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If you have sold or otherwise transferred all of your holding of Ordinary Shares in Bluefield Solar Income Fund Limited (the **Company**), please send this document, together with the Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold any part of your holding of Ordinary Shares in Bluefield Solar Income Fund Limited, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of Directors of the Company which is set out in Part I of this document and which contains the Board's recommendation that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

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# **Bluefield Solar Income Fund Limited**

*(A company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended,  
with registered number 56708)*

## **Approval of related party transactions and issue of Consideration Shares**

**Proposed disapplication of pre-emption rights in connection with  
the proposed fundraising by way of a Placing Programme in respect of  
up to 150 million New Ordinary Shares and/or C Shares**

**Proposed amendment of Articles of Incorporation**

**and**

**Notice of Extraordinary General Meeting**

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You will find in Part IV of this document a Notice of an Extraordinary General Meeting of the Company to be held at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY at 10.00 a.m. on 1 October 2014.

Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed, signed and returned so as to be received by the Company's UK Transfer Agent, Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible but, in any event, so as to arrive not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting.

The Company is a closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council has taken any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it in this document. The Company's Ordinary Shares are admitted to trading on the main market for listed securities of the London Stock Exchange under ticker symbol "BSIF".

If you have a query concerning this document or the Extraordinary General Meeting, please telephone Capita Asset Services between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 0871 6640321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 6640321 number cost 10 pence per minute from a BT landline (other network providers' costs may vary). Calls to this line from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection the Acquisition and other Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition and other Proposals.

**Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

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## EXPECTED TIMETABLE

|  |                                 |
|--|---------------------------------|
| Latest time and date for receipt of Forms of Proxy                                       | 10.00 a.m. on 29 September 2014 |
| Extraordinary General Meeting  | 10.00 a.m. on 1 October 2014    |
| Expected date of publication of Prospectus   | 2 October 2014*                 |
| Expected date on which the Placing Programme will open                                   | 2 October 2014*                 |
| Expected date of Admission of Consideration Shares issued in relation to the Acquisition | 3 October 2014*                 |
| Expected date on which the Placing Programme will close                                  | 1 October 2015*                 |

**Notes:**

1. These times and dates are indicative only. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.
2. All references to times in this document are to times in London, England, unless otherwise stated.

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\* The exact date of the publication of the prospectus, and the therefore Admission of the Consideration Shares and the start and end date of the Placing Programme, is not known as at the date of this document but is expected to be 2 October 2014.

## PART I

### LETTER FROM THE CHAIRMAN

# Bluefield Solar Income Fund Limited

*(A company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended,  
with registered number 56708)*

#### *Directors*

John Rennocks (Chairman)  
Paul Le Page  
Laurence McNair  
John Scott

#### *Registered office*

Heritage Hall  
PO Box 225  
Le Marchant Street  
St Peter Port  
Guernsey  
GY1 4HY

9 September 2014

*To holders of Ordinary Shares in the Company*

Dear Shareholder,

### **Approval of related party transactions and issue of Consideration Shares**

**Proposed disapplication of pre-emption rights in connection with  
the proposed fundraising by way of a Placing Programme in respect of  
up to 150 million New Ordinary Shares and/or C Shares**

**Proposed amendment of Articles of Incorporation**

**and**

**Notice of Extraordinary General Meeting**

#### **Introduction**

On 9 September 2014 your Board announced that the Company's wholly-owned UK subsidiary, Bluefield SIF Investments Limited (**SIF**), had entered into a conditional contract to acquire the Target Portfolio through the acquisition of all of the issued shares in the Target Holdco in consideration for the issue of new Ordinary Shares and cash.

The Company's investment adviser, Bluefield Partners LLP (the **Investment Adviser**), is also the investment manager to the Target Holdco and certain members of the Investment Adviser hold Ordinary and B Shares in the Target Holdco which are proposed to be sold to SIF pursuant to the Acquisition Agreement. Three of these members are directors of SIF, or its subsidiaries, and as such are related parties to the Group. Consequently, the Acquisition Agreement will be a related party transaction for the purposes of the Listing Rules and the Acquisition Agreement is therefore conditional on, *inter alia*, the approval of Shareholders at the EGM (the **Acquisition Approval**).

In addition, your Board announced that, subject to Shareholder approval and the publication of a prospectus, it intends to put in place a placing programme to enable the Company to repay sums drawn down from time to time under the Acquisition Facility and to make further acquisitions. The Board is seeking Shareholders' consent for the disapplication of pre-emption rights in connection with the proposed issue in aggregate of up to 150 million New Ordinary Shares and/or C Shares pursuant to the Placing Programme (the **Disapplication Approval**).

In connection with the proposed Placing Programme, the Board is seeking the approval of Shareholders to issues of New ordinary Shares and/or C Shares to: (i) the L&P Sellers, who will be

deemed to be related parties to the Company under the Listing Rules following the issue of the Consideration Shares pursuant to the Acquisition Agreement; and (ii) CCLA, which, by virtue of the size of its shareholding in the Company, is a related party to the Company .

The Board is also putting a resolution to Shareholders seeking approval of an amendment to the conversion rights attaching to the C Shares as set out in the Articles. The purpose of the proposed amendment is to provide greater flexibility to the Board to determine the most appropriate time for calculating the conversion ratio in respect of each class of C Shares with a view to achieving the objective that the conversion of the C Shares should not be earnings dilutive for the existing Ordinary Shares (the **Amendment Approval**).

Consequently, the Board is convening an Extraordinary General Meeting in order to put the necessary resolutions to Shareholders.

The purpose of this Circular is to explain the background to, and reasons for, the Acquisition Approval, the Disapplication Approval, the L&P Related Party Approval, the CCLA Related Party Approval and the Amendment Approval (together, the **Proposals**). Notice of the Extraordinary General Meeting at which Shareholders' approval for the Proposals will be sought is set out in Part IV of this Circular.

**Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

## **The Acquisition**

### ***Background to and reasons for the Acquisition***

The Target Portfolio consists of 12 operating solar assets totalling 6.212MWp. The assets were commissioned between July 2011 and September 2012. The largest asset in the Target Portfolio, Durrant's Farm, was built by REC Systems Ltd (**REC**), the specialist contracting arm of REC Group, the global solar manufacturer and installer. The remaining 11 assets were built by British Gas New Heating (**BG**), the specialist solar contracting arm of Centrica.

The Target Portfolio is held by the Target Holdco within two special purpose companies: (i) KS SPV5 Ltd (an indirect wholly-owned subsidiary of the Target Holdco), which owns Durrant's Farm; and (ii) Bluefield Goshawk Ltd, which owns the remaining 11 assets (comprising the Thames Water Assets and the Adnams Bio-energy Asset).

The total consideration payable by SIF for the Target Holdco will be £8,914,000, which will be satisfied through a combination of cash and the allotment of the Consideration Shares, as described in more detail under the heading "The Acquisition Agreement" below.

The total consideration payable for Durrants represents £4.27 million per MWp which reflects the fact that the acquisition benefits from a FIT rate of 34.1p for kWh, rising with RPI; Goshawk's portfolio is being acquired for a consideration of £1.55 million per MWp from assets that benefit from a FIT of 17.9p per kWh, rising with RPI. Both subsidy levels are higher than the current ROC regime under which the Company's existing portfolio operates and enables the Company to pay more for the Target HoldCo and still expect to match or exceed the Company's return target.

Based on the proposed consideration payable the Board expects that the cashflow derived from Target Holdco, over the life of the asset, will be accretive to Shareholder returns.

