BBGI

Annual Report

FOR THE YEAR ENDED
31 DECEMBER 2015

A Global
Infrastructure
Company

BBGI SICAV S.A.
www.bb-gi.com

Registre de Commerce et des Sociétés Luxembourg: B163879

CAUTIONARY STATEMENT

The "Review Section" of this report, which includes the Company Overview, the Chairman's Statement and the Report of the Management Board, has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. This additional information should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Management and Supervisory Boards concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Management and Supervisory Boards expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters that are significant to BBGI SICAV S.A. and its subsidiaries when viewed as a whole. ■

KICKING HORSE CANYON, CANADA

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COMPANY OVERVIEW

KEY CHARACTERISTICS AS AT 31 DECEMBER 2015

The Company

BBGI SICAV S.A. ("BBGI", or the "Company" or, together with its consolidated subsidiaries, the "Group")

Regulator

Commission de Surveillance du Secteur Financier ("CSSF")

Legal Form

An investment company incorporated in Luxembourg in the form of a public limited company (*société anonyme*) with variable share capital (*société d'investissement à capital variable,* or "SICAV") and regulated by the CSSF under Part II of the Luxembourg law of 17 December 2010 on undertakings for collective investments with an indefinite life.

Shares

Sterling denominated ordinary of no par value

IN ISSUE	430,393,003
PRICE AT 31.12.15	£1.2925 per share
ISA, PEP AND SIPP STATUS	Eligible for PEPs/ISAs inclusion (subject to applicable subscription limits) provided purchased in open market. Permissible assets for SIPPs

Market Capitalisation

£556.3 million at 31 December 2015

Investment Basis NAV

111.5 pence per share

Target Dividend Yield

Minimum 6.00 pence per share per annum dividend targeted from 2015 onwards [1]

Target IRR

7%–8% on the £1 IPO issue price [1]

Investment Policy

- Infrastructure assets – Public Private Partnership (PPP)/Private Finance Initiative (PFI) or equivalent
- Largely operational assets and availability based revenues
- Public sector or government-backed counterparties with diverse risk profiles
- Single asset target limit of 20% of portfolio value, subject to 25% maximum [2]
- Construction assets limited to maximum 25% of portfolio
- Demand based assets limited to maximum 25% of portfolio

Portfolio

- Global, geographically diversified portfolio with strong yield characteristics, contracted government-backed revenue streams, inflation-linked returns and long-term contracts
- 38 projects with a fair market value of £504.8 million independently reviewed
- Weighted average concession length of 23.7 years
- Weighted average debt maturity is 19.2 years
- Diverse asset mix with focus on lower risk, availability-based road projects
- 96% of assets by value operational. Mix of social infrastructure, which represents 62% of the portfolio value, and availability-based roads infrastructure which represents 38%
- Assets by value located 41% UK, 26% Canada, 20% Australia, 9% Continental Europe and 4% USA
- Stable cash flows with inflation-protection characteristics
- Potential for upside through active management of the portfolio

Management

- Internally managed with experienced PPP/PFI in-house management team
- Experienced and independent Supervisory Board
- Strong governance model and alignment of interests between management team and shareholders
- Management team remunerated through long-term and short-term incentive plans that prioritise total shareholder returns and net asset value per share, rather than increasing assets under management
- Management team fully committed to management of Company and has no competing interest
- No fees payable to external manager (e.g. no fund management or acquisition fees)
- Ongoing charges percentage of 0.96% of average undiluted NAV for the year includes all internal and external recurring costs

Gearing

- Prudent use of leverage with maximum ratio of 33% of portfolio value
- No structural gearing
- £80 million credit facility in place with access to a further £100 million accordion tranche

Discount Management

- Able to make discretionary share repurchases through market purchases or tender offers
- Next continuation vote at 2017 annual general meeting and every second year thereafter

Website

- www.bb-gi.com

[1] Targets only and not profit forecasts. No assurances given that targets will be met.

