The background of the slide is an aerial photograph of a rural landscape. It shows a patchwork of green fields, some of which are covered with rows of solar panels. The image is overlaid with a semi-transparent dark blue filter. The text is centered in the middle of the slide.

Bluefield

SOLAR INCOME FUND

ANNUAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2017

CONFIDENTIAL

BLUEFIELD SOLAR INCOME FUND

Sterling income fund with revenues largely uncorrelated to traditional markets



- **Sterling income** fund listed on the London Stock Exchange
- Majority regulated revenues **directly linked to RPI**
- Revenues largely uncorrelated to traditional markets



- **£573m** Directors' valuation and market capitalisation of **£425m¹**
- **441.5 MWp¹** of generating capacity
- Portfolio of large ground-based solar farms



- Mandate to invest only solar PV assets
- Investment mandate to invest **only in the UK**
- **Full pay-out model**

BSIF – 2017 ANNUAL RESULTS HIGHLIGHTS

Third-year running of operational and dividend outperformance

PORTFOLIO PERFORMANCE AGAINST BUDGET¹

Variable	2016/ 2017	2015/ 2016	2014/ 2015
Irradiation	-0.3%	-3.7%	+3.2%
Operational performance	+2.6%	+1.8%	-
Generation performance	+2.3%	-2.5%	+3.2%
Revenue performance	+3.2%	-5.9%	+3.9%

EARNINGS & DIVIDENDS (pps)¹

Variable	2016/ 2017	2015/ 2016	2014/ 2015
Total earnings for distribution	7.55	7.55	7.71
Dividend target	7.18	7.07	7.00
Dividend distribution	7.25	7.25	7.25
Dividend yield	6.3%	7.3%	6.6%

VALUATION & RETURNS¹

WACC	6.15%
Net Asset Value (NAV)	110.5pps
Equity discount rate:	7.4%
Total Shareholder Return (TSR)	22.6%
Total NAV return for the period	18.5%
3-year TSR	33.3%

WEST RAYNHAM SOLAR FARM



Acquisitions in period: **£44m**

SOLAR PV: REVENUE GENERATION

Converting power generation to revenues

Power Generation Process

Solar irradiation

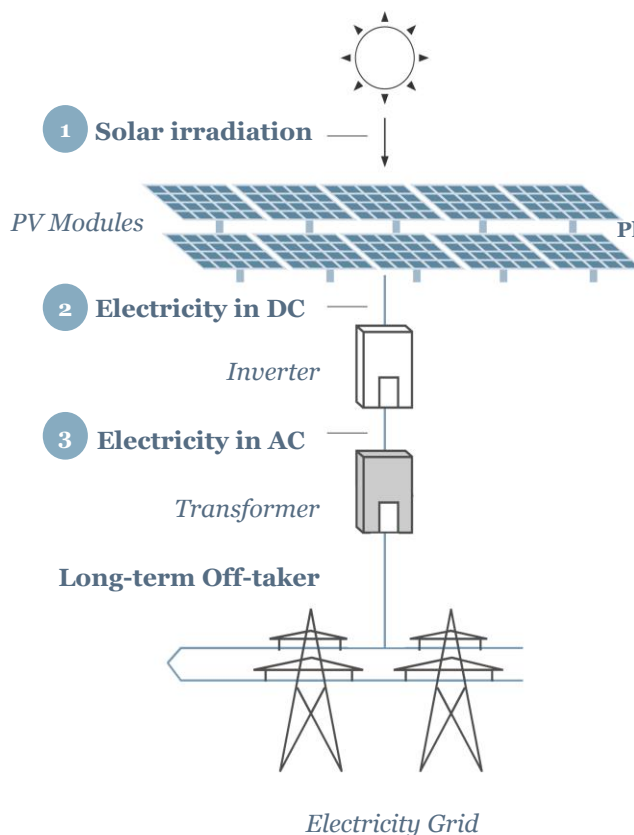
- Expected variability +/- 7% based on 90% confidence interval

Plant Performance

- Warranted by contractor
- Expectations set by lenders technical advisor based on analysis of plant design and expected losses