## The Target Portfolio

| SPV               | Asset's Name                | Location      | Installed Capacity (MWp) <sup>(1)</sup> | Commissioned | FIT <sup>(2)</sup> level p/kWh | PPA Expiry | PPA Counterparty |
|-------------------|-----------------------------|---------------|---|--------------|--------------------------------|------------|------------------|
| KS SPV5           | Durrants                    | Isle of Wight | 4.997                                   | July 2011    | 34.1                           | Sep 2014   | Smartest         |
| Bluefield Goshawk | Thames Water Weybridge      | Surrey        | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Esher          | Surrey        | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Hockford       | Surrey        | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Holmwood       | Surrey        | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Woking         | Surrey        | 0.247                                   | July 2012    | 13.66                          | July 2037  | Thames Water     |
|                   | Thames Water Ashvale        | Surrey        | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Ripley         | Surrey        | 0.249                                   | July 2012    | 13.66                          | July 2037  | Thames Water     |
|                   | Thames Water Faringdon      | Oxfordshire   | 0.050                                   | July 2012    | 16.9                           | July 2037  | Thames Water     |
|                   | Thames Water Sandhurst      | Surrey        | 0.099                                   | Sep 2012     | 12.18                          | Sep 2037   | Thames Water     |
|                   | Thames Water East Hampstead | Surrey        | 0.099                                   | Aug 2012     | 12.18                          | Aug 2012   | Thames Water     |
|                   | Adnams Bio Energy           | Suffolk       | 0.226                                   | July 2011    | 34.1                           | N/A        | N/A              |
|                   | Southwold                   |               |   |              |                                |            |                  |

- (1) All 0.050MW sites are in fact just under 0.050MW so they have been qualified for high FIT tariff.
- (2) The FIT regime was implemented by way of the Feed in Tariffs Order 2010. It requires FIT Licensees to pay a fixed generation tariff, formally known as **Feed in Tariff (FIT)**, and an **export tariff** to low carbon generators whose capacity does not exceed 5 MW. An eligible generator receives a fixed amount indexed with RPI for all electricity produced for a duration of 20 or 25 years depending on the year of installation. Annual FIT payments are made according to published tariffs by OFGEM. The export tariff can be opted out by contracting directly with an electricity supplier through a direct power purchase agreement (**PPA**). Therefore, in essence, export tariff offers a floor price for PPA.

- *Solar plant on Durrant's Farm*

Durrant's Farm is the largest single asset in the Target Portfolio and at 4.997MWp amounts to 80 per cent. of the Target Portfolio's total output capacity. It was constructed and grid-connected prior to the tariff reductions in August 2011 and qualified for 30.9 pence per kWh FIT with guaranteed minimum FIT export tariff of 3 pence per kWh for 25 years rising with RPI (with the 2014/2015 year's FIT being 34.1 pence per kWh). It is the only asset within the portfolio with project finance in place with a total outstanding balance on three facilities of £15,243,064 as at 2 September 2014. The project finance is provided by Bayerische Landesbank, London Branch and the fixed-rate loan is fully amortising over 18 years until its maturity in September 2028 at a weighted average rate of 5.22 per cent. The project finance is limited recourse to the assets of the borrower under the financing (KS SPV5 Ltd). Immediately following completion of the Acquisition, the Group's aggregate borrowings (consisting of the outstanding balances of these facilities and the amount outstanding under the Group's acquisition facility with RBS) will be £17,593,767.16, giving a gearing level of approximately 11.2 per cent. against the enlarged Group's NAV (calculated as the aggregate of the Group's last published NAV as at 30 June 2014 and the NAV of the Target Portfolio as at 30 June 2014).

- *Solar plants on Thames Water Assets*

The 10 Thames Water assets are small, ground based operational solar farms based on the sites of water and waste processing plants owned by Thames Water Utilities (**Thames Water**). They are all in the south east of England. The total energy capacity is just under 1MWp. All the sites qualified for 20-25 year FIT and have 25 year RPI linked PPAs with Thames Water. All the plants were built by and are currently operated by BG.

- *Solar plant on Adnams Bio Energy Asset*

The Adnams Bio Energy asset is a ground-based solar plant which supplies power directly to a biogas plant owned by Adnams Bio Energy. The solar plant was grid-connected prior to the drop in FIT in August 2011. The Adnams Bio Energy asset derives 100 per cent. of its net revenue for FIT which was qualified at 30.7p per kWh for 25 years rising with RPI (with the current year's FIT being 34.1 pence per kWh).

### Benefits of the Acquisition

The Directors believe that the Acquisition will have the following benefits for Shareholders and the Company:

- Diversification into FIT: Currently the Company's portfolio consists exclusively of ROC projects. The proposed acquisition of the Target Portfolio will give the Company access to assets benefitting from attractive FITs which are fully RPI indexed in line with the Company's investment objective. Durrant's Farm, the largest asset in the Target Portfolio, benefits from 23 years of FIT remaining and is one of few projects in the UK that gained access to the high pre-August 2011 FIT rate, currently at £34.1/kWp, which ceased to be available to new plants from 1 August 2011;
- Reduced exposure to power prices: The Durrant's Farm project derives only approximately 15 per cent. of its revenue from power prices, significantly below that of the current portfolio which derives approximately 40 per cent. of revenue from power sales. This will increase the linkage of the Company's portfolio to RPI. In addition, all the other assets in the Target Portfolio benefit from 100 per cent. revenue linkage to RPI, via a combination of FIT and 25 year PPAs with Thames Water at fixed RPI indexed prices; and
- Diversification of counterparties: brings increased diversity in EPC and O&M contractors and increases the number of operational assets within the Group.

### ***Conditions to the Acquisition***

The Acquisition is conditional on:

- (a) Resolution 1 being passed at the EGM; and
- (b) Admission of the Consideration Shares.

The Company has agreed to use its reasonable endeavours to procure (so far as it is able) that these conditions are satisfied as soon as practicable and in any event on or before 5.00 p.m. on 31 December 2014.

For the avoidance of doubt, Admission of the Consideration Shares will require the publication of a prospectus by the Company, which the Company expects to publish on 2 October 2014<sup>(1)</sup>. The Company will announce the publication of the prospectus through a RIS.

### ***The Acquisition Agreement***

SIF has entered into a sale and purchase agreement with the L&P Sellers which in aggregate own the 94 per cent. of the issued ordinary shares in the Target Holdco, the Bluefield Ordinary Share Sellers who in aggregate own the remaining 6 per cent. of the issued ordinary shares in Target Holdco and the B Share Sellers who own all of the issued B Shares in the Target Holdco.

Pursuant to the Acquisition Agreement, SIF will purchase:

- (i) the full outstanding balances of the shareholder loans made by each of the L&P Sellers and the Bluefield Ordinary Share Sellers to the Target Holdco;
- (ii) all of the issued ordinary shares in the Target Holdco; and
- (iii) all of the issued B Shares in the Target Holdco.

The total consideration payable by SIF under the Acquisition Agreement will be £8,914,000, which will be satisfied through a combination of cash and the allotment of the Consideration Shares, as described in more detail below. The proposed purchase price for the Target Portfolio has been reviewed by BDO LLP, which has confirmed that, in its opinion, the proposed purchase price, as negotiated between the Company and the Sellers, falls within a range that is fair and reasonable. BDO LLP's valuation opinion is set out in Part II of this Circular.

The consideration payable to the L&P Sellers for the acquisition of the outstanding balances of their shareholder loans and the issued ordinary shares in the Target Holdco held by them, being £7,725,957.35 in aggregate, will be satisfied by the issue of new Ordinary Shares in the Company

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(1) The exact date of the publication of the prospectus, and the therefore Admission of the Consideration Shares and the start and end date of the Placing Programme, is not known as at the date of this document but is expected to be 2 October 2014.