[2] It is intended that when any new acquisition is made, the investment acquired does not have an acquisition value greater than 20% of the portfolio value of the Company immediately post-acquisition, but subject to an absolute maximum of 25%.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- 3.13% increase in net asset value on an investment basis ("Investment Basis NAV")[3] to £479.84 million as at 31 December 2015 (£465.29 million – 31 December 2014).
- Investment Basis NAV per share of 111.5 pence as at 31 December 2015 (109.2 pence – 31 December 2014) which represents an increase of 2.05%.
- During the year the Board increased the dividend target. 2015 interim dividend of 3.00 pence per share paid on 29 October 2015 and further dividend of 3.00 pence per share proposed for year ended 31 December 2015, giving total distributions of 6.00 pence per share for the year. This represents a 4.17% increase from the prior year.
- An Ongoing Charges ratio of 0.96% (0.98% at 31 December 2014) which we believe continues to be the lowest in the UK listed infrastructure sector.
- Market capitalisation increased to £556.3 million at 31 December 2015, up 4.7% from £531.3 million at 31 December 2014.
- Shares continue to trade at premium to Investment Basis NAV, and stood at premium of 15.9% as at 31 December 2015.
- Total shareholder return since listing in December 2011 to 31 December 2015 of 53.53%[4] equating to a compound annual growth rate ("CAGR") of 11.24%.
- Portfolio performance and cash receipts slightly ahead of business plan and underlying financial models.
- At 31 December 2015 the Group had a total cash balance of £23.24 million and total borrowings outstanding of £45.22 million equating to a net debt position of £21.98 million.
- The portfolio has increased from 36 projects to 38 projects with fair market value c. £504.8 million at 31 December 2015, with additional equity of £54.5 million committed and/or invested during the year.
- BBGI secured its first investment in a primary development, a 50% equity stake in the North Commuter Parkway and Traffic Bridge project in Saskatoon, Saskatchewan, Canada, a project that reached financial close in October 2015.
- Average discount rate of 7.86% at 31 December 2015 compared with 8.21% at 31 December 2014.
- The successful transition of Avon & Somerset Police Headquarters (UK) and Northern Territory Secure Facilities (Australia) from ramp-up phase towards stable operations, and Women's College Hospital (Canada) from construction to ramp-up phase, has contributed to the reduction in the average discount rate.
- International Financial Reporting Standards ("IFRS") NAV of £482.4 million as at 31 December 2015 (£466.3 million – 31 December 2014).
- Net profit under IFRS basis of £35.6 million for year ended 31 December 2015 (£39.1 million – year ended 31 December 2014).
- Continued FX headwind resulted in a £24.1 million adverse movement in the NAV. The Company continues to hedge forward forecasted project distributions on a four year basis in line with its hedging policy.
- Demand for PPP infrastructure assets remains strong, with demand exceeding supply in most markets. This trend has impacted valuations favourably, but also makes it more difficult to find new investment opportunities which are accretive.
- BBGI will be selective and will continue to consider secondary acquisitions on an opportunistic basis. We will also pursue primary development opportunities which remain relatively attractive.

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[3] Refer to page 34, Financial Results, for further detail on Investment Basis NAV.

[4] Based on share price at 31 December 2015 and after adding back dividends paid or declared since listing.

CHAIRMAN'S STATEMENT

David Richardson
Chairman

Dear Shareholder,

I am pleased to introduce this the 5th Annual Report of your Company.

The full report of the year is set out in the Management Report on pages 16 to 41 but I emphasise:

- the 2.05% increase in NAV per share;
- the £54.5 million of equity invested or committed representing 12.2% of the opening portfolio value; and
- the increase in the annual dividend per share to a minimum of 6 pence.

The Management Team has been successful in its task to grow both the NAV per share and the assets under management despite the strong headwind from two factors: the strength of the Pound Sterling and the intense pressure in the secondary market for infrastructure assets. Against this background the diligence and discipline of the Management Team is particularly noteworthy.

Some 59% of the Company's investments are held outside the UK giving both geographic and currency diversity. We regard this as a key feature of the Company but during 2015 the resilience of the Pound Sterling caused the valuation of these assets to be adversely impacted to the tune of £24.1 million. The increase in the NAV per share despite this movement demonstrates the strength of the portfolio and management's skill.

I have mentioned previously the intense competition in the secondary market for infrastructure assets, and this certainly did not abate during 2015. The Management Team however retained their discipline and diligence in seeking out and finding value for the Company and avoided expensive auctions. Further investments were made in Northern Territory Secure Facility, Avon and Somerset Police Headquarters and Mersey Care Mental Health and new commitments were made to invest in Belfast Metropolitan College, North West Regional College and North Commuter Parkway. The last of these is an investment in the primary market where we believe attractive returns are available with the right partners, and these types of opportunities will remain a key focus for the management team in 2016.

