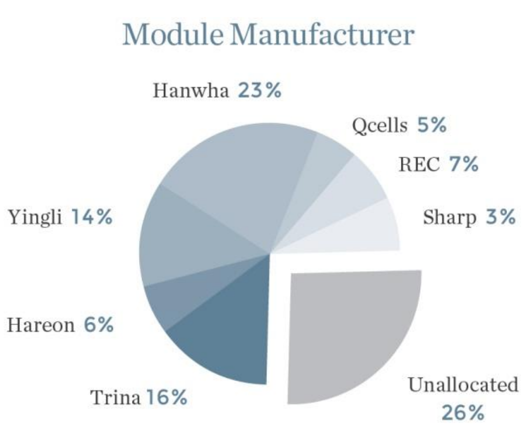
Investment Adviser's Report (continued)

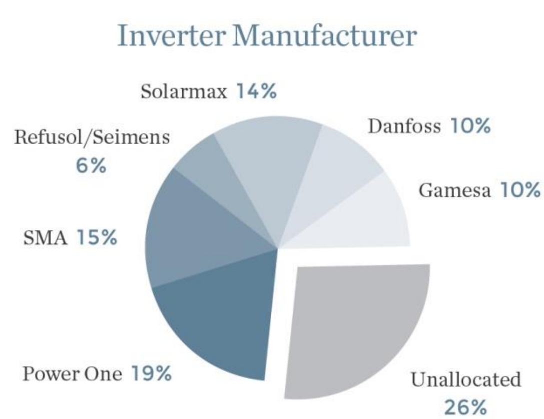
Portfolio Value breakdown

Portfolio breakdown as at 31st December 2013 against total funds available for investment.









Investment Performance

As at 31 December 2013 the Company's share price was in line with the issue price of 100.00p.

The NAV at listing on 13th July 2013 was £127.8m, equating to 98.05p per share and as at 31 December 2013 had reduced marginally to £126.8m or 97.31p per share.

The table below highlights, on an investment basis, the movement in the Company's NAV since listing.

	31 July 2013	31 December 2013
	£	£
Committed Investments		
ISP (UK) 1 Ltd	0	18,980,000
Hardingham Solar Ltd	0	16,950,000
North Beer Solar Ltd	0	9,300,000
HF Solar Ltd	0	17,250,000
Betingau Solar Ltd	0	11,850,000
Hall Solar Ltd	0	12,300,000
Saxley Solar Ltd	0	6,950,000
Gross Investment Value	**0**	**93,580,000**
Unrestricted cash	127,750,594	33,515,933
Working capital	0	(310,618)
Gross Asset Value	**127,750,594**	**126,785,315**
Net Asset Value	**127,750,594**	**126,785,315**
Outstanding Shares	130,290,000	130,290,000
Net Asset Value per Share (pence)	98.05	97.31

Financial Results

The Company generated a loss of £965k ((0.74)p per share) in the period as a result of interest income of £304k being offset by operating expenses of £1,269k which comprise of administration expenses of £809k and transaction costs of £459k.

In future periods there is likely to be a contribution from the fair value movement of underlying investments but at this reporting point, all investments have been valued at the price of recent investment and so the impact on the profit of the Company is nil.

Valuation Approach

Background

The Company invests exclusively in long term infrastructure assets, in particular, solar PV assets in the UK market, which have the benefit of long term regulated revenue streams. The underlying value of each investment is derived principally from long term contracted cashflows with key revenue uncertainties (energy prices and weather related impacts) being relatively mitigated due to a combination of a majority of revenue coming from RPI linked regulated sources and resulting from the relatively low volatility of irradiation when compared to other renewable feedstocks such as wind. Although incremental cashflow enhancements may be possible over the asset life through performance improvements and cost reductions these are expected to be incremental relative to other asset classes which are subject to high earnings volatility, market dynamics and growth aspirations.

Methodology

The Company seeks to adhere to the International Private Equity and Venture Capital (**"IPEV"**) Valuation Guidelines valuing its assets according to the principle of a willing buyer, willing seller valuation, and due to the relatively predictable nature of cashflows expects the most appropriate valuation methodology typically to be a discounted cashflow approach, in line with valuation trends across the infrastructure asset class. Notwithstanding this expectation, investments in this interim statement have exclusively been held at the price of recent investment on the basis that the period between the investment decision and the period end for this interim statement has been in some cases days, but in all cases less than six months. In the context of long term assets, this period is not considered suitable for measuring performance changes and the valuation applied by the Company at acquisition and is considered to remain the best mark to market valuation.

Future Prospects

With the exception of one investment, project North Beer, the Company has elected to invest in projects at the pre-operational phase in order to play an active role in overseeing the quality of installation of the 25 year assets. Protective contractual structures mean that significant funds are retained during construction with contractors taking responsibility, backed by penalties, for timely delivery as well as future performance. Market indicators, as well as the Investment Adviser's experience, indicate that investors that are able to support the funding of projects during the construction phase are able to secure more attractive project pricing, whilst risk allocation in the Company's construction contracts remains heavily with the contractor. Meanwhile, all assets invested by the Company have backstop dates for energy generation after which the contractor is required to pay damages equated to budget revenue foregone – such protection would not be available if projects were simply committed for purchase after operation and gives the Company contractual guarantees backing its yield projections.

Investment Adviser's Report (continued)

Valuation Approach (continued)

Future Prospects (continued)

The implication of the pricing differential between pre- and post-operational assets is that upon reaching operation projects may command a premium on a willing buyer, willing seller basis. Since the operational record of Project Hardingham was less than one month by the period end, the Company elected not to revalue this investment. However at 30 June 2014, a revaluation of operational assets may be appropriate based on actual performance and projected cashflows.