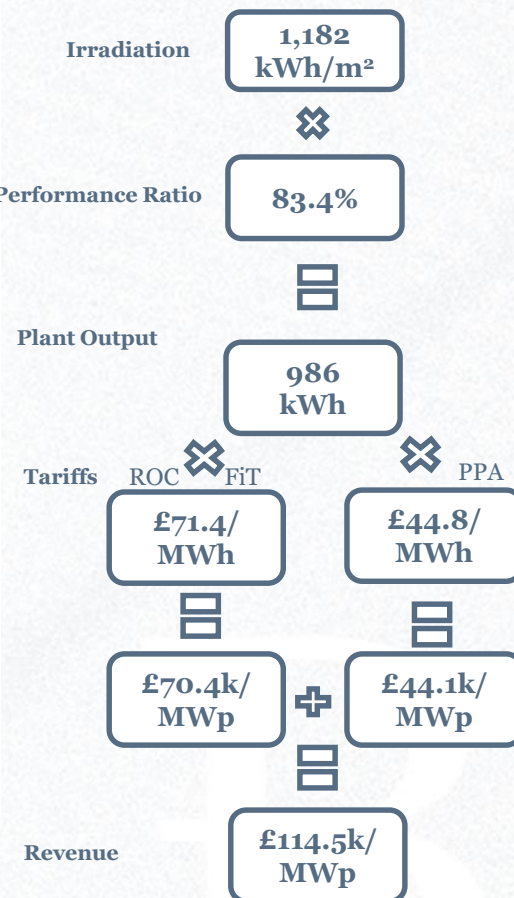
Output

- Power revenues based on PPAs fixed contracts
- ROC/FiT tariffs fixed on commissioning for 20-25 years



Revenue Generation Process

Actuals achieved in FY/MWp¹



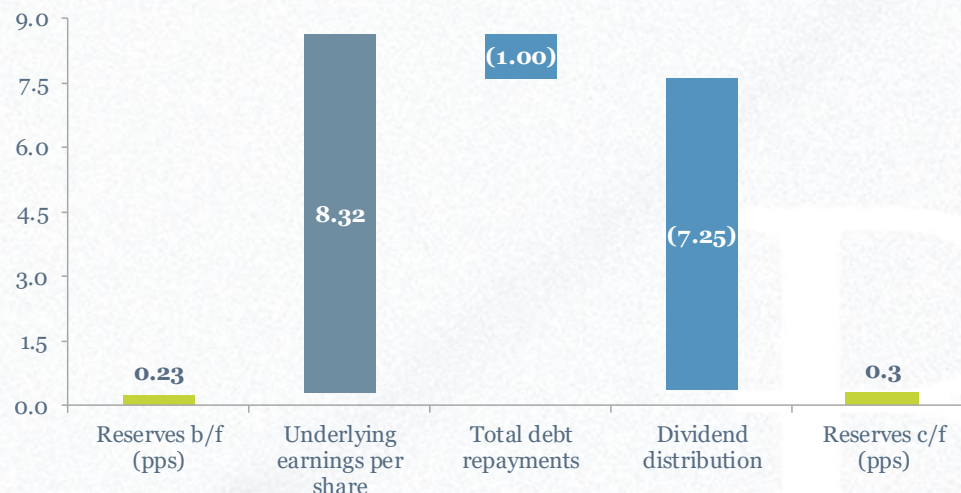
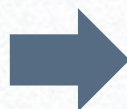
CONSOLIDATED PORTFOLIO EARNINGS

Strong portfolio income allows debt amortisation and 7.25p distribution

	16/17 (£m) ¹	15/16 (£m) ¹	16/17 Commentary
Portfolio Income	49.2	36.5	£114.5k/MW revenue + £1.3m liquidated damages earned in the period
Portfolio and project finance interest costs	(12.0)	(7.8)	£0.7m interest payments for Project Durrants
Total Portfolio Income Earned	37.1	28.7	
Group Operating Costs*	(4.2)	(3.9)	Ongoing charges (annualised): 1.10%
Group Interest Costs	(4.4)	(3.2)	Interest on Aviva long-term & RCF financing
Underlying Earnings	28.5	21.6	