(the **Consideration Shares**) and for these purposes the issue price of each Consideration Share will be equal to the average mid-market price of the Ordinary Shares during the seven dealing days up to and including the third dealing day prior to completion of the Acquisition Agreement, provided that if the middle market price of the ordinary shares on any of those seven dealing days is on a cum-dividend basis, then those prices will be adjusted so as to provide the ex-dividend price before calculating such average middle market price. The Consideration Shares will rank *pari passu* with the Ordinary Shares then in issue (save that Consideration Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the Consideration Shares).

The consideration payable to the Bluefield Ordinary Share Sellers for the acquisition of the outstanding balances of their shareholder loans and the issued ordinary shares in the Target Holdco held by them, being £719,422.85 in aggregate, will be paid in cash.

The consideration payable to the B Share Sellers (including the Bluefield Related Parties) for the acquisition of the issued B Shares in the Target Holdco, being £468,619.80 in aggregate, will be paid in cash.

On completion of the Acquisition Agreement, the management deed pursuant to which Bluefield Partners LLP provides investment advisory services to the Target Holdco will be terminated with immediate effect with no amounts being payable to Bluefield Partners LLP save for advisory fees accrued up to the date of termination.

The Acquisition Agreement contains warranties customary for a transaction of this nature. While all the Sellers have given warranties on title, capacity and authority (**Core Warranties**), additional warranties in respect of the Target Holdco, the assets in the Target Portfolio and tax (**Business Warranties**) have been given only by the Advisor Sellers (being the Bluefield Related Parties (other than Giovanni Terranova) and two of the Bluefield Ordinary Share Sellers).

The liability of the Sellers is several and not joint and several and their liability in respect of the Core Warranties is capped at an amount equal to the consideration received by the relevant Seller pursuant to the Acquisition Agreement. The liability of Advisor Sellers in respect of the Business Warranties is capped at £1.00. However, SIF has taken out warranty insurance of an amount up to £4.5 million. Any claim brought by SIF under the Business Warranties must be brought within 18 months of the date of completion of the Acquisition Agreement, with the exception of claims brought in respect of the tax warranties which must be brought within seven years of the date of completion of the Acquisition Agreement. The financial caps and time limits on claims brought against the Sellers under any of the warranties will not apply in the event of fraud, dishonesty or wilful concealment on the part of the Sellers.

The Acquisition Agreement also contains customary tax warranties and covenants for a transaction of this nature.

### ***Related party transaction***

The Company's investment adviser, Bluefield Partners LLP, is also the investment adviser to the Target Holdco and certain members of the Investment Adviser hold B Shares in the Target Holdco. Three of the B Share Sellers, James Armstrong, Michael Rand and Giovanni Terranova (the **Bluefield Related Parties**), are directors of subsidiaries of the Company and are therefore related parties of the Company for the purposes of the Listing Rules. As each of them will be a party to the Acquisition Agreement (as a seller of B Shares), the Acquisition Agreement is a related party transaction under the Listing Rules and requires, *inter alia*, the approval of shareholders at the EGM.

Under the articles of association of the Target Holdco, the holders of the B Shares are entitled to a shareholder distribution of an amount equal to 20 per cent. of any profits generated by the sale of the Target Portfolio or the Target Holdco conditional upon all shareholders having received an aggregate return (on their loans and shares) not less than a hurdle return of 8 per cent. and subject to market standard 'catch up' provisions. For the avoidance of doubt, based upon the purchase price agreed between the Company and the Sellers, the B Shareholders will be entitled to a full 20 per cent. of the profits. Pursuant to the terms of the Acquisition Agreement, it is proposed that the B Shares will be

acquired by SIF for a sum equal to the amount calculated as being payable on a sale of Target Holdco in accordance with its articles of association.

On the basis of the purchase price agreed between SIF and the L&P Sellers for the ordinary shares in the Target Holdco held by the L&P Sellers, the B Share Sellers (including the Bluefield Related Parties) are entitled to receive, in aggregate, £468,619.80 for the sale of the B Shares in the Target Holdco.

In addition to the Bluefield Related Parties' holding of B Shares, certain other members of Bluefield Partners LLP together own 6 per cent. of the issued ordinary shares in the capital of the Target Holdco and have outstanding shareholder loans to the Target HoldCo of £306,433.23 in aggregate. Pursuant to the terms of the Acquisition Agreement, it is proposed that: (i) the outstanding shareholder loans will be assigned to SIF for an amount equal to such outstanding shareholder loans; and (ii) the ordinary shares in the Target Holdco held by such members of Bluefield Partners LLP will be acquired for a price per ordinary share equal to that payable to the L&P Sellers for the ordinary shares in the Target Holdco held by them, all such amounts to be paid in cash on completion of the Acquisition Agreement. While the members of Bluefield Partners LLP holding ordinary shares in the Target Holdco are not related parties for the purposes of the Listing Rules, the Board believes it is appropriate to disclose their interest in the Acquisition.

As at the date of this document, the L&P Sellers hold, in aggregate, 9,026,478 Ordinary Shares in the capital of the Company, representing 6.29 per cent. of the issued share capital.

The Board, having been so advised by Numis, considers that the proposed acquisition of the Target Portfolio on the terms of the Acquisition Agreement is fair and reasonable insofar as Shareholders are concerned. Shareholders are able to approve the acquisition through passing Resolution 1 which will be proposed as an ordinary resolution. The Bluefield Related Parties will not vote on Resolution 1 and have undertaken to take all reasonable steps to ensure that their respective associates will not vote on Resolution 1.

## **The Placing Programme**

### ***Background to and reasons for the Placing Programme***

In July 2013 the Company raised gross proceeds of £130 million through an initial public offering. Over the subsequent months the Investment Adviser supported the deployment of those proceeds ahead of schedule and by February 2014 the initial proceeds were fully committed across eight distinct projects. A further £13 million was raised in February 2014 through the Tap Issue, enabling the Company to make its ninth investment. On 13 June 2014 the Company announced that it had entered into a debt facility with RBS for up to £50 million. This debt facility together with the proposed Placing Programme will allow the Company to pursue the growth strategy of building out the asset base through a combination of debt and further equity fund raisings as set out in the IPO prospectus. Since the closing of the debt facility, the Company has announced (on 18 June 2014 and 28 July 2014) a further three acquisitions for an aggregate consideration of £34 million.

### ***Benefits of the Placing Programme***

The Directors believe that the Placing Programme will have the following benefits:

- the market capitalisation of the Company will increase, and it is expected that secondary market liquidity of the Ordinary Shares will improve;
- the Placing Programme will provide the potential for greater diversification of the Company's assets;
- the Placing Programme, in combination with the Acquisition Facility, should enable the Company to acquire a select number of opportunities from the pipeline of deals it is negotiating;
- the Placing Programme will provide greater flexibility for the Company to continue to benefit from the market for primary acquisitions and the growing market of potential secondary acquisitions from its existing and new contractor relationships; and

- the Company's fixed running costs will be spread across a wider investor base therefore lowering the ongoing charges ratio.

### ***Use of proceeds***

The Board intends to use the net proceeds of the Placing Programme, firstly, to repay debt drawn down under the Acquisition Facility used to acquire assets in the Group's portfolio and, secondly, to finance further acquisitions of assets in accordance with the Group's investment objective and policy.