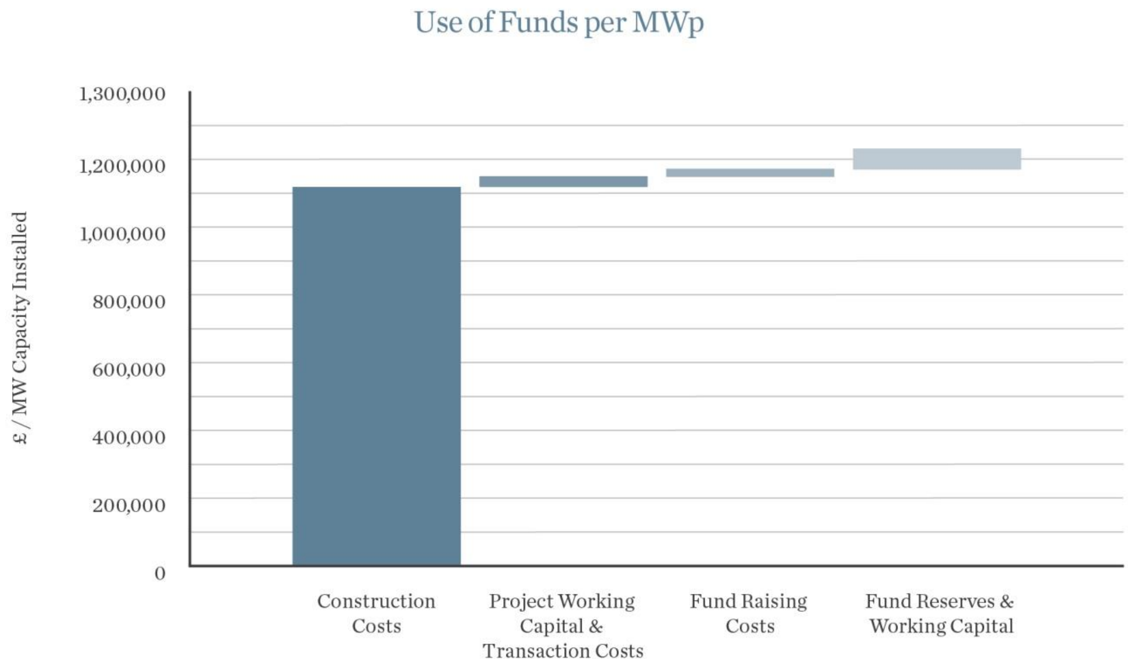
Fund Utilisation and Cashflow Forecast Analysis

As at 31 December 2013, the Company was invested across seven sites with total investment value of £93.6m, though the Company retained a significant proportion of such cash balances as security against contractor delivery. The balance of funds are expected to be invested in a further two investments. This section provides analysis on the basis of a fully invested portfolio.

Fund Utilisation

On a fully invested basis the Company anticipates investing 112 MWp for total funds of £128m, such amount which excludes a further anticipated £10m of company reserves, setup and working capital, i.e. total funds of £138m. Of these investments £125m is expected to be used to fund equity and construction costs and the balance for project working capital and transaction costs. In the event any plant does not qualify for its target ROC banding the construction pricing is automatically reduced under contract to provide an equivalent return, creating surplus capital for investment. Assuming all projects meet their target ROC banding, across the portfolio the Company will have an average construction cost of £1.12m/MWp, based upon prices of £1.34m/MWp for the 2 ROC project, operational since March 2013, located in Cornwall, and an average of £1.11m/MWp for the 1.6 ROC projects, due to be operational by 31st March 2014, in each case before working capital and transaction costs. The graph below sets out the breakdown of anticipated total funds per MWp.

Fund Utilisation and Cashflow Forecast Analysis (Continued)



Cashflow Forecast Analysis

Based on the projected cashflows of the anticipated fully invested portfolio it is possible to demonstrate the reason for confidence expressed by the Company in its expected delivery of a 7 pence per share distribution in the year ending June 2015.

As set out earlier in the report, as at the reporting date the Company had invested in a diversified portfolio of 7 project sites across England and Wales, also utilising diversified equipment and contractors, with the fully invested portfolio expected to comprise 9 sites. The budget expected irradiation across each site has been evaluated by an independent technical adviser on the basis of analysis of 5 or more long term irradiation databases. The weighted average of the independent technical adviser's expected irradiation to be received annually by the solar photovoltaic modules across the project sites (on the basis of a 50% probability of exceeding such level in a single year) is 1,170 kilowatt hours ("kWh") per square metre per year. On the basis of a 90% probability of exceeding such level, this weighted average is reduced by only 6.2%. As such, according to the independent adviser's analysis, there is only a one year in ten chance that the irradiation will be less than 94% of budget.

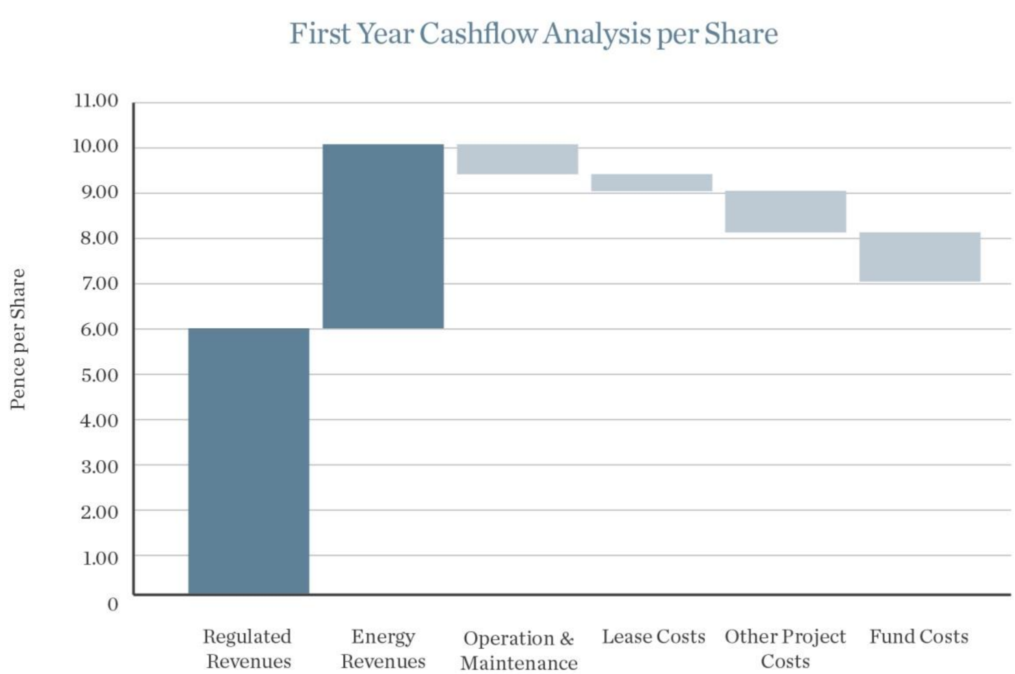
Fund Utilisation and Cashflow Forecast Analysis (Continued)

Cashflow Forecast Analysis (continued)

Each of the contractors for the 7 projects provides a warranty as to the ratio at which the above stated 'in plane' irradiation (measured at the site) will be converted into metered energy generation. The average warranty across the fully invested portfolio is expected to be 82.6%. In addition the Investment Adviser assumes a standard 1% loss of production due to grid outages or other events excluded from the contractor's warranty. As a result 81.8% of the received irradiation is expected to be converted into electricity, an average energy yield of 957 kWh per kilowatt of installed solar capacity (in other words, based on the 112MW peak anticipated to be installed a total expected annual production of 107 gigawatt hours (or enough energy to power c. 23,000 homes). This production is projected to decline annually at a rate of 0.4% as the solar photovoltaic modules degrade over their lifetime.