BSIF earnings & dividend flows (pps)²

Underlying earnings
of £28.5m = 8.32pps

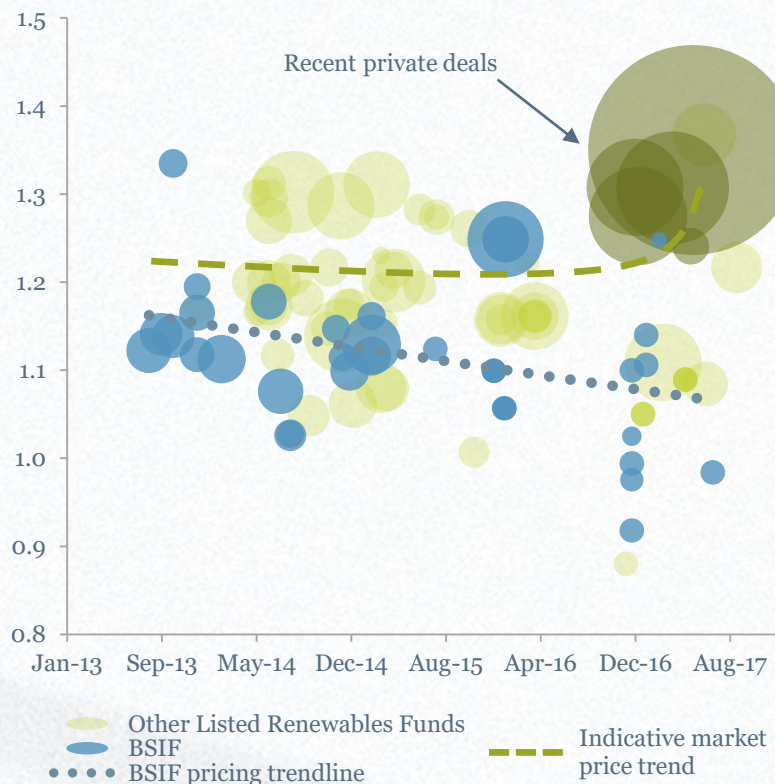


UK SOLAR ASSET PRICING & BSIF INVESTMENT REVIEW

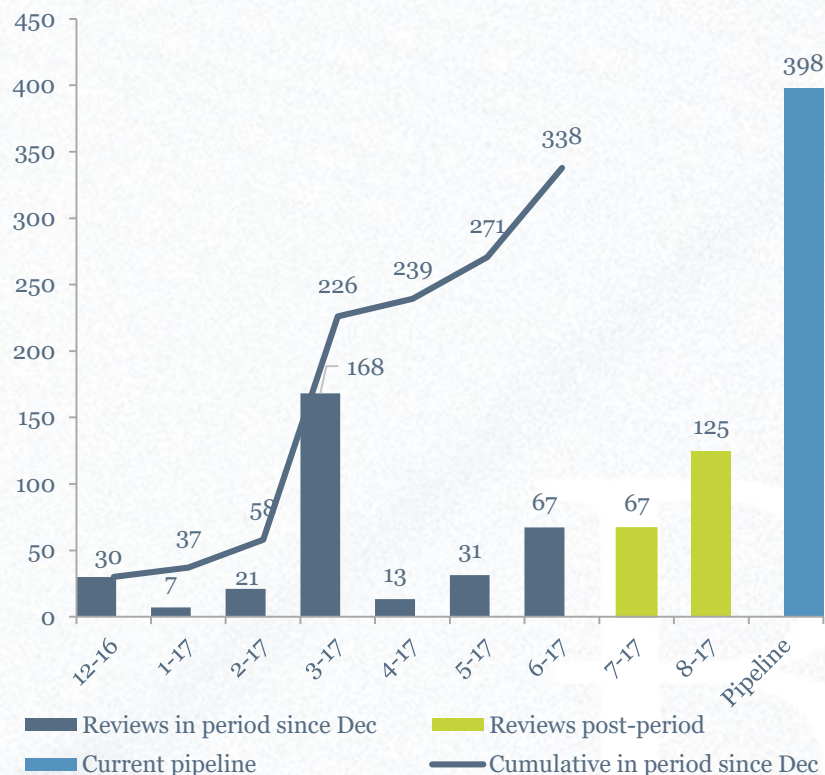
Low-cost capital entering the market has pushed up asset pricing

Bluefield Solar was the first solar fund to list on the LSE in 2013 and started to acquire projects at competitive prices. Most recently, inflows of new low-cost capital has caused solar valuations to trend upwards. The Company has maintained its pricing discipline with multiples decreasing in line with the ROC depression. The Company has continued to monitor the market for opportunities, screening more than 300MW in the first half of 2017, and is currently reviewing about 400MW worth of potential investments.

UK solar acquisition pricing (£m/MWp)¹



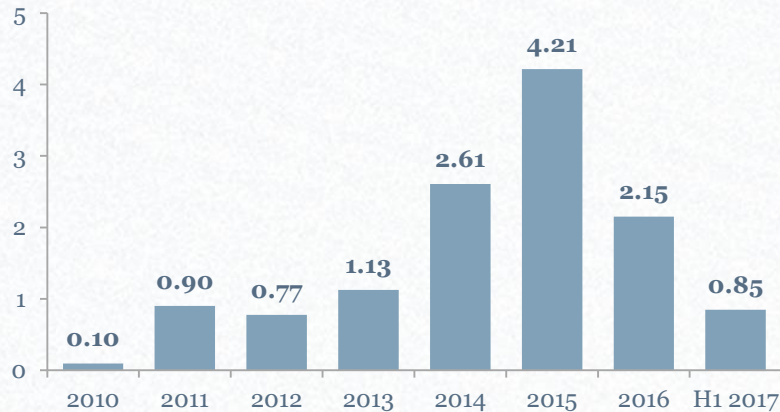
BSIF potential investment review activity²