### ***The structure of the Placing Programme***

The Company is proposing the Placing Programme to enable the Company to raise additional capital in the period from 2 October 2014 to 1 October 2015<sup>(1)</sup> to pay down debt drawn under the Acquisition Facility from time to time and as and when it identifies acquisition opportunities that satisfy the Company's investment objective and policy. The combination of the Acquisition Facility and the Placing Programme should enable the Company to make opportunistic acquisitions whilst mitigating the risk of cash drag on existing Shareholders' funds and has been structured to provide the Directors with the flexibility to issue New Ordinary Shares and/or C Shares, which should enable the Directors to further mitigate the risk of cash drag.

Conditional on Resolutions 4 and 5 being passed at the EGM, the Directors will be authorised to issue up to 150 million New Ordinary Shares and/or C Shares pursuant to the Placing Programme without having to first offer those shares to existing Shareholders or holders of C Shares (as applicable). Assuming only New Ordinary Shares are issued pursuant to the Placing Programme and the Placing Programme is fully subscribed, the New Ordinary Shares issued under the Placing Programme would represent 104.6 per cent. of the issued share capital of the Company as at the date of this Circular. Whilst 104.6 per cent. is higher than the disapplication of pre-emption rights authority ordinarily recommended by corporate governance best practice, the Directors believe that taking a larger than normal authority is justified in the present circumstances to enable the Company flexibility to issue New Shares on an on-going basis in order to fund future acquisitions.

New Shares will only be issued to new and existing Shareholders at a premium to the prevailing NAV at the time of issue in order to take account of the costs of such issue and will therefore be accretive to the prevailing NAV for existing Shareholders. Whilst Shareholders' voting rights will be diluted, the Directors believe that this consideration is outweighed by the flexibility that a larger authority provides. It will also mean that the Company should save the costs associated with having to obtain repeated smaller authorities. The Directors intend to use this authority when they consider that it is in the best interests of Shareholders to do so and when the Investment Adviser has identified suitable properties for acquisition.

The Placing Programme is conditional, *inter alia*, on:

- (a) Resolutions 4 and 5 being passed at the EGM;
- (b) the publication of a prospectus by the Company in relation to offer of the New Ordinary Shares and the C Shares and the application for Admission of such shares;
- (c) Admission of the New Ordinary Shares or C Shares issued pursuant to each Placing at such time and on such date as the Company and Numis may agree prior to the closing of that Placing, not being later than the date that is 12 months after the date of publication of the Prospectus;
- (d) if a supplementary prospectus is required to be published in accordance with the FSMA, such supplementary prospectus being approved by the FCA and published by the Company in accordance with the Prospectus Rules; and
- (e) the Placing Agreement becoming otherwise unconditional in respect of that Placing, and not being terminated in accordance with its terms before the relevant Admission becomes effective.

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(1) The exact start date and end date of the Placing Programme are dependent on the date on which the Company publishes the Prospectus.

If these conditions are not satisfied in respect of any Placing under the Placing Programme, the relevant issue of the New Ordinary Shares or C Shares will not proceed.

All New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the Net Asset Value per Ordinary Share at least sufficient to cover the costs and expenses of the relevant Placing. The Issue Price of any New Ordinary Shares to be issued pursuant to a Placing will be announced through a RIS as soon as is practicable following the allotment of such New Ordinary Shares.

The Issue Price of any C Shares issued pursuant to the Placing Programme will be £1.00.

The net proceeds of the Placing Programme are dependent on the number of New Ordinary Shares and/or C Shares issued pursuant to the Placing Programme and the Issue Price of any New Ordinary Shares issued.

Assuming: (i) only New Ordinary Shares are issued pursuant to the Placing Programme at an Issue Price of 103.75 pence per New Ordinary Share (being the average mid-market price of the Ordinary Shares as at 5 September 2014); and (ii) the Company issues 150 million New Ordinary Shares (being the number of New Ordinary Shares in respect of which the Board is seeking Shareholders' consent to disapply the pre-emption rights at the EGM), the Company would raise £155,625,000 of gross proceeds from the Placing Programme.

Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all the New Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all the C Shares to be issued pursuant to the Placing Programme to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective, and that dealings in the New Ordinary Shares and/or C Shares will commence, during the period from October 2014 to October 2015.

The Company's share capital as at the date of this document is denominated in Sterling and consists of Ordinary Shares of no par value. The New Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save that New Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of such New Ordinary Shares).

The C Shares will not be entitled to any dividends payable in respect of the Ordinary Shares but on their conversion into New Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue (save that such New Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to conversion of the C Shares).

### **L&P and CCLA related party transactions**

As at the date of this document:

- (a) the L&P Sellers hold, in aggregate, 9,026,478 Ordinary Shares in the capital of the Company, representing 6.29 per cent. of the issued share capital. Assuming an issue price of 103.75 pence per Consideration Share (being the average mid-market price of the Ordinary Shares as at 5 September 2014), the L&P Sellers will receive 7,446,705 Consideration Shares on completion of the Acquisition and will hold, in aggregate 16,473,183 Ordinary Shares in the capital of the Company, representing 10.9 per cent. of the issued share capital (assuming the L&P Sellers do not acquire any further Ordinary Shares or dispose of any Ordinary Shares between the date of this document and the issue of the Consideration Shares). Consequently, following the issue of the Consideration Shares, the L&P Sellers will, together, be considered to be related parties of the Company by virtue of the size of their aggregate shareholding in the Company; and
- (b) CCLA holds 25,000,000 Ordinary Shares in the capital of the Company, representing 17.43 per cent. of the issued share capital. Consequently, CCLA is considered to be a related party of the Company by virtue of the size of its shareholding in the Company,

(together, the **Related Parties** and each, a **Related Party**).

Under the Listing Rules, unless a relevant exemption applies, when a company issues shares to a related party, there is a requirement to obtain shareholders' approval for that transaction.

If further Ordinary Shares or C Shares are placed with either of the Related Parties pursuant to the Placing Programme (at any time during the period in which the Placing Programme is open), the Company may be required to seek Shareholder approval. The Company, in consultation with Numis, has agreed that it would be desirable to have the ability to place Ordinary Shares and/or C Shares with each of the Related Parties under the Placing Programme without requiring a Shareholder vote on each such occasion. Accordingly, the Directors are proposing Resolutions 2 and 3 at the EGM, the effect of which is to permit the Company to place Ordinary Shares and/or C Shares pursuant to the Placing Programme with each of the Related Parties. The L&P Sellers have undertaken not to vote the Ordinary Shares in which they are interested in respect of Resolution 2 and CCLA has undertaken not to vote the Ordinary Shares in which it is interested in respect of Resolution 3 and each of the Related Parties will take all reasonable steps to ensure that their respective associates will also abstain from voting on such resolutions. The Board, having been so advised by Numis, considers that both the L&P Related Party Approval and the CCLA Related Party Approval is fair and reasonable insofar as Shareholders are concerned.

Although it is theoretically possible that all of the New Ordinary Shares and/or C Shares available for issue under the Placing Programme could be placed with the L&P Sellers or CCLA, the Board will not place New Ordinary Shares and/or C Shares with either of the Related Parties if such placing would trigger the requirement of the relevant Related Party to make a mandatory bid for the Company under Rule 9 of the UK Code on Takeovers and Mergers.

For illustrative purposes, if 150 million New Ordinary Shares are issued pursuant to the Placing Programme (and assuming that 7,446,705 Consideration Shares are issued to the L&P Sellers on the basis of the average mid-market price of the Ordinary Shares of 103.75 pence as at 5 September 2014):

- the expected maximum potential holding of the L&P Sellers would be approximately 90,231,929 (representing 29.99 per cent. of the then issued share capital of the Company), including the 8,176,478 Ordinary Shares held by the L&P Sellers as at the date of this document and the assumed 7,446,705 Consideration Shares to be issued pursuant to the Acquisition Agreement); and
- the maximum potential holding of CCLA would be approximately 90,231,929 (representing 29.99 per cent. of the then issued share capital of the Company), including the 25,000,000 Ordinary Shares held at the date of this document.