The energy generated at the plants is expected to be accredited to qualify for Renewable Obligation Certificates (**"ROCs"**) as well as other regulatory revenues. In total these 'regulated revenues' are expected to account on average for 7.6 pence/kWh. The balance of revenue is derived from the sale of electricity through power purchase agreements, expected to be contracted for a period up to 24 months for each project. A further 5.3 pence/kWh is expected to be received for the energy revenue. A resulting gross revenue across the portfolio of £14m is expected to be generated with 59% derived from regulated revenues.

The expected £124k revenues per megawatt of capacity is offset by a total of £24k of project costs and a further £14k of Company costs resulting in an expected net cashflow of £86k per megawatt of capacity. When compared to the total expected use of funds per megawatt of £1.23m this equates to 7%, in line with the 7 pence distribution target. The graph below illustrates the breakdown of forecast Company cashflow per share.



Fund Utilisation and Cashflow Forecast Analysis (Continued)

Cashflow Forecast Uncertainties

The cashflow forecasts are subject to the following key uncertainties:

i) Final Portfolio: The analysis is based upon the expected fully invested portfolio but as at the 31st December 2013 75% of the Company was committed. In addition the final banding level awarded to the projects remains subject to their completion timing – lower banding would result in reduced construction prices to enable an equivalent return to be achieved but will create a change in the portfolio mix.

ii) Weather: Solar irradiation is statistically low in volatility relative to other renewable sources such as wind, but nevertheless is subject to uncertainty. Across the Company portfolio the uncertainty between the forecast case and the 90% probability of exceeding such level is 6%.

iii) ROC Recycle: ROC prices are based on the regulatory fixed 'buyout' value plus an uncertain 'recycle' value. The recycle value varies depending upon the extent to which the renewable energy generated in the year meets the Government set target. The recycle value is assumed at 10% of the Buyout value based upon Government's stated target headroom, but between 2004 and 2012 has ranged from 9% to 36%. The Company anticipates mitigating the recycle value uncertainty by entering a number of ROC offtake agreements exclusively based upon the 'buyout' value providing a fully fixed, RPI indexed purchase price.

iv) Electricity Price: Electricity sale is contracted in short term offtake agreements to give the Company the capacity to optimise its electricity sale arrangements and to minimise the discounts charged by offtakers when entering long term contracts. Final offtake prices are fixed only when the plant commences generation and so currently remain subject to variation, though estimates are based upon current quotations.

v) Costs: The majority of costs are contractually fixed over the first year or more and are therefore highly predictable.

Revolving Credit Facility

The Company is in discussion with a number of lenders to explore the provision of a credit facility. The facility, widely used by listed infrastructure funds, would enable the Company to acquire assets and then pay down the facility by the issuance of new shares following an equity raise. The Company expects to make an announcement about the facility in due course.

Bluefield Partners LLP
27 February 2014

Statement of Principal Risks and Uncertainties for the Remaining Six Months of the period to 30 June 2014

The Company assesses the following as the principal risks relating to its operations:

Risks relating to political support for solar PV

If at any point the international community were to withdraw, reduce or change its support for the increased use of energy from renewable sources, including solar PV, for whatever reason, this may have a material adverse effect on the support of national or international authorities in respect of the promotion of the use of energy from renewable sources, including in respect of solar PV generation in the UK. If this reduces the value of the green benefits that solar PV power operators are entitled to it would have a material adverse effect on the Group if applied retrospectively to operating projects acquired by the Group in accordance with the investment policy. In addition, unexpected success in other areas of renewable energy (such as renewable heat) may reduce pressure on national governments to develop renewable electricity production. This may affect the Company's future investment opportunities.

Risks relating to Electricity Market Reform ("EMR") and grandfathering

As part of EMR, from 31 March 2017, the UK Government intends to close the Renewables ROCs to new accreditation. ROCs issued after a date to be specified (expected to be 1 April 2027) will be replaced with "fixed price certificates". DECC has indicated that the intention is to maintain levels and length of support for existing participants under the ROCs, but there is no guarantee that this will be the case. Further, change in law provisions may be triggered under pre-existing Power Purchase Agreements (**"PPAs"**) as a result of EMR, giving counterparties an opportunity to re-open or even terminate some PPAs.

The current EMR grandfathers the current regime for operating projects. The Group is likely to suffer a loss if the UK were to abandon the practice of grandfathering and apply adverse retrospective changes to the levels of support for operating projects in which the Group has a financial interest which in turn, could have a material adverse effect on the Group's business, financial position, results of the operations and business prospects.

Risks relating to the sale price of electricity

A decline in the market price of electricity could materially adversely affect the Group's revenues and financial condition. Similarly, a decline in the costs of other sources of electricity generation, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity and thus the price achieved for electricity generated by solar PV parks.

Statement of Principal Risks and Uncertainties for the Remaining Six Months of the period to 30 June 2014 (continued)

Weather related risks

Solar PV assets and plants rely upon adequate solar radiation as "feedstock" for the purposes of producing power. Although there is statistical evidence that variance in annual solar radiation is relatively low compared to other renewable energy sources such as wind, it is possible that temporary or semi-permanent or permanent changes in weather patterns, including as a result of global warning or for any other reason, could affect the amount of solar radiation received annually or during any shorter or longer period of time in locations where the Group's solar PV assets may be located. Such changes could lead to a reduction in the electricity generated which would have a material adverse effect on the Group's business, financial position, results of the operations and business prospects. Such changes, perceived or otherwise, could also make solar PV less attractive as an investment opportunity and so impair the Company's potential returns which could have a material adverse effect on the Group's business, financial position, results of the operations and business prospects.

Risks relating to the Group's construction and operation and maintenance contracts

The Company expects to rely on third-party professionals and independent contractors and other companies to provide the required construction and operational and maintenance support services throughout the construction and operating phase of the solar PV assets in the Group's investment portfolio. If such contracted parties are not able to fulfil their contractual obligations, the Group may be forced to seek recourse against such parties, provide additional resources to complete their work, or to engage other companies to complete their work. Any such legal action or financial difficulty, breach of contract or delay in services by these third-party professionals and independent contractors could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to solar PV assets under construction

Construction of solar PV assets is likely to result in reliance upon services being delivered by one or more contractors. Whilst the performance of contractor services will usually be guaranteed with penalties linked to underperformance, and potentially in some cases backed by guarantees, any such guarantees are expected to be limited in their scope and quantum and may not always cover the full loss of profit incurred by a project. Failure of a contractor or a change in a contractor's financial circumstances may among other things result in the relevant asset underperforming or becoming impaired in value and there can be no assurance that such underperformance or impairment will be fully or partially compensated by any contractor warranty or bank guarantee.