UK SOLAR MARKET DEVELOPMENT

BSIF acquisition discipline remains consistent in changing UK solar market

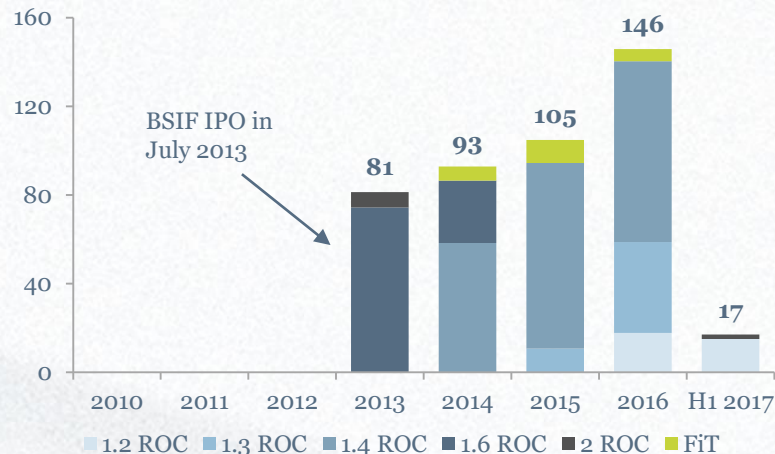
UK solar market capacity additions (GW)¹



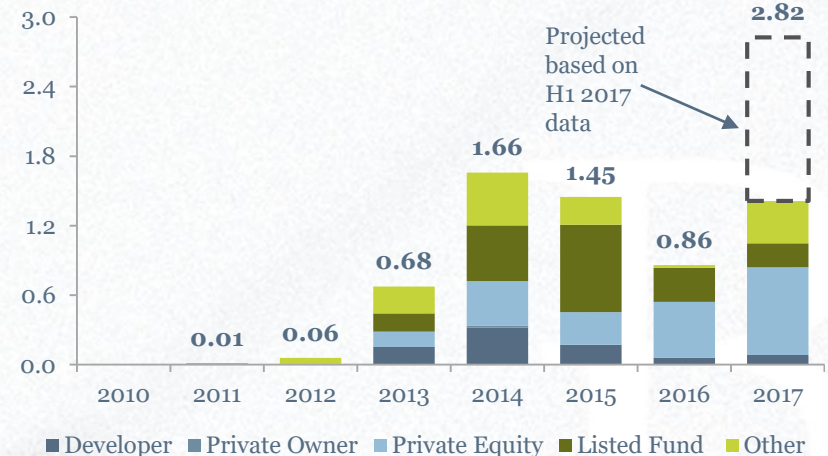
Commentary

- The closure of the ROC scheme in April has led to a steep drop in solar installations in the first six months of 2017¹. This follows three strong years, in which the UK was one of the leading solar markets in Europe².
- As the sector is moving from a primary to a secondary market, M&A activity has increased markedly in H1 2017. Assuming constant growth, the year will easily beat previous records.
- BSIF capacity growth has closely followed the build-out of the UK market as a whole. With M&A activity picking up and pricing becoming competitive, the Company has kept its discipline and only acquired projects with accretive returns.

BSIF acquisition track record (MW)³



UK solar market M&A activity (GW)⁴



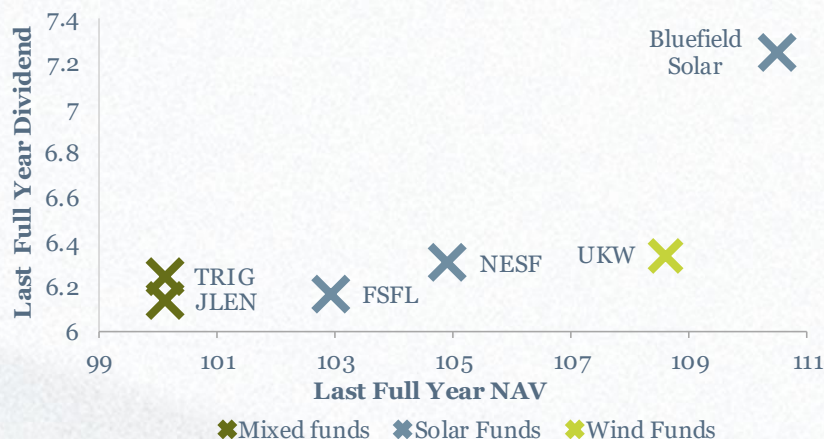
VALUATION

Superior company performance on both NAV and dividends

Commentary

- Net Asset Value (NAV) in the period increased from 99.4pps to 110.5pps¹. Combined with the dividend, this represent a total NAV return of 18.5%¹.
- The valuation uplift was largely driven by updates to the inflation assumptions and the discount rate and the adoption of proven performance ratios.
- Market prices for portfolios similar to BSIF have increased markedly in the period. As a consequence, the applied unlevered discount rate (WACC) was reduced from 6.60% to 6.15%¹.
- The resulting lifetime equity IRR is 7.4%¹.