If there is a material change to the terms of the Placing Programme contemplated in this document, the Company will, save as stated below, seek new Shareholder approval for any further issue of New Ordinary Shares and/or C Shares to either of the Related Parties.

Shareholders should be aware that under the Listing Rules, if the transaction with a related party is sufficiently small in size, it is not necessary to obtain the approval of shareholders as referred to above in respect of it (a **Small Related Party Transaction**). Accordingly, in the event that Resolutions 2 and/or 3 are not passed, it would still be open to the Company to issue further Ordinary Shares to the relevant Related Party up to such limits as would ensure that the issue, together with any issue in the last 12 months from the date of that issue, still constituted a Small Related Party Transaction.

The tests for whether a related party transaction is small are set out in the Listing Rules. In summary, if the relevant percentage ratios of the tests are less than 5 per cent. the requirement to obtain Shareholder approval will not apply.

### **Amendment of the Articles**

The rights attaching to the C Shares as set out in the Articles currently provide that the calculation of the conversion ratio in connection with the conversion of any class of C Shares will take place on the earliest of:

- the close of business on the last business day prior to the day on which Force Majeure Circumstances (as defined in the Articles) have arisen or the Directors resolve that they are in contemplation;

- the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of conversion of the relevant class of C Shares;
- the close of business on the business day falling six months after admission of the relevant class of C Shares; and
- the close of business on such date as the Directors may determine, in the event that the Directors, in their discretion, resolve that at least 80 per cent. of the assets attributable to the relevant class of C Shares (or such other percentage as the Directors may decide as part of the terms of issue of the relevant class of C Share, as determined by the Directors) have been invested in accordance with the Company's investment policy.

The Directors believe that it is in the interests of Shareholders that the Directors have greater discretion as to the date on which the conversion ratio should be calculated with a view to achieving the objective that the conversion of the C Shares should not be earnings dilutive as far as the existing Ordinary Shares is concerned.

Accordingly it is proposed that the definition of "Calculation Time" as set out in the Articles shall be amended to remove the requirement that at least 80 per cent. (or such other percentage) of the assets attributable to the relevant C Shares must have been invested in accordance with the investment policy and instead that the Directors will be given absolute discretion to determine the Calculation Time with a view to achieving the objective that the conversion of the C Shares should not be earnings dilutive as far as the existing Ordinary Shares is concerned, provided however that the Calculation Time cannot fall later than a longstop date falling six months after admission of the relevant class of C Shares.

Giving the Directors the discretion described above will require an amendment to the existing Articles and Shareholders are therefore being asked to approve an amendment of the Articles to permit this by the passing of a special resolution which will be put to Shareholders at the Extraordinary General Meeting.

The proposed new definition of "Calculation Time" is set out in full in Resolution 5, as contained in the Notice of the Extraordinary General Meeting.

A copy of the Articles, as proposed to be amended by Resolution 5 is available for inspection: (i) from the date of this Circular to the conclusion of the Extraordinary General Meeting, at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ; and (ii) at the place of the Extraordinary General Meeting for at least 15 minutes before and during the meeting.

### **Extraordinary General Meeting**

The Proposals are conditional on the approval by Shareholders of the Resolutions to be put to Shareholders at the Extraordinary General Meeting, which has been convened for 10.00 a.m. on 1 October 2014. The Notice convening the Extraordinary General Meeting is set out in Part IV of this document.

The Resolutions that will be put to Shareholders at the Extraordinary General Meeting are to:

- approve the Acquisition which, as explained above, is a related party transaction for the purposes of the Listing Rules (**Resolution 1**);
- approve the issue of New Ordinary Shares and/or C Shares pursuant to the Placing Programme to the L&P Sellers (as related parties to the Company) on the basis described in this document (**Resolution 2**);
- approve the issue of New Ordinary Shares and/or C Shares pursuant to the Placing Programme to CCLA (as a related party to the Company) on the basis described in this document (**Resolution 3**);
- disapply the pre-emption rights under the Articles for up to 150 million New Ordinary Shares and/or C Shares available for issue pursuant to the Placing Programme (**Resolution 4**); and

- amend the conversion rights attaching to the C Shares as set out in the Company's Articles (**Resolution 5**).

Resolutions 1 to 3 are being proposed as an ordinary resolution requiring the approval of a simple majority of the votes cast. As noted above, the Bluefield Related Parties will not vote on Resolution 1 and have undertaken to take all reasonable steps to ensure that their respective associates will not vote on Resolution 1, the L&P Sellers will not vote on Resolution 2 and have undertaken to take all reasonable steps to ensure that their respective associates will not vote on Resolution 2 and CCLA will not vote on Resolution 3 and has undertaken to take all reasonable steps to ensure that its respective associates will not vote on Resolution 3. Resolution 2 is conditional on the passing of Resolution 1, because if the Acquisition is not approved and the Consideration Shares are not issued to the L&P Sellers they will not become related parties to the Company.

Resolutions 4 and 5 are being proposed as special resolutions requiring the approval of 75 per cent. or more of the votes cast. Resolutions 4 and 5 are conditional on each other and if either resolution is not passed the Placing Programme will not proceed.

All Shareholders are entitled to attend, speak and vote at the Extraordinary General Meeting and to appoint a proxy or corporate representative to exercise that right.

### **Action to be taken**

#### ***Extraordinary General Meeting***

Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting in person, you are requested either to complete the Form of Proxy and return it to the Company's UK Transfer Agent, Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF in accordance with the instructions printed on it, or, if you hold your Ordinary Shares in CREST, to utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy. In each case, proxy votes should be returned as soon as possible, but in any event not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting.

Completion and return of Forms of Proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

### **Recommendation**

**The Board, which has been so advised by Numis, considers each of the Acquisition, the L&P Related Party Approval and the CCLA Related Party Approval to be fair and reasonable insofar as Shareholders are concerned. In providing its advice, Numis has taken into account the commercial assessment of the Board.**

**The Board considers that the Proposals and the Resolutions are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as all of the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares which amount in aggregate to 517,940 Ordinary Shares (representing approximately 0.36 per cent., of the existing issued ordinary share capital of the Company).**

Yours sincerely,

**John Rennocks**  
*Chairman*

**PART II**  
**VALUATION OPINION**



The Directors  
Bluefield Solar Income Fund Limited  
Heritage Hall  
PO Box 225  
Le Marchant Street  
St Peter Port  
Guernsey  
GY1 4HY

9 September 2014

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London  
EC4M 7LT

**Valuation opinion letter**

**Introduction**

We are writing to report to Bluefield Solar Income Fund Limited (the **Company**) and Numis Securities Limited (the **Sponsor**) on the proposed purchase price of the whole of the issued share capital of Bluefield L&P Solar Limited (the **Target Holdco**). The details of the operating solar assets held by the Target Holdco and its subsidiary undertakings (the **Target Portfolio**) are described on page 6 of the Circular issued by the Company dated 9 September 2014 (the **Circular**).

Our opinion has been provided to the Company and the Sponsor in connection with the proposed acquisition of the whole of the issued share capital of the Target Holdco by the Company, through its wholly-owned subsidiary, Bluefield SIF Investments Limited (the **Acquisition**).

In providing our opinion, we are not making any recommendations to any person regarding the Circular in whole or in part and are not expressing an opinion on the fairness of the terms of the Acquisition, other than in respect of the purchase price, or the terms of any investment in the Company.