Risks relating to property and environmental matters

It is anticipated that a significant proportion or potentially all of the solar PV assets to be acquired by the Group will be located on commercial and agricultural properties among others, to which entitlement will be secured through a lease agreement. Reliance upon a third party owned property gives rise to a range of risks including deterioration in the property during the investment life, damages or other lease related costs, counterparty and third party risks in relation to the lease agreement and property, termination of the lease following breach or due to other circumstances such as a mortgagee taking possession of the property.

Statement of Principal Risks and Uncertainties for the Remaining Six Months of the period to 30 June 2014 (continued)

Risks relating to the ability to finance further investments and enhance Net Asset Value growth

Once the Net Issue Proceeds are fully invested, to the extent that it does not have cash reserves available for investment, the Group would need to finance further investments either by borrowing (whether by new borrowing or refinancing existing debt) or by issuing further Ordinary Shares. There can be no assurance that the Group may be able to borrow or refinance on reasonable terms or that there will be a market for further Ordinary Shares.

Risks relating to the Company's share price performance and target returns and dividends

The Company's target dividend and future distribution growth will be affected by the Company's underlying investment portfolio or its ability to pay dividends in accordance with the Companies Law. Any change or incorrect assumption in relation to the dividends or interest or other receipts receivable by the Company (including assumptions in relation to projected power prices, the amount of electricity generated by the Group's assets, availability and operating performance of equipment used in the operation of the solar PV assets within the Company's portfolio and the tax treatment of distributions to shareholders) may reduce the level of distributions received by shareholders.

Dependence on the Investment Adviser

The ability of the Company to achieve its investment objective depends upon the ability of the Investment Adviser to identify, select and execute investments which offer the potential for satisfactory returns. The availability of suitable investment opportunities will depend, in part, upon conditions in the UK solar PV markets and the level of competition for assets in the solar PV sectors. Whilst the Company has certain rights to acquire solar PV assets in accordance with the pipeline agreement, there can be no assurance that the Investment Adviser will be able to identify and execute a sufficient number of opportunities to enable the Company to achieve its investment objective and to grow its portfolio of solar PV assets to the level it is seeking.

Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Adviser's team, and more generally on ability of the Investment Adviser to attract and retain suitable staff. The Board will have broad discretion to monitor the performance of the Investment Adviser or to appoint a replacement but the performance of the Investment Adviser or that of any replacement cannot be guaranteed.

The above significant risks are mitigated and managed by the Board through continual review, policy setting and annually updating the Group's risk matrix to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks.

Directors' Statement of Responsibilities

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

- the Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and

- the Chairman's Statement, Investment Adviser's Report and Statement of Principal Risks and Uncertainties for the Remaining Six Months of the period to 30 June 2014 meet the requirements of an interim management report, and include a fair review of the information required by:

    a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from incorporation on 29 May 2013 to 31 December 2013 and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the financial period; and

    b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place from the date of incorporation on 29 May 2013 to 31 December 2013 and that have materially affected the financial position or performance of the Group during that period.

On behalf of the Board

Paul Le Page
Director
27 February 2014

Independent Review Report to Bluefield Solar Income Fund Limited

We have been engaged by Bluefield Solar Income Fund Limited (the **"Company"**) to review the condensed set of consolidated financial statements in the interim financial report for the period from incorporation on 29 May 2013 to 31 December 2013 which comprises the unaudited condensed consolidated statement of financial position, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of changes in equity, unaudited condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

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

Directors' responsibilities

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

As disclosed in Note 2, the condensed consolidated financial statements included in this interim financial report have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union (**"EU"**).

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim financial report for the period from incorporation on 29 May 2013 to 31 December 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Neale D Jehan

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
St. Peter Port
Guernsey
27 February 2014

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 December 2013 £
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	**8**	56,076,759
Trade and other receivables	**10**	71,904
Total non-current assets		**56,148,663**
Current assets		
Trade and other receivables	**10**	299,820
Cash and cash equivalents	**11**	71,019,174
Total current assets		**71,318,994**
TOTAL ASSETS		**127,467,657**
LIABILITIES		
Current liabilities		
Other payables and accrued expenses	**12**	(682,342)
TOTAL LIABILITIES		**(682,342)**
NET ASSETS		**126,785,315**
EQUITY		
Share capital	**14**	127,750,594
Retained earnings		(965,279)
TOTAL EQUITY		**126,785,315**
Number of Ordinary Shares in issue at period end		130,290,000
Net Asset Value per Ordinary Share (pence)	7	**97.31**

These financial statements were approved and authorised for issue by a committee of the Board of Directors on 27 February 2014 and signed on their behalf by:

Paul Le Page
Director
27 February 2014

Laurence McNairn
Director

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

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the period from incorporation on 29 May 2013 to 31 December 2013

	Note	29 May 2013 to 31 December 2013 £
Income		
Interest income		304,033
Operating income		**304,033**
Expenses		
Administrative expenses	4	809,462
Transaction costs	5	459,850
Operating expenses		**1,269,312**
Operating loss		**(965,279)**
Loss before tax		(965,279)
Taxation	6	-
Total comprehensive loss for the period		**(965,279)**
Attributable to:		
Owners of the Company		**(965,279)**
Earnings per share:		
Basic and diluted (pence)	13	**(0.74)**

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

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

Unaudited Condensed Consolidated Statement of Changes in Equity

For the period from incorporation on 29 May 2013 to 31 December 2013

	Note	Number of Ordinary Shares	Share capital £	Retained earnings £	Total equity £
Shareholders' equity at 29 May 2013		-	-	-	-
Shares issued during the period:	**14**				
130,000,000 Ordinary Shares issued at £1		130,000,000	130,000,000	-	130,000,000
290,000 Ordinary Shares issued at £1 in lieu of Directors' fees		290,000	290,000	-	290,000
Share issue costs		-	(2,539,406)	-	(2,539,406)
Loss for the period		-	-	(965,279)	(965,279)
Shareholders' equity at 31 December 2013		**130,290,000**	**127,750,594**	**(965,279)**	**126,785,315**

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the period from incorporation on 29 May 2013 to 31 December 2013

	Note	29 May 2013 to 31 December 2013 £
Cash flows from operating activities		
Loss for the period		(965,279)
Adjustments:		
Increase in trade and other receivables		(81,724)
Increase in other payables and accrued expenses		682,342
Net cash outflow from operating activities		**(364,661)**
Cash flows from investing activities		
Financial assets at fair value through profit or loss		(56,076,759)
Net cash used in investing activities		**(56,076,759)**
Cash flow from financing activities		
Proceeds from issue of Ordinary Shares	**14**	130,000,000
Issue costs paid	**14**	(2,539,406)
Net cash generated from financing activities		**127,460,594**
Net increase in cash and cash equivalents		71,019,174
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period	11	**71,019,174**

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

Notes

1. General information

Bluefield Solar Income Fund Limited is a non-cellular company limited by shares and was incorporated in Guernsey under the Companies (Guernsey) Law, 2008 on 29 May 2013 with registered number 56708 as a closed-ended investment company. It is regulated by the Guernsey Financial Services Commission.