You will see from the Management Report that legislation is currently being proposed in Luxembourg that should, if passed, enable the Company to issue new shares at a NAV premium which is greater than the current legally imposed limit of 5% and accordingly much nearer to our quoted price. We intend to amend the Company's Articles to enable us to take advantage of this change, and a resolution is being proposed at the forthcoming EGM. As the current pipeline of potential acquisitions develops, this will put the Company in a good position to consider issuing new equity at more attractive prices which could then be used to pay down the credit facility and finance further investments, as required.

We continue to monitor closely the OECD project on Base Erosion and Profit Shifting (BEPS). Our latest advice, although preliminary at this stage, suggests that the Company should be well positioned to benefit from certain exemptions under this BEPS initiative where necessary, while some jurisdictions in which the Company is invested are not expected to change their current profit shifting rules. We will keep investors informed as matters become clearer.

The Management Team meets regularly with investors, and the Supervisory Board gets feedback at each meeting both from them and from our Brokers. Additionally I and my colleagues are available to meet with any investor who wishes to do so. We can be contacted via the Company Secretary.

The Management Team has enjoyed the support and wise counsel of Michael Denny since 2012 and I am delighted that he has been promoted to Chief Financial Officer. I look forward to continuing to work with him.

The outlook for the world economy continues to be volatile. Any much anticipated rise in interest rates looks to be as far away now as last year whilst the lead-up to the UK's referendum on its continued membership in the EU is likely to increase foreign exchange volatility and create additional uncertainty in the markets. As a result, in early 2016 the Company has seen some reversal of the FX losses experienced in 2015. We expect competition for safe-haven infrastructure assets to remain strong and yields to remain under pressure. Against this background the Company will continue to manage its strong and resilient cash flows and seek further acquisitions where we see shareholder value.

D. H. Richardson.

DAVID RICHARDSON
Chairman
BBGI SICAV S.A.
23 March 2016

BOARD MEMBERS *as at 31 December 2015*

SUPERVISORY BOARD

DAVID RICHARDSON

Chairman of the Supervisory Board

David Richardson currently holds a number of non-executive directorships, including Senior Independent Director of Assura plc, and non-executive director of The Edrington Group Ltd. Mr Richardson's executive career has focused on financial roles, including over 20 years with Whitbread plc where he was Strategic Planning Director and, subsequently, Finance Director. He was instrumental in transforming Whitbread from a brewing and pubs company into a market leader in hotels, restaurants and leisure clubs.

Mr Richardson has previously served as Chairman of the London Stock Exchange Primary Markets Group, Corporate Governance Committee of the Institute of Chartered Accountants in England and Wales, Four Pillars Hotels Ltd., Forth Ports plc and De Vere Group plc, and has also held non-executive directorships at Serco Group plc, Tomkins plc, Dairy Crest plc, World Hotels AG and The Restaurant Group plc.

Mr Richardson graduated from the University of Bristol with a degree in Economics and Accounting, and qualified as a Chartered Accountant in 1975.

COLIN MALTBY

Senior Independent Director

Colin Maltby has been involved in the financial sector since 1975 when he joined NM Rothschild's international currency management department. Between 1980 and 1995, he held various roles at Kleinwort Benson Group plc, including as a Group Chief Executive at Kleinwort Benson Investment Management, as well as a Director of Kleinwort Benson Group plc.

From 1996 to 2000 Mr Maltby was appointed Chief Investment Officer at Equitas Limited, and from 2000 to 2007 he worked for BP, as Chief Executive for BP Investment Management Limited and Head of Investments for BP plc. Since 2007, he has served as advisor to institutional investors and as an independent non-executive director of several listed companies.

Mr Maltby holds MA and MSc degrees from Oxford University and has been a member of the Chartered Institute for Securities and Investment since its formation in 1992.

HOWARD MYLES

Independent Director and Chairman of the Audit Committee

Howard Myles began his career in stockbroking in 1971 as an equity salesman, before joining Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co in the corporate broking team, and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds. Mr Myles worked for UBS Warburg until 2001 and was subsequently a partner in Ernst & Young LLP from 2001 to 2007, where he was responsible for the Investment Funds Corporate Advisory team.

Mr Myles holds an MA from Oxford University. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Chartered Institute for Securities and Investment, and a non-executive director of a number of listed investment companies.

MANAGEMENT BOARD

DUNCAN BALL

Co-CEO

Duncan Ball has been Co-CEO of BBGI from its inception. Together with Frank Schramm, he was actively involved in the establishment and IPO listing of the Company in December 2011, and the subsequent growth from 19 assets at IPO to 38 assets currently.

Mr Ball has worked in the investment banking and project finance sector for over 20 years. He is a chartered financial analyst with extensive PPP experience and has worked on over 20 PPP procurements. He previously worked at the Bilfinger Group before taking on his current role with the Group.