**Responsibilities**

It is the responsibility of the directors of the Company (the **Directors**) to agree the purchase price of the whole of the issued share capital of the Target Holdco.

It is our responsibility to form an opinion as to whether the proposed purchase price of the whole of the issued share capital of the Target Holdco falls within a valuation range which we consider to be fair and reasonable.

Save for any responsibility which we may have to those persons to whom this letter is expressly addressed, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this letter or our statement, required by and given solely for the purposes of complying with item 13.6.1R(9) of the Listing Rules, consenting to its inclusion in the Circular.

## **Basis of opinion**

Our opinion assumes a willing buyer and seller, dealing at arm's length and with equal information.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the tax, accounting and other information available to us, as of 9 September 2014. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in this report. Specifically it is understood that our opinion may change as a consequence of changes to market conditions, interest rates, exchange rates, the prospects of the renewables sector in general, or the Target Portfolio in particular.

In providing this opinion, we have relied upon the commercial assessment of the Directors and Bluefield Partners LLP (in its capacity as investment adviser to the Company) (the **Investment Adviser**), in relation to a number of issues, including, the markets in which the Target Portfolio operates.

In forming this opinion, we have also relied upon the information, forecasts and underlying assumptions which were provided by the Company and the Investment Adviser and for which the Directors are wholly responsible. We have not undertaken any form of investigation, verification, audit or other work in relation to the information, forecasts and assumptions provided to us. In particular, we have not formed a view on the achievability of the forecasts provided to us.

In forming our opinion, we have used a discounted cash flow methodology, whereby the estimated future cash flows accruing to each project in the Target Portfolio has been discounted, using discount rates reflecting the risks associated with the Target Portfolio and the time value of money. In considering the discount rate applicable to each project within the Target Portfolio, we took into account various factors, including, but not limited to, the stage reached by each project, the period of operation, the historical track record and the terms of the project agreements.

We have made the following key assumptions in forming our opinion:

- the models for the Target Portfolio provided by the Investment Adviser for the purpose of our services accurately reflects the terms of all agreements relating to the Target Portfolio;
- the accounting policies applied in the models for the Target Portfolio are in accordance with the relevant Generally Accepted Accounting Principles;
- the tax treatment applied in the models for Target Portfolio are in accordance with the applicable tax legislation and does not materially understate the future liability of the owners of the Target Portfolio to pay tax;
- the Target Holdco and its subsidiary undertakings have legal title to all assets which are set out in the models for the Target Portfolio and the Target Holdco and its subsidiary undertakings are entitled to receive the income assumed to be received by the Target Portfolio in the respective models;
- there are no material disputes with parties contracting directly or indirectly with the Target Holdco and its subsidiary undertakings or the Target Portfolio, nor any going concern issues, nor performance issues with regard to the contracting parties, nor any other contingent liabilities, which as at the date of the delivery of our valuation opinion letter are expected to give rise to a material adverse effect on the future cash flows of the Target Holdco and its subsidiary undertakings or the Target Portfolio as set out in the relevant project models provided to us; and
- any cash flows within the models which are due to the Company from the Target Portfolio will not be adversely impacted by legal or financial restrictions associated with the Target Holdco and its subsidiary undertakings or the Target Portfolio.

## **Opinion**

While there is clearly a range of possible values for the whole of the issued share capital of the Target Holdco and no single figure can be described as a "correct" valuation for the whole of the issued

share capital of the Target Holdco, BDO LLP advises the Company and the Sponsor that, based on market conditions on 9 September 2014, and on the assumptions stated above, in our opinion the proposed purchase price of the whole of the issued share capital of the Target Holdco of £8,914,000 million falls within a valuation range which we consider to be fair and reasonable.

Yours faithfully,

**BDO LLP**

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**PART III**

**GENERAL INFORMATION**

**1. Incorporation and administration**

- 1.1 The Company was incorporated with liability limited by shares in Guernsey under the Companies Law on 29 May 2013 with registered number 56708 as a closed-ended investment company registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2008 issued by the Commission. Registered schemes are regulated by the Commission insofar as they are required to comply with the requirements of the Rules, including requirements to notify the Commission of certain events and the disclosure requirements of the Commission's Prospectus Rules 2008. The Company is not regulated by the Financial Conduct Authority or any other regulator.
- 1.2 The registered office and principal place of business of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY, and the telephone number is +44 (0)1481 716000. The statutory records of the Company will be kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees.

**2. Major Shareholders**

As at 5 September 2014 (being the latest practicable date prior to the publication of this document), other than as is set out below, the Company is not aware of any person who is directly or indirectly interested in 5 per cent. or more of the Company's issued share capital.

| <b>Shareholder</b>           | <b>Number of<br/>Ordinary Shares</b> | <b>Percentage<br/>of issued<br/>Ordinary Shares</b> |
|------------------------------|--------------------------------------|---|
| CCLA                         | 25,000,000                           | 17.43   |
| BlackRock                    | 14,452,855                           | 10.08   |
| Newton Investment Management | 10,784,829                           | 7.52  |
| Baillie Gifford              | 9,674,472                            | 6.75  |
| L&P Sellers                  | 9,026,478                            | 6.29  |

**3. Share Capital**

- 3.1 The share capital of the Company consists of an unlimited number of shares of no par value which upon issue the Directors may classify into such classes as they may determine. The Directors may also issue C Shares.
- 3.2 The Company has 143,426,684 Ordinary Shares in issue as at the date this Circular. After the issue of the Consideration Shares pursuant to the Acquisition Agreement (assuming an issue price per Consideration Share of 103.75 pence, being the average mid-market price of the Ordinary Shares as at 5 September 2014 (the latest practicable date prior to the publication of this Circular)), the Company would have 150,873,389 Ordinary Shares in issue.
- 3.3 The Consideration Shares and any New Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the existing Ordinary Shares (save that the Consideration Shares and the New Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the Consideration Shares or such New Ordinary Shares, as applicable).
- 3.4 As at the date of this document, the Company has no C Shares in issue.

**4. Related parties**

**4.1 Service contracts**

James Armstrong and Michael Rand are directors of SIF and Giovanni Terranova and Michael Rand are directors of ISP (UK) Limited, Hardingham Solar Ltd, North Beer Solar Ltd, HF Solar

Ltd, Hall Solar Ltd, Betingau Solar Ltd, Saxley Solar Ltd, Sheppey Solar Ltd, Solar Power Surge Ltd, Hoback Solar Ltd, Redlands Solar Farm Ltd and Capelands Solar Farm Ltd, each of which is a direct or indirect wholly owned subsidiary of the Company. None of the Bluefield Related Parties has a service contract with any member of the Group.

#### 4.2 **Interests in Shares**

The Bluefield Related Parties have the following interests in the Company as at the date of this Circular:

| <b>Bluefield Related Party</b> | <b>Number of Ordinary Shares held</b> |
|--------------------------------|---------------------------------------|
| James Armstrong                | 50,000                                |
| Michael Rand                   | 50,949                                |
| Giovanni Terranova             | 35,500                                |

#### 4.3 **Related Party Transactions**

Except with respect to the proposed Acquisition and the appointment letters entered into between the Company and each of the Directors, the Company has not entered into any related party transactions since incorporation.

### 5. **Material Contracts**

Save for the Acquisition Agreement, details of which are set out in the Chairman's letter in Part I of this Circular, the Company has not entered into any material contracts (being contracts entered into by the Company since its incorporation and which are, or may be, material) which contain information which Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolutions.

### 6. **No significant change**

Other than the acquisition of a further two solar plants with a combined capacity of 14.5 MWp for total consideration of £15 million in July 2014, there has been no significant change in the financial or trading position of the Group since 30 June 2014.