The investment objective of the Group is to provide shareholders with an attractive return, principally in the form of semi-annual income distributions, by investing via Special Purpose Vehicles (**"SPVs"**) into a portfolio of large scale UK based solar energy infrastructure assets.

On 11 July 2013, the Company completed its IPO, which raised gross proceeds of £130,290,000. The Company's shares were admitted to trading on the Main Market of the London Stock Exchange on 12 July 2013.

The unaudited condensed consolidated interim financial statements (the **"financial statements"**) for the period from 29 May 2013 to 31 December 2013 comprise the financial statements of the Company and its wholly owned subsidiary, Bluefield SIF Investments Limited, (together the **"Group"**) as at 31 December 2013.

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

2. Accounting policies

a) Basis of preparation

The financial statements, included in this interim report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU and the Disclosure and Transparency Rules of the Financial Conduct Authority. As this is the Company's first financial report since incorporation, we have set out the accounting policies and relevant disclosures in full as there is no annual report available to read in conjunction with this interim report.

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.

The principal accounting policies adopted are set out below.

2. Accounting policies (continued)

a) Basis of preparation (continued)

Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments	No stated effective date*
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014

Revised and amended standards		
IAS 27	Consolidated and Separate Financial Statements	1 January 2014
IFRS 10, IFRS 12, IAS 27	Amendments relating to investment entities	1 January 2014
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of Assets - Amendments relating to the recoverable amount disclosures for non-financial assets	1 January 2014

* The effective implementation date is not yet determined but is not expected to be earlier than for annual periods beginning on or after 1 January 2017.

The Group has not early adopted these standards and interpretations with the exception of IFRS 10, IFRS 12 and IAS 27 and the Amendments to these standards relating to investment entities (see 2 (c) below).

b) Going concern

The Directors in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, the extended project pipeline and the progress of projects under construction and at the time of approving these financial statements, are satisfied that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future and do not consider there to be any going concern risk to the Group.

c) Accounting for subsidiaries

The Board has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to all its subsidiaries as the Company is effectively the sole shareholder in all the subsidiaries, is exposed and has rights to the returns of all subsidiaries and has the ability either directly or through the Investment Adviser to affect the amount of its returns from all subsidiaries.

2. Accounting policies (continued)

c) Accounting for subsidiaries (continued)

The Investment Entities Amendments ("the Amendments") to IFRS 10, IFRS 12 and IAS 27 were endorsed by the EU on 20 November 2013, and have an effective date of 1 January 2014 with early adoption permitted. The Amendments introduced an exception to the principle that controlled subsidiaries shall be consolidated. It defines an investment entity and requires a parent that is an investment entity to measure its subsidiaries at fair value through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', rather than consolidate the results of the subsidiaries on a line by line basis.

The Directors are of the opinion that the Group has all the typical characteristics of an investment entity and the three essential criteria specified in the standard.

The three essential criteria are such that the entity must:

- obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;

- commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and

- measure and evaluate the performance of substantially all of its investments on a fair value basis.

Consideration is also given to the time frame of an investment. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. As the Group invests in underlying solar assets that have an expected life of 25 years and as the solar assets are expected to have no residual value after their 25 year life, the Directors consider that this demonstrates a clear exit strategy from these investments.

The Directors have concluded that the Group satisfies the criteria as defined in the Amendments to be regarded as an investment entity.

Consolidated subsidiary

The Company makes its investments in the SPVs through its subsidiary, Bluefield SIF Investments Limited (**"BSIFIL"**) in which it is the sole shareholder. The Amendments require a subsidiary of an investment entity that provides services that relate to the investment entity's activities to be consolidated. The Board has assessed that the Company's subsidiary, BSIFIL, provides investment related services because such services are an extension of the operations of the Company. As such, the Company consolidates the results of BSIFIL which leads to BSIFIL's investments in the SPVs being represented as financial assets at fair value through profit or loss on the unaudited condensed consolidated statement of financial position date.

2. Accounting policies (continued)

c) Accounting for subsidiaries (continued)

Consolidated subsidiary (continued)

Where necessary, adjustments have been made to the financial statements of BSIFIL to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of BSIFIL incorporated during the period are included in the unaudited condensed consolidated statement of comprehensive income from the effective date of incorporation up to the end of the period. BSIFIL has a different statutory financial reporting date of 31 March, and its results have been included by reference to management accounts drawn in line with the Group's reporting period.

Unconsolidated subsidiaries

The Group has not consolidated its equity interests in the SPVs that invest in the solar projects. Accordingly, the Group's equity interests in the SPVs are held for investment purposes and not as operating vehicles and therefore it is the Group's interest in the SPVs which constitute its investment assets, rather than each SPV's investment in the solar project itself.

Note 9 discloses the financial support provided by the Group to the unconsolidated SPV investments.

d) Functional and presentation currency

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

e) Interest income

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

f) Expenses

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

2. Accounting policies (continued)

f) Expenses (continued)
Transaction costs arising from the acquisition of the Group's investments that are recurring in nature and that would not be recovered on the subsequent sale of the investment in an orderly transaction (such as legal fees relating to due diligence and technical reviews of the solar farms) are expensed in the unaudited condensed consolidated statement of comprehensive income. Transaction costs that are intrinsically linked to the value of the investments (such as legal fees relating to the contracts on the construction and maintenance of solar assets, stamp duty fees relating to the leases on the solar farms, insurance during construction and technical due diligence on construction) are included in the carrying value of the financial assets held at fair value through profit or loss at the period end. All transaction costs relating to uncompleted investment projects are expensed to the unaudited condensed consolidated statement of comprehensive income.

g) Dividends
Dividends paid are disclosed in equity. Dividends approved by the Board prior to a period-end are disclosed as a liability. Dividends declared but not approved will be disclosed in the notes to the financial statements.

h) 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 Group is engaged in a single segment of business, being investment mainly in UK solar energy infrastructure assets via SPVs, and mainly in one geographical area, the UK, and therefore the Group has only a single operating segment.

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group'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 of Directors has overall management and control of the Group 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 of Directors has delegated the day to day implementation of the investment strategy to its Investment Adviser but retain responsibility to ensure that adequate resources of the Group are directed in accordance with their decisions. The investment advice of the Investment Adviser is reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. Any changes to the investment strategy or major allocation decisions have to be approved by shareholders.

2. Accounting policies (continued)

i) Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the date of the unaudited condensed consolidated statement of financial position.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for deferred income tax assets which are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credit or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted "in use" basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date and the tax system elected by the Company.