Prior to joining the Bilfinger Group, Mr Ball was a senior member of the North American infrastructure team at Babcock & Brown, and was instrumental in helping establish its infrastructure business in Canada.

Prior to joining Babcock & Brown, Mr Ball was Managing Director and co-head of infrastructure for North America for ABN AMRO Bank. During his tenure at ABN AMRO, he led the M&A transactions for a portfolio of infrastructure PPP projects with an enterprise value of over C$950 million.

From 2002 until September 2005, Mr Ball worked at Macquarie Bank where he helped establish Macquarie's infrastructure practice in Western Canada. Prior to that, he worked within the investment banking groups at both RBC Capital Markets and CIBC World Markets.

Mr Ball obtained a Bachelor of Commerce degree from Queen's University in Canada. He is a CFA charter holder and a graduate of the Rotman School of Business Directors Education Program at the University of Toronto.

FRANK SCHRAMM

Co-CEO

Frank Schramm has been Co-CEO of BBGI from its inception. Together with Duncan Ball, he was actively involved in the establishment and IPO listing of the Company in December 2011, and the subsequent growth from 19 assets at IPO to 38 assets currently.

Mr Schramm has worked in the PPP sector, investment banking and advisory business for over 20 years. Prior to his current role with the Group, he worked at Bilfinger Project Investments ("BPI") where as Co-Managing Director he led the European PPP operations with over 60 staff. In this role he was responsible for the asset management of over 20 PPP investments with a project volume of about €4 billion, and for acting as shareholder representative in various key investments. He was also responsible for European development activities.

Prior to that role, Mr Schramm was Finance Director of BPI's PPP operations in Continental Europe at BPI, responsible for all project finance activities including the sale of PPP assets in 2010, 2007 and 2006. While at BPI, he was involved in over 15 PPP procurements, and in either the procurement or the asset management of many of the European investments within the existing portfolio.

Before joining BPI, Mr Schramm worked at Macquarie Bank in the investment banking group from 2000 until 2003 with responsibility for structured finance transactions. Prior to that he was employed at Deutsche Anlagen Leasing from 1998 to 2000, and Bilfinger Berger BOT GmbH from 1995 to 1998.

MICHAEL DENNY

CFO

Michael Denny has over 15 years' experience working in corporate finance within the Private Equity, Real Estate and Infrastructure sectors. He joined the Group in February 2012.

Prior to joining BBGI, Mr Denny spent five years at the LBREP Group where he headed up the Luxembourg office. The Group consisted of three Lehman Brothers sponsored real estate funds with US$2.4 billion of invested equity and approximately US$6 billion of assets under management. Mr Denny was directly involved in the legal and tax structuring of the funds, and held directorships on a number of the regulated vehicles and many of the holding and special purpose vehicles that dealt with acquisitions and divestments and the management of the assets. He was also directly responsible for all financial aspects of the Luxembourg platform.

Prior to that role, Mr Denny worked for over three years as a senior accountant at E Oppenheimer & Sons (Luxembourg) Limited, the Luxembourg platform of a high net worth family's private equity portfolio.

Mr Denny obtained a degree in Economics and Finance from the Waterford Institute of Technology, Ireland.

NORTHWEST ANTHONY
HENDAY DRIVE, CANADA

INVESTMENT POLICY AND OBJECTIVES

INVESTMENT POLICY

The Company's investment policy is to invest in equity, subordinated debt and/or similar interests issued in respect of infrastructure projects that have been developed predominantly under the PPP/PFI or similar procurement models. The Company principally invests in projects that are operational and that have completed construction. Accordingly, investment in projects that are under construction will be limited to 25% of the portfolio value (calculated as at the time of investment).

PROJECT REVENUE STREAM CHARACTERISTICS

The Company invests predominantly in projects whose revenue streams are public sector or government-backed, although the Company may invest in projects whose revenue streams are backed by non-governmental organisations that the Directors believe carry an appropriate credit risk and represent a low counterparty risk, for example as alternative infrastructure procurement models develop (such as private-private partnerships). Investment in projects whose revenue streams are not public sector or government-backed will be limited to 25% of the portfolio value, calculated as at the time of investment.

The Company primarily invests in projects where payments received by the project entities, and hence the revenue streams from the projects, do not generally depend on the level of use of the Project Asset and as such are "availability-based". Projects are characterised as having an "availability-based" revenue stream if, on average, 75% or more of payments received by the relevant