Net Asset Value & Dividends in Sector (pps)²



Valuation Highlights¹

Valuation Component (£m)	June 2017	June 2016	June 2015
Portfolio DCF Valuation	545.4	465.8	282.3
Projects valued at cost	5.0	0.0	0.0
Project Net Current Assets	23.0	17.9	14.5
Directors' Valuation	573.4	483.7	296.8

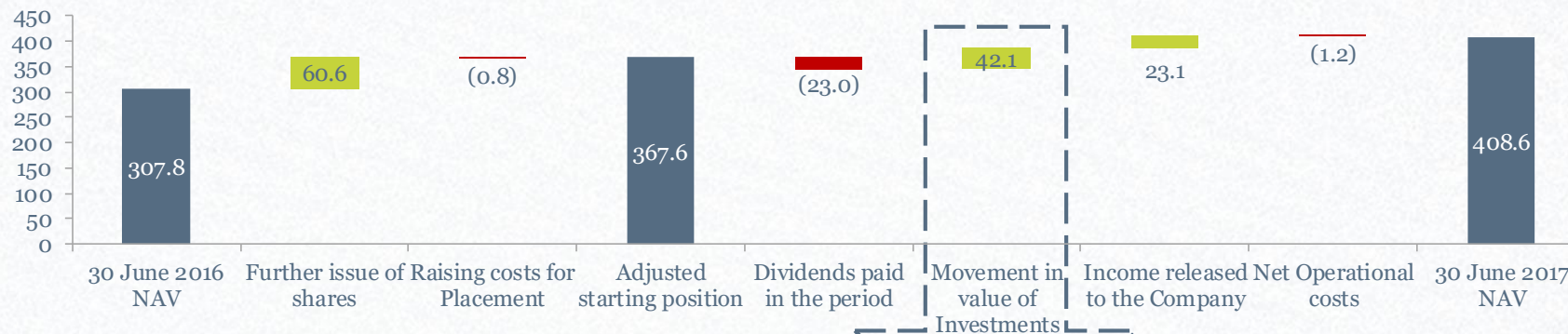
Valuation Parameters Overview¹

	WACC	Equity discount rate	Effective cost of debt	Leverage
BSIF June 2017	6.15%	7.4%	3.1%	33%
BSIF Dec 2016	6.60%	8.3%	3.1%	34%