BSIFIL is registered for UK Value Added Tax (**"VAT"**) purposes with HM Revenue & Customs. Recoverable VAT is included within receivables at period end.

j) Financial instruments

Financial assets and financial liabilities are recognised in the Group's unaudited condensed consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group offsets financial assets and financial liabilities if the Group has a legally enforceable legal right to offset the recognised amounts and interests and intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are initially measured at fair value.

The Group has not classified any of its financial assets as 'held to maturity' or as 'available for sale'. The Group's financial assets comprise of only financial assets held at fair value through profit or loss and cash and receivables.

i) Financial assets at fair value through profit or loss

- *Classification*

The Group has been classified as an investment entity and as such its investments in the SPVs are held at fair value through profit or loss and measured in accordance with the requirements of IAS 39 (see Note 2 (c)).

2. Accounting policies (continued)

j) Financial instruments (continued)

Financial assets (continued)

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

- *Recognition*

Investments made by the Group in the SPVs are initially recognised at transaction price on the day the loan commitment is drawn down. Transaction costs arising from the acquisition of the investments in the SPVs are expensed to the unaudited condensed consolidated statement of comprehensive income (see Note 2 (f)).

- *Measurement*

Subsequent to initial recognition the investments in the SPVs are measured at each subsequent reporting date at fair value. Gains and losses resulting from the revaluation of investments in the SPVs are recognised in the unaudited condensed consolidated statement of comprehensive income (see Note 8). Fair value is determined on an unleveraged, discounted cash flow basis in accordance with the IPEV Valuation Guidelines recognising any other assets and liabilities of the SPV. For investments made close to each reporting period, consideration will be given to the discounted cash flow assumptions made at the date of acquisition. If the assumptions have not been subject to any permanent changes, fair value will be determined with reference to the price of recent investment.

ii) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when 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
- when the contractual right to receive cash flow has expired.

iii) Cash and cash equivalents 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 including VAT recoverable 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.

2. Accounting policies (continued)

j) Financial instruments (continued)

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 trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

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

i) 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 less impairment using the effective interest rate method.

ii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the unaudited condensed consolidated statement of comprehensive income.

k) Equity instruments

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

l) Share based payments

Directors' fees

The Group recognises services received in a share-based payment transaction as the services are received on an accruals basis. A corresponding increase in equity is recognised when payment for the services received is due in an equity settled share based payment transaction based on the fair value of the equity instruments granted. If the contractual arrangements require the delivery of the shares in advance, the corresponding increase in equity is recognised when the shares are issued with a corresponding prepayment being recognised and expensed over the period in which the services will be provided.

2. Accounting policies (continued)

l) Share based payments (continued)

Investment Adviser's variable fee

The Group recognises the variable fee for the services received in a share-based payment transaction as the Group becomes liable to the variable fee on an accruals basis. The variable fee will be accrued in the accounting period in which the Company exceeds its target distribution as per the Investment Advisory Agreement (see Note 4). A corresponding increase in equity is recognised when payment for the variable fee is made in an equity settled share based payment transaction based on the fair value of the services provided. The variable fee is not applicable in the Company's first financial year.

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

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

The area involving a high degree of judgement or complexity or area where assumptions and estimates are significant to the financial statements has been identified as the risk of misstatement of the valuation of the investments held by the Group, through the SPVs, in future periods (see Note 8). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

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.

The Board has determined that the Company satisfies the criteria to be regarded as an investment entity and that the Company, together with its subsidiary, Bluefield SIF Investments Limited which also serves as a holding company for the Group's investments in the SPVs, provides investment related services. This determination involves a degree of judgement due to the complexity within the wider structure of the Group and the investments in the SPVs ((see Note 2 (c)). As disclosed in Note 2 (c), the Board has determined the unit of account to be the Group's interest in the SPV rather than the SPV's investments in the solar projects. Additionally, as the investments in the SPVs consist of both debt and equity, judgement has been applied to the unit of account for the measurement of these investments.

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

There is also some degree of uncertainty with regards to the future of accounting for subsidiaries that provide investment related services which also hold a portfolio of investments (such as BSIFIL) as the IFRS Interpretations Committee are currently discussing these issues. The Board will continue to monitor these discussions.

4. Administrative expenses

	29 May 2013 to 31 December 2013 £
Investment advisory fees	575,665
Administration fees	62,544
Directors' remuneration	72,699
Audit fees	42,500
Broker fees	23,378
Regulatory Fees	6,235
Registrar fees	6,023
Insurance	4,503
Listing fees	4,391
Other expenses	11,524
	809,462

Investment Advisory Agreement

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

4. Administrative expenses (continued)

Investment Advisory Agreement (continued)

The variable fee shall be based on the following:

(i) if in any year (excluding the Company's first financial year), the Company exceeds its distribution target of 7 pence per Ordinary Share per year which will rise with the annual RPI after the third year, the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. The Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

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

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

Administration Agreement

Heritage International Fund Managers Limited (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 million, 7.5 basis points of NAV above £100 million and up to and including £200 million and 5 basis points of the NAV above £200 million, 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 £5,000 and £2,500 for the provision of a compliance officer and Money Laundering Reporting Officer respectively.

4. Administrative expenses (continued)

Administration Agreement (continued)

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

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

5. Transaction costs

	29 May 2013 to 31 December 2013 £
Transaction costs:	
- Closed investment acquisitions	335,865
- Other investment acquisitions	123,985
	459,850

6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £600 (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. As at 31 December 2013 this was 23% but due to losses, no tax liability has been recognised.

At the period end, BSIFIL had unutilised tax losses carried forward with no deferred tax asset currently recognised. It is probable that future taxable profits will be available against which BSIFIL can utilise the deferred tax asset.

7. Net Asset Value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £126,785,315 and the number of shares in issue at 31 December 2013 of 130,290,000 Ordinary Shares.

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

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

	31 December 2013 Total £
Opening balance	-
Additions	56,076,759
Change in fair value of financial assets held at fair value through profit or loss	-
As at 31 December 2013	**56,076,759**

The Directors base the fair value of the investments in the SPVs held by the Group on information received from the Investment Adviser. Fair value is calculated on an unleveraged, discounted cash flow basis in accordance with the IPEV Valuation Guidelines. However, it is the opinion of the Board, that as the investments have been recently acquired and that the significant assumptions and estimates used in determining the fair value of the investments at acquisition have not been subject to permanent changes, the fair value of these investments at 31 December 2013 is held at the price of recent investment. Furthermore, it is the opinion of the Board that this methodology which is allowable under the IPEV Valuation Guidelines, is not materially different from the fair value requirements of IFRS 13.

Due to the relatively stable characteristics of the solar plants owned by the SPV investments, the SPVs at the period end are held at the price of recent investment and therefore, the assumptions and estimates used in determining the fair value of the SPV investments are not significantly impacted by movements in the market.