### 7. **Miscellaneous**

- 7.1 BDO LLP has given and not withdrawn its written consent to the inclusion of its valuation opinion in Part II (Valuation Opinion) in this document in the form and context in which it appears.
- 7.2 Numis has given its written consent to the issue of this document with references to its name in the form and context in which such references appear.
- 7.3 Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all the Consideration Shares and for all the New Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all the C Shares to be issued pursuant to the Placing Programme to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.
- 7.4 All Consideration Shares and the New Ordinary Shares and C Shares issued pursuant to the Placing Programme will be in registered form and will be delivered in uncertificated form, unless otherwise requested. Temporary documents of title will not be issued pending the dispatch of definitive certificates. Consideration Shares, New Ordinary Shares and C Shares initially issued in certificated form may subsequently be deposited into CREST in accordance with normal CREST procedures.

### 8. **Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London

SE1 2AQ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the Extraordinary General Meeting:

- 8.1 the Acquisition Agreement;
- 8.2 the existing Articles and the Articles as proposed to be amended by the passing of Resolution 4;
- 8.3 the consent letters referred to in paragraph 7 of this Part III; and
- 8.4 this document.

This document is dated 9 September 2014.

## PART IV

### NOTICE OF EXTRAORDINARY GENERAL MEETING

# Bluefield Solar Income Fund Limited

*(An authorised closed-ended investment company incorporated in Guernsey with limited liability and with registered number 56708)*

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Bluefield Solar Income Fund Limited (the **Company**) will be held at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY on 1 October 2014 at 10.00 a.m. Defined terms in this notice will have the meaning given to them in the circular published on 9 September 2014 (the **Circular**), a copy of which has been produced to this meeting and initialled by the Chairman for the purposes of identification. This Extraordinary General Meeting is being convened for the purpose of considering and, if thought fit, passing the following four resolutions, the first, second and third of which will be proposed as ordinary resolutions and the fourth and fifth of which will be proposed as special resolutions:

#### ORDINARY RESOLUTIONS

1. **THAT** the proposed acquisition of the Target Portfolio, as described in the Circular, on the terms and subject to the conditions of the acquisition agreement dated 9 September 2014 between the Sellers (as defined in the Circular), Bluefield SIF Investments Limited and the Company (the **Acquisition Agreement**) be and is hereby approved and the Directors of the Company or Bluefield SIF Investments Limited (or any duly authorised committee thereof) be and they are hereby authorised to take all steps as may be necessary and appropriate in relation thereto and to carry the same into effect with such modifications, variations, revisions, waivers or amendments (provided such modifications, variations, revisions, waivers or amendments are not of a material nature) to the Acquisition Agreement or documents relating thereto as they shall deem necessary, expedient or appropriate.
2. **THAT**, subject to the passing of resolution 1 and resolution 4 set out in this notice of extraordinary general meeting, any placing or New Ordinary Shares (or Ordinary Shares out of treasury) and/or C Shares with the L&P Sellers (as defined in the Circular) on the basis described in the Circular and pursuant to the authorities hereby granted be and is hereby approved.
3. **THAT**, subject to the passing of resolution 4 set out in this notice of extraordinary general meeting, any placing or New Ordinary Shares (or Ordinary Shares out of treasury) and/or C Shares with CCLA (as defined in the Circular) on the basis described in the Circular and pursuant to the authorities hereby granted be and is hereby approved.

#### SPECIAL RESOLUTIONS

4. **THAT**, subject to the passing of Resolution 5 set out in this notice of extraordinary general meeting, the Directors be and are hereby authorised to allot, issue and/or sell equity securities for cash as if article 6.2 of the Articles did not apply to any such allotment, issue and/or sale, provided that this power shall be limited to the allotment, issue and/or sale as described in the Prospectus of up to an aggregate number of 150 million New Ordinary Shares (or Ordinary Shares out of treasury) and/or C Shares in connection with the Placing Programme and shall expire on 1 October 2015 (unless previously renewed, varied or revoked by the Company in a general meeting), save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted and issued after such expiry and the Directors shall be entitled to allot and issue equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.
5. **THAT**, subject to the passing of Resolution 4 set out in this notice of extraordinary general meeting, the Company's articles of incorporation be amended by the deletion of the definition

of "Calculation Time" in Article 1.1 and the insertion in its place of the following new definition of "Calculation Time" in Article 1.1.

"Calculation Time"                      The earliest of:

- (a)    the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;
- (b)    the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of conversion of that class of C Shares; and
- (c)    the close of business on such Business Day as shall be determined by the Directors, in their absolute discretion, with a view to achieving the objective that the Conversion of that class of C Shares is not earnings dilutive as far as the existing Ordinary Shares is concerned, provided that such Business Day shall not fall more than six months after admission of that class of C Shares.

By Order of the Board  
9 September 2014

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

**Notes:**

1. A member of the Company who is entitled to attend, speak and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend, speak and on a poll or otherwise to vote in his or her place. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
2. Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. The Form of Proxy should be completed in accordance with the instructions. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited with the Company's UK Transfer Agent, Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting at which the person named in the instrument proposes to vote. Completion of the form of proxy will not preclude a member from attending and voting in person.
3. To change your proxy instructions simply submit a new Form of Proxy using the methods set out above and in the notes to the Form of Proxy. Note that the cut-off date and time for receipt of a Form of Proxy (see above) do not apply in relation to amended instructions given to a proxy validly appointed prior to the relevant cut-off date. If you submit more than one valid Form of Proxy, the form received last before the latest time for the receipt of proxies will take precedence.
4. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's UK Transfer Agent. In the case of a member which is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or, in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice.
5. The revocation notice must be received by the commencement of the Extraordinary General Meeting or any adjournment of that meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
6. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

**Additional Notes:**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting to be held on 1 October 2014 and any adjournment thereof) by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (RA10) by the latest time for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service providers) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(s)(a) of the Uncertificated Securities Regulations 2001.

**PART V**  
**DEFINITIONS**

The following definitions apply throughout this document, unless stated otherwise:

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| <b>Acquisition</b>                      | the proposed acquisition of the Target Portfolio through the acquisition of the Target Holdco by Bluefield SIF Investments Limited pursuant to the Acquisition Agreement  |
| <b>Acquisition Agreement</b>            | the conditional acquisition agreement dated 9 September 2014 between the Sellers, Bluefield SIF Investments Limited and the Company, a summary of which is set out in Part I of this document   |
| <b>Acquisition Approval</b>             | the approval of Shareholders to the proposed Acquisition (being a related party transaction) which is to be sought at the Extraordinary General Meeting through the passing of Resolution 1   |
| <b>Acquisition Facility</b>             | the £50 million revolving credit facility agreement dated 13 June 2014 and entered into between the Company, Holdco and Royal Bank of Scotland plc  |
| <b>Admission</b>                        | admission of: (i) the Consideration Shares; and/or (ii) New Ordinary Shares issued pursuant to the Placing Programme to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange and/ or admission of C Shares issued pursuant to the Placing Programme to the standard segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange, as the context requires |
| <b>Adviser Sellers</b>                  | the Bluefield Related Parties and William Doughty and Anthony Williams (being members of Bluefield's Investment Committee)  |
| <b>Amendment Approval</b>               | the approval of Shareholders to the proposed amendment to the Articles which is to be sought at the Extraordinary General Meeting through the passing of Resolution 4   |
| <b>Articles</b>                         | the articles of incorporation of the Company, as amended from time to time  |
| <b>B Shares</b>                         | B ordinary shares of 35.93p each in the capital of Target Holdco  |
| <b>B Share Sellers</b>                  | James Armstrong, Michael Rand, Giovanni Terranova, Jonathan Moulton, William Doughty and Anthony Williams, all of whom are members of the Investment Adviser, and Andrew Robertson  |
| <b>BG</b>                               | British Gas New Heating, the specialist contracting arm of Centrica   |
| <b>Bluefield</b>                        | Bluefield Partners LLP  |
| <b>Bluefield Related Parties</b>        | James Armstrong, Michael Rand and Giovanni Terranova, being directors of one or more direct or indirect wholly owned subsidiaries of the Company  |
| <b>Bluefield Ordinary Share Sellers</b> | Jonathan Moulton, William Doughty and Anthony Williams, each a member of the Investment Adviser and the owners of 6 per cent. of the issued ordinary shares in the capital of the Target Holdco   |
| <b>C Share Issue Price</b>              | £1.00 per C Share   |