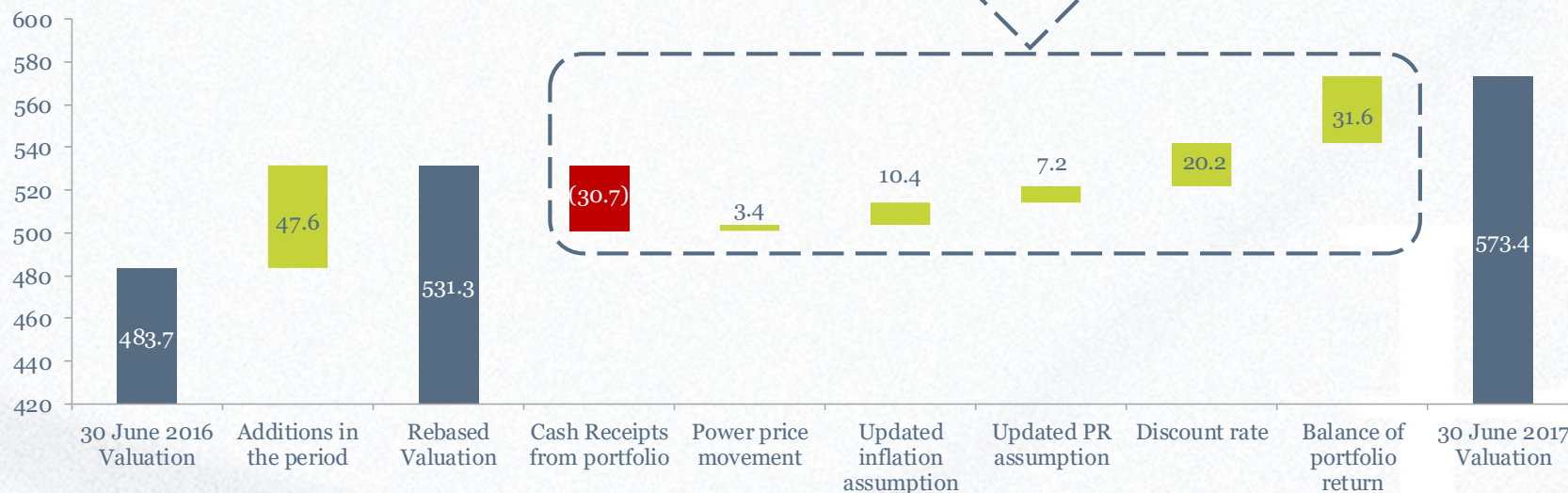
VALUATION MOVEMENT

NAV benefits from lower discount rate and adoption of proven PRs

NAV Movement in Period (£m)¹



Portfolio Valuation Movement in Period (£m)¹

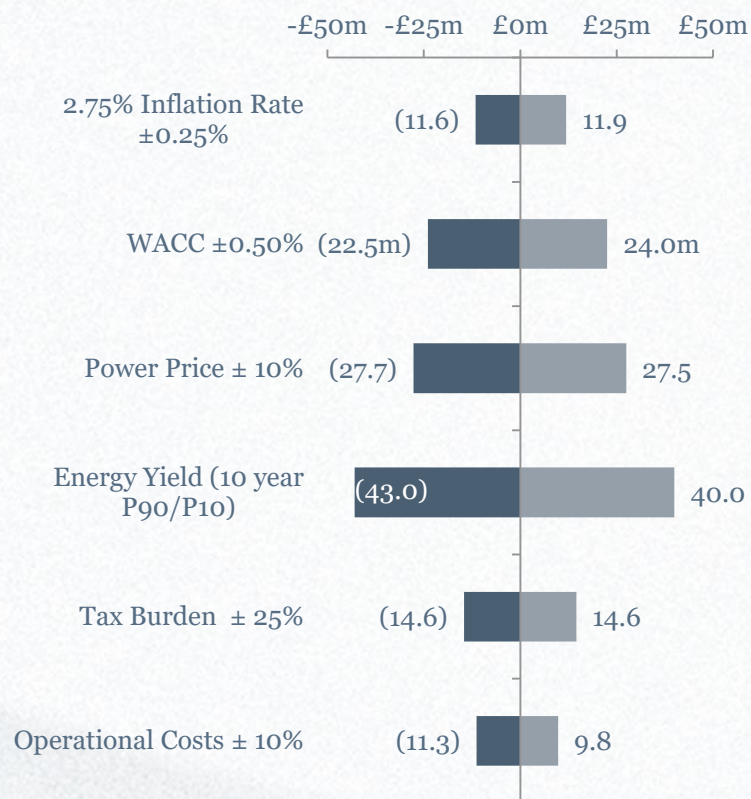


SENSITIVITY ANALYSIS

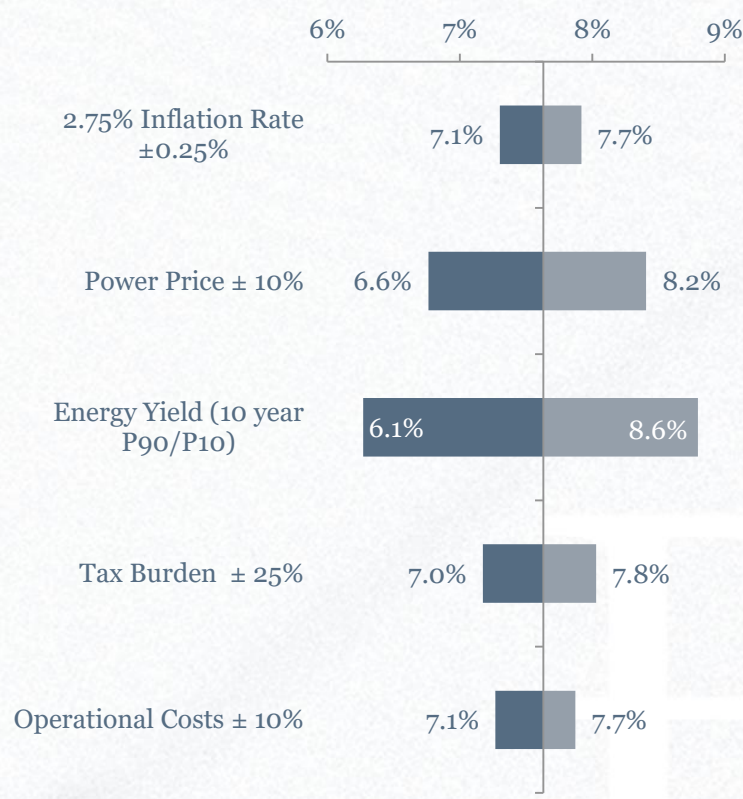
BSIF performance remains robust against fluctuations of key parameters

The Company's valuation and returns remain robust against fluctuation of key parameters such as power prices, energy yield and tax. In addition, the possible introduction of BEPS (Base Erosion and Profit Shifting) regulation would have subdued impact: Assuming zero interest tax shield, the valuation would fall by **£7.8m**, while a 30% of EBITDA tax shielding would provide a **£22.5m** valuation uplift.