The Board reviews and considers the fair value arrived at by the Investment Adviser before incorporating into the fair value of the investments adopted by the Group. The discounted cash flow technique that was applied in appraising each SPV's solar project and which will be applied in future periods will identify which inputs would have the most significant impact on the carrying value of the investments. These inputs include the useful life of the solar assets, the discount rate, the rate of inflation, the price at which the electricity and associated benefits can be sold and the amounts of electricity the solar assets are expected to produce.

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.

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

The fair value hierarchy has the following levels:

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

The only financial instruments carried at fair value are the investments held by the Group, through the SPVs, which are fair valued at each reporting date. The Group's investments have been classified within Level 3 as the investments are not traded and contain unobservable inputs (see Note 2 (j)).

Transfers during the period

There have been no transfers between levels during the period ended 31 December 2013. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, this will always expected to be classified as Level 3.

9. Financial support to unconsolidated SPV investments

The following table shows the SPV investments of the Group which have not been consolidated in the preparation of these financial statements as the Group has adopted the investment entity exemption referred to Note 2 (c):

Project	SPV name	Date of investment	Site location	Ownership Interest
Hill Farm	HF Solar Limited	21 October 2013	Oxfordshire	100%
Hardingham	Hardingham Solar Limited	30 August 2013	Norfolk	100%
Betingau	Betingau Solar Limited	23 December 2013	Glanmorgan	100%
Goosewillow	ISP (UK) 1 Limited	5 August 2013	Oxfordshire	100%
Hall Farm	Hall Solar Limited	24 December 2013	Norfolk	100%
North Beer	North Beer Solar Limited	10 October 2013	Cornwall	100%
Saxley	Saxley Solar Limited	19 December 2013	Hampshire	100%

9. Financial support to unconsolidated SPV investments (continued)

The Group has advanced the following shareholder loans to the SPVs, the loans are subject to an interest rate of 7 per cent per annum, are unsecured and repayable no later than 25 years from the date the respective loan agreements were entered into:

SPV	Total loan commitment £	Drawn down by SPVs at 31 December 2013 £	Outstanding loan commitment 31 December 2013 £
HF Solar Limited	17,250,000	5,659,045	11,590,955
Hardingham Solar Limited	16,950,000	15,131,626	1,818,374
Betingau Solar Limited	11,850,000	8,262,266	3,587,734
ISP (UK) 1 Limited	18,980,000	11,244,016	7,735,984
Hall Solar Limited	12,300,000	7,757,429	4,542,571
North Beer Solar Limited	9,300,000	8,022,377	1,277,623
Saxley Solar Limited	6,950,000	-	6,950,000
As at 31 December 2013	**93,580,000**	**56,076,759**	**37,503,241**

The Group's SPVs are committed to pay amounts equal to the loan commitment to meet working capital requirements and payments for the turn-key engineering, procurement and construction (**"EPC"**) contracts entered into with the contractors for the design and construction of the solar plants.

10. Trade and other receivables

	31 December 2013 £
Non-current assets	
Prepayments:	
- Directors' remuneration (see Note 16)	71,904
	71,904
Current assets	
VAT receivable	90,396
Interest receivable	50,401
Prepayments:	
- Directors' remuneration (see Note 16)	145,397
- Other	13,626
	299,820

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

The Directors' remuneration prepayment totalling £217,301 relates to the cost of 290,000 Ordinary Shares that were issued to the Directors on 12 July 2013 in lieu of a cash payment for Directors' fees for the first two years (see Note 16).

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

11. Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits held with maturities of up to three months. The carrying amounts of these assets approximate their fair value.

	31 December 2013
Cash and cash equivalent:	**£**
- Restricted	37,503,241
- Unrestricted	33,515,933
	71,019,174

Restricted cash and cash equivalents consists of amounts yet to be drawn down on loan commitments availed to the Group's SPVs (see Note 9).

12. Other payables and accrued expenses

	31 December 2013
	£
Investment advisory fees	304,960
Transaction costs	123,985
Administration fees	33,755
Audit fees	42,500
Other expenses	177,142
	682,342

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

13. Earnings per share

	For the period 29 May 2013 to 31 December 2013
Loss attributable to shareholders of the Company	£(965,279)
Weighted average number of Ordinary shares in issue	130,290,000
Basic and diluted earnings from continuing operations and loss for the period (pence)	**(0.74)**

There was no income earned or shares issued between 29 May 2013 and 11 July 2013, therefore this period has not been included for the purpose of calculating the weighted average number of shares above.

There are no potentially dilutive shares in issue.

14. 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 denominated in such currencies as they may determine.

	Number of Ordinary Shares	Share capital £
Shareholders' equity at 29 May 2013	-	-
Shares issued:		
130,000,000 Ordinary Shares issued at £1	130,000,000	130,000,000
290,000 Ordinary Shares issued at £1 in lieu of Directors' fees (see Note 16)	290,000	290,000
Shareholders' equity at 31 December 2013	**130,290,000**	**130,290,000**

As at 12 July 2013, the Company had 130,290,000 issued and fully paid Ordinary Shares with a par value of £1 each. These shares were all issued during the period raising total proceeds of £130,290,000 (see Note 16) of which £130,000,000 was received in cash. The proceeds net of issue costs of £2,539,406 (1.9% of gross proceeds), amounted to £127,750,594.

Rights attaching to shares

The Company has a single class of Ordinary Shares which are entitled to dividends declared by the Company. At any General Meeting of the Company each ordinary Shareholder is entitled to have one vote for each share held. The Ordinary Shares also have the right to receive all income attributable to those shares and participate in 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.

15. Risk Management Policies and Procedures

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

15. Risk Management Policies and Procedures (continued)

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 Group will fluctuate because of changes in market prices.

Market price risk will arise from changes in the inflation rate as the electricity prices generated by the Group although fixed through the FiTs and ROC regimes, will be subject to annual inflationary changes.

The Group's SPV investments are subject to fluctuations in the price of solar PV equipment on future investments. The price of solar equipment can be influenced by a number of factors, including the price and availability of raw materials, demand for PV equipment and any import duties that may be imposed on PV equipment. Changes in the cost of solar PV equipment could have a material adverse effect on the Group's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

The valuation of the current solar plants under construction and future investments will be subject to the risk that these will not achieve the expected ROC banding before the new accreditation comes into effect on 1 April 2014. In order to mitigate this risk, if the expected ROC banding is not achieved, the EPC contract price will be reduced in order for the Company to maintain the same internal rate of return on each project.

The Group'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 Group does not have any direct currency risk exposure as all its investments and transactions are in Sterling. The Group is however indirectly exposed to currency risk on future investments that will require importation of equipment.

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 Group's interest bearing financial assets consist of cash and cash equivalents. The Group's interest rate risk is limited to interest earned on cash balances. The interest rates on the short term bank deposits are fixed and do not fluctuate significantly with changes in market interest rates.