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| <b>C Shares</b>                             | redeemable convertible shares of no par value in the capital of the Company issued as “C Shares”, which will convert into new Ordinary Shares as set out in the Articles   |
| <b>Capita</b>                               | Capita Registrars (Guernsey) Limited   |
| <b>CCLA</b>                                 | CCLA Investment Management Limited   |
| <b>CCLA Related Party Approval</b>          | the approval of Shareholders to the issue of New Ordinary Shares and/or C Shares to CCLA on the basis described in this document   |
| <b>Circular</b>                             | this circular  |
| <b>Commission</b>                           | the Guernsey Financial Services Commission   |
| <b>Companies Law</b>                        | the Companies (Guernsey) Law, 2008, as amended   |
| <b>Company</b>                              | Bluefield Solar Income Fund Limited  |
| <b>Consideration Shares</b>                 | the Ordinary Shares to be issued to the L&P Sellers in accordance with the Acquisition Agreement   |
| <b>Directors or Board</b>                   | the directors of the Company at any time or the Directors present at a duly convened meeting at which a quorum is present  |
| <b>Disapplication Approval</b>              | the approval of Shareholders to the disapplication of pre-emption rights for the purposes of the proposed Placing Programme which is to be sought at the Extraordinary General Meeting through the passing of Resolution 3                                 |
| <b>Extraordinary General Meeting or EGM</b> | the extraordinary general meeting of the Shareholders of the Company to be held at 10.00 a.m. at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY on 1 October 2014 to consider and, if thought fit, approve the Resolutions |
| <b>FIT</b>                                  | feed-in tariff   |
| <b>Form of Proxy</b>                        | the enclosed form of proxy for use in relation to the Extraordinary General Meeting  |
| <b>FSMA</b>                                 | the Financial Services and Markets Act 2000  |
| <b>Group</b>                                | the Company, SIF and any other direct or indirect subsidiaries of either of them   |
| <b>Investment Adviser</b>                   | Bluefield Partners LLP   |
| <b>IPO</b>                                  | the initial public offering of the Company’s Ordinary Shares, as described in the IPO Prospectus   |
| <b>IPO Prospectus</b>                       | the prospectus issued by the Company in connection with its IPO and dated 25 June 2013   |
| <b>Issue Price</b>                          | the New Ordinary Share Issue Price or the C Share Issue Price, as applicable   |
| <b>L&amp;P Related Party Approval</b>       | the approval of Shareholders to the issue of New Ordinary Shares and/or C Shares to the L&P Sellers on the basis described in this document  |
| <b>L&amp;P Sellers</b>                      | L&P Ethical Investment Initiative Limited and L&P Alternative Investments Limited, the owners, in aggregate, of 94 per cent. of the issued ordinary shares in the capital of the Target Holdco   |
| <b>Listing Rules</b>                        | the listing rules made by the Financial Conduct Authority pursuant to Part VI of the FSMA  |

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| <b>Net Asset Value</b>                             | the net asset value of the Company in total or per Ordinary Share (as the context requires) calculated in accordance with the Company's valuation policies   |
| <b>New Ordinary Share Issue Price</b>              | a price per New Ordinary Share to be issued pursuant to the Placing Programme, as determined by the Directors in accordance with Part I of this document   |
| <b>New Ordinary Shares</b>                         | Ordinary Shares to be issued pursuant to the Placing Programme or, where the context so requires, the Ordinary Shares arising on conversion of the C Shares  |
| <b>Notice of the Extraordinary General Meeting</b> | the notice of the Extraordinary General Meeting set out in Part IV of this document;   |
| <b>Numis</b>                                       | Numis Securities Limited   |
| <b>Ordinary Shares</b>                             | ordinary shares of no par value in the capital of the Company (including the New Ordinary Shares and/or the Consideration Shares, where the context requires)  |
| <b>Placings</b>                                    | the placings of New Ordinary Shares and/or C Shares pursuant to the Placing Programme  |
| <b>Placing Programme</b>                           | the proposed placing programme of placings in aggregate of up to 250 million New Ordinary Shares and/or C Shares   |
| <b>Proposals</b>                                   | the Acquisition Approval, the Disapplication Approval, the L&P Related Party Approval, the CCLA Related Party Approval and the Amendment Approval  |
| <b>Resolution 1</b>                                | the ordinary resolution that will be put to Shareholders at the Extraordinary General Meeting to approve the Acquisition   |
| <b>Resolution 2</b>                                | the ordinary resolution that will be put to Shareholders at the Extraordinary General Meeting to approve the issue of New Ordinary Shares and/or C Shares pursuant to the Placing Programme to the L&P Sellers                                     |
| <b>Resolution 3</b>                                | the ordinary resolution that will be put to Shareholders at the Extraordinary General Meeting to approve the issue of New Ordinary Shares and/or C Shares pursuant to the Placing Programme to CCLA  |
| <b>Resolution 4</b>                                | the special resolution that will be put to Shareholders at the Extraordinary General Meeting to approve the disapplication of pre-emption rights for up to 150 million New Ordinary and/or C Shares to be issued pursuant to the Placing Programme |
| <b>Resolution 5</b>                                | the special resolution that will be put to Shareholders at the Extraordinary General Meeting to approve the proposed amendment to the Articles, as described in this Circular  |
| <b>Resolutions</b>                                 | Resolutions 1 to 5 to be proposed at the Extraordinary General Meeting   |
| <b>RIS</b>   | a regulatory information service   |
| <b>ROCs</b>  | Renewable Obligation certificates  |
| <b>RPI</b>   | the Retail Prices Index as published by the Office for National Statistics or any comparable index which may replace it for all items  |

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| <b>Rules</b>                   | the Registered Collective Investment Scheme Rules 2008 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended |
| <b>Sellers</b>                 | the L&P Sellers, the Bluefield Ordinary Share Sellers and the B Share Sellers (or any of them as the context may require)                                       |
| <b>Sellers' Representative</b> | Bluefield, acting in its capacity as representative of each of the Sellers under the Acquisition Agreement  |
| <b>Shareholders</b>            | the holders of Ordinary Shares  |
| <b>SIF</b>                     | Bluefield SIF Investments Limited, a wholly-owned subsidiary of the Company incorporated and registered under the UK Companies Act 2006                         |
| <b>Tap Issue</b>               | the issue of 13,028,999 Ordinary Shares on 3 March 2014 at a price per Ordinary Shares of £1.01   |
| <b>Target Holdco</b>           | Bluefield L&P Solar Limited, being the ultimate holding company of the Target Portfolio   |
| <b>Target Portfolio</b>        | the portfolio of 12 operating solar assets, further details of which are set out in Part I of this document   |
| <b>Thames Water</b>            | Thames Water Utilities  |