Directors' Valuation: **£573.4m**



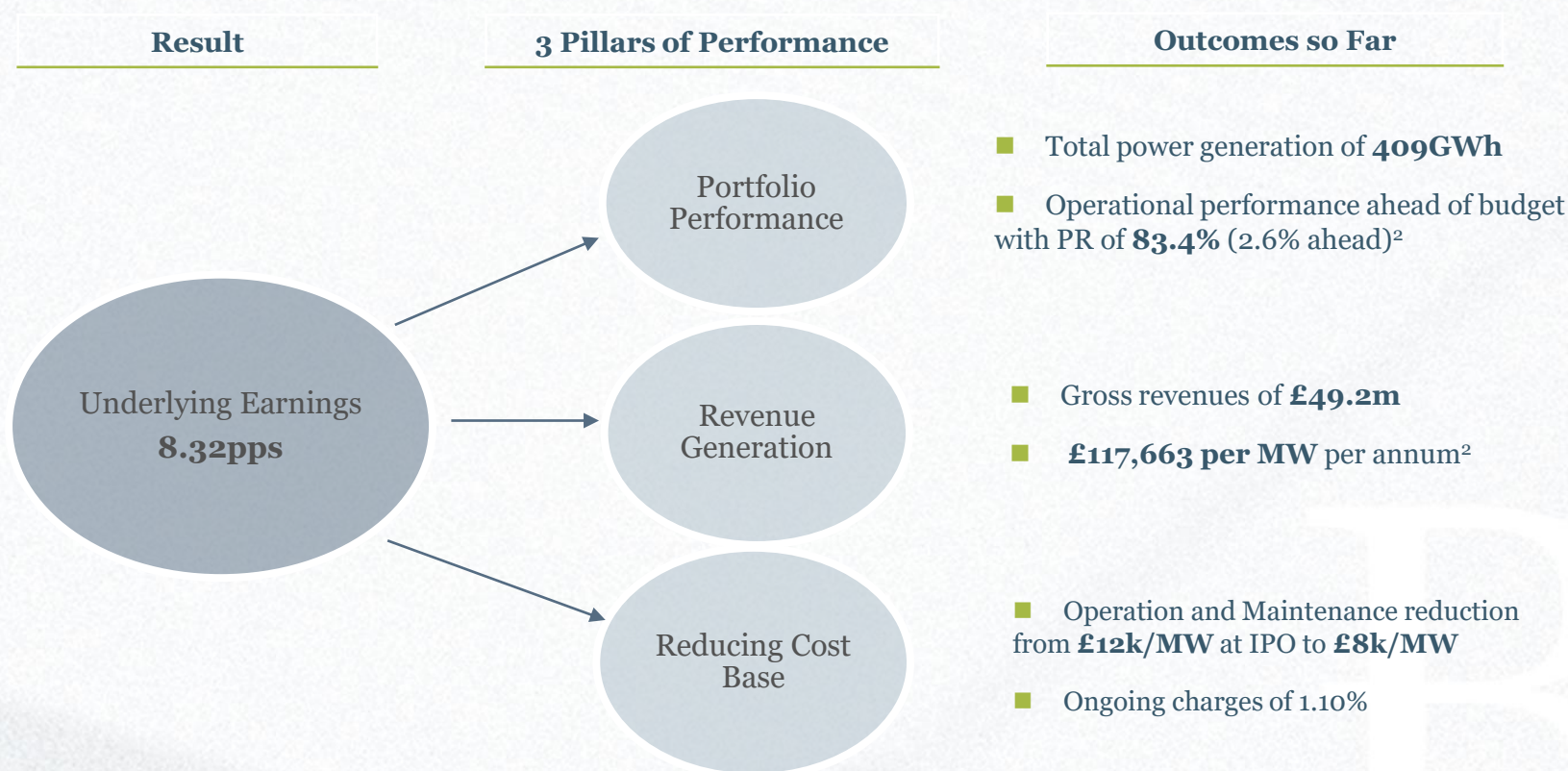
Equity IRR: **7.4%**



UNDERLYING EARNINGS & NAV

3 Pillars of Performance¹

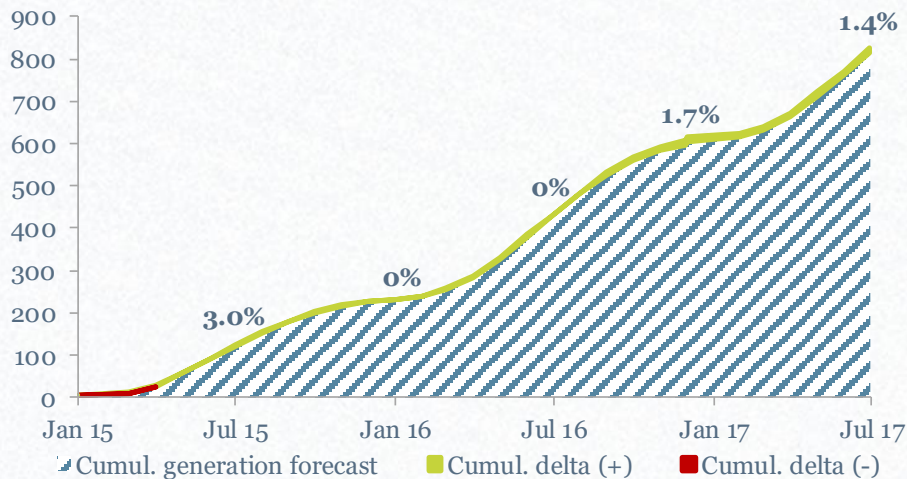
- The Company is served by solar professionals experienced in financial, debt and technical asset management
- The team has been involved in over £1.25 billion of solar PV funds and/or transactions
- 5,600 hours monitoring, 90 days analysing critical payment milestones and 133 days on site (Bluefield Services)