15. Risk Management Policies and Procedures (continued)

Interest rate risk (continued)

The following table shows the portfolio profile of the financial assets at 31 December 2013:

	Interest rate	Total as at 31 December 2013 £
Floating rate		
Royal Bank of Scotland International Limited	0.10%	16,609,794
Lloyds Bank Group Plc		1,925
Fixed rate		
Lloyds Bank Group Plc	0.50%	14,327,389
Lloyds Bank Group Plc	1.00%	40,080,066
		71,019,174

The valuation of the SPV investments will be subject to interest rate risk due to the discount factor applied to the discounted cash flow technique when valuing the investments in future. The Group may apply hedging strategies in future in order to limit the exposure to changes in interest rates.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's SPVs have entered into turn-key EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date the Group's SPVs held performance bonds totalling £10,469,407 with banks that have a Standard & Poor's credit rating of BBB or higher.

The Group's credit risk exposure is due to a significant portion of the Group's assets being held as cash and cash equivalents or accrued interest. The Group maintains its cash and cash equivalents across three different banking groups to diversify credit risk which have all been group rated BBB+ or higher by Standard & Poor's and this is subject to the Group's credit risk monitoring policies, as mentioned above. 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 31 December 2013, the maximum credit risk exposure was £71,069,576.

15. Risk Management Policies and Procedures (continued)

Credit risk (continued)

	Standard & Poor's Rating	Cash £	Fixed deposit £	Interest accrued £	Total as at 31 December 2013 £
Royal Bank of Scotland International Limited	BBB+	16,609,794	-	-	16,609,794
Lloyds Bank Group Plc	A	1,925	54,407,455	50,401	54,459,781
		16,611,719	**54,407,455**	**50,401**	**71,069,575**

The carrying amount of these assets approximates their fair value.

The Group also faces credit risk with the construction of solar PV assets as it is likely to result in reliance upon services being delivered by one or more contractors. Whilst the performance of contractor services will usually be guaranteed with penalties linked to underperformance, and potentially in some cases backed by guarantees, any such guarantees are expected to be limited in their scope and quantum and may not always cover the full loss of profit incurred by a project. Failure of a contractor or a change in a contractor’s financial circumstances may among other things result in the relevant asset underperforming or becoming impaired in value and there can be no assurance that such underperformance or impairment will be fully or partially compensated by any contractor warranty or bank guarantee.

Liquidity risk

Liquidity risk is the risk that the Group 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 Group’s investments are in the SPVs which are private companies that are not publicly listed, the return from these investments is dependent on the income generated or the disposal of solar assets by the SPVs and will take time to realise.

15. Risk Management Policies and Procedures (continued)

Liquidity risk (continued)

The following tables detail the Group's expected maturity for its financials assets and liabilities. These are undiscounted contractual cashflows:

	Less than one year £	Between one and five years £	After five years £	Total as at 31 December 2013 £
Assets				
Financial assets at fair value through profit or loss	7,742,065	26,202,400	129,928,216	**163,872,681**
Trade and other receivables*	140,797	-	-	**140,797**
Cash and cash equivalents	71,019,174	-	-	**71,019,174**
Liabilities				
Other payables and accrued expenses	682,342	-	-	**682,342**
	78,219,694	26,202,400	129,928,216	**234,350,310**

* excluding prepayments

At 31 December 2013, there is sufficient liquidity in the form of cash and cash equivalents to satisfy the Group's obligations.

Capital management policies and procedures

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

In accordance with the Group's investment policy, the Group's principal use of cash (including the proceeds of the IPO) is to fund the Group's projects, as well as initial expenses related to the issue, 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.

Laurence McNairn, Director of the Company, is also a Director of the Company's Administrator, Heritage International Fund Managers Limited. From the total administration fees incurred during the period, £56,918 relates to the fees of the Administrator, of which £30,153 was outstanding at the period end.

The Directors are remunerated for their services at an annual fee of £30,000 each, with Paul Le Page receiving an additional annual fee of £5,000 for acting as chairman of the audit committee. The Chairman receives an annual fee of £50,000.

The Directors elected to receive their Directors' fees for the first two years through an issue of Ordinary Shares, which were allotted and issued at the initial issue price. The value of this non-cash consideration is equivalent to the aggregate cash payment that otherwise would have been made to the Directors for the provision of their services in accordance with the terms of their respective appointment letters.

As a result, on 12 July 2013, the Company issued a total of 290,000 Ordinary Shares as part of the IPO at the issue price of £1 per Ordinary Share, to the Directors in lieu of a cash payment for Directors' fees for the first two years (see Note 14). The number of Ordinary Shares issued to each Director is as follows:

John Rennocks	100,000
Paul Le Page	70,000
Laurence McNairn	60,000
John Scott	60,000
	290,000

The total Directors' fees expense for the period amounted to £72,699; therefore, at 31 December 2013, the prepaid element of the shares issued is £217,301. Of this, Laurence McNairn received a Director's fee of £15,041 with £44,959 prepaid at the period end.

John Scott and John Rennocks are Directors of Bluefield SIF Investments Limited. Mike Rand and James Armstrong who are partners of the Investment Adviser are also Directors of Bluefield SIF Investments Limited. None of these Directors receive any fees for their services as Directors of this subsidiary.

The Group's investment advisory fees for the period amounted to £575,665 of which £304,960 was outstanding at the period end.

17. Guarantees and other commitments

As at 31 December 2013, the Group had provided guarantees amounting to £92.12 million to the SPVs in relation to the funding of EPC contracts entered into by the SPVs, of which £44.06 million was paid during the period and £11.57 million held by the SPVs in escrow.

At the reporting date, the Group had loan commitments of £37.5 million relating to the shareholder loans extended to its SPVs (see Note 9).

18. Subsequent events

On 21 January 2014, the Company entered into a binding contract for £12 million to acquire its eighth large scale solar plant in Kent, which will be constructed by the contractor, Solar Century Holdings Limited.

On 19 February 2014, the Company entered into a conditional contract for £21 million to acquire its ninth large scale solar plant in Swindon with an energy capacity of 19 Megawatts Peak, which will be constructed by the contractor, Wirsol Solar UK. On 21 February 2014, the Company issued 13,028,999 new Ordinary Shares following a placing under the authority granted at launch. These shares were issued at a price of 101 pence per Ordinary Share, raising gross proceeds of approximately £13.2 million. On 27 February 2014, this contract became unconditional.

On 19 February 2014, the Board declared an interim dividend of 2 pence per Ordinary Share which will be payable to shareholders on the register as at 28 February 2014 with an associated ex-dividend date of 26 February 2014. A scrip dividend alternative will be available to shareholders.

Since 31 December 2013, further amounts totalling £4,992,855 were transferred from the Group to the SPVs on the existing loan commitments at period end.