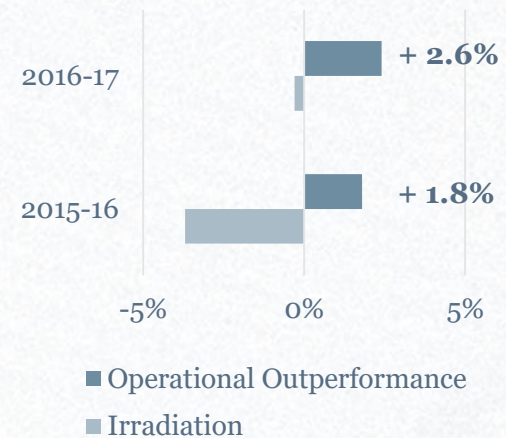
OPERATIONAL OPTIMISATION & COST REDUCTION

Bluefield drives outstanding operational performance

BSIF 2.5-year cumulative generation vs. forecast (GWh)¹



Portfolio track record¹



Initiatives



Advanced analytics

- Monitoring activities as portfolio goes through EPC testing procedures



Renegotiation of service contracts

- Enhanced service level provisions and cost reductions



Enhanced long term contracts

- Lease and planning extensions



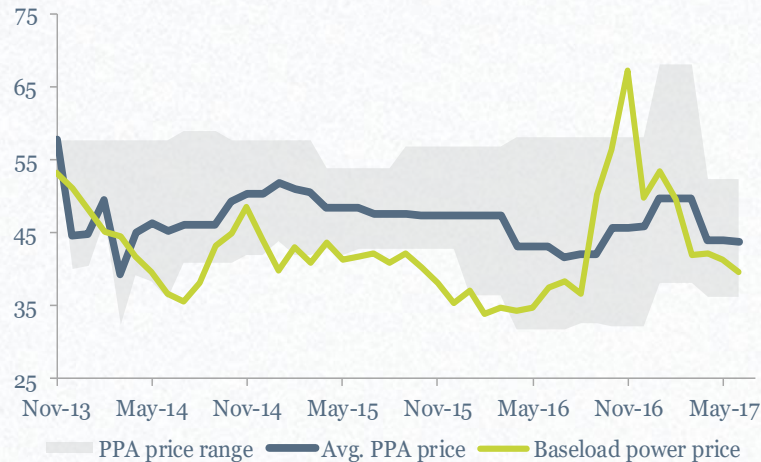
Portfolio 'health checks'

- Contractual protections to maximise long term performance

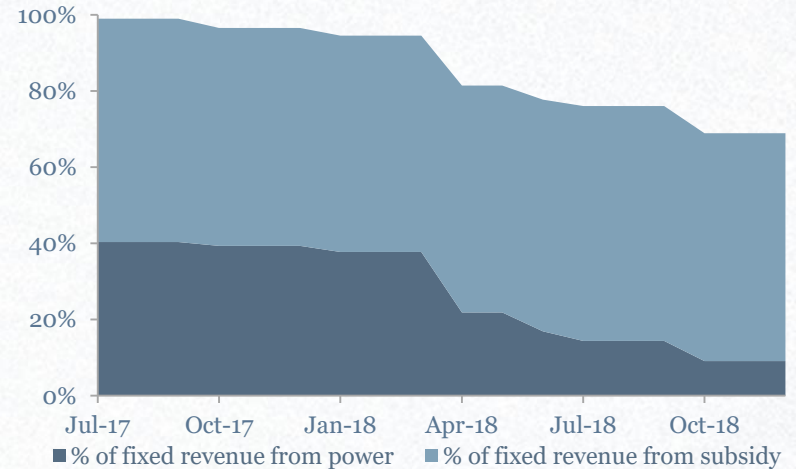
POWER REVENUE OPTIMISATION

The Company's proven power price strategy maximising future revenues

Power and BSIF PPA prices (£/MWh)¹



BSIF fixed revenue forecast²



Initiatives



PPA & ROC Contract Flexibility

- BSIF average capture rate of 96% of ROC buyout and 100% of recycle



Enhanced Power Sales

- Rapidly evolving power sales market as renewable energy goes mainstream



Additional Optionality

- Partnering with external providers to incorporate battery storage at existing sites

CONCLUSION

Three messages from the Chairman's Statement

“

The Company is a high yielding income fund and the principal measure of our health will always be the cash flows we generate year by year.

The Company and its Investment Adviser will continue to examine acquisition opportunities, but will maintain the discipline necessary to deliver acceptable returns to our shareholders, as we have done during our first four years.

Our focus in the coming year will be to optimise our revenue from the existing portfolio, both by active management of our power contracts...and strong operational management through BSL.

”

John Rennocks, Chairman, 18 September, 2017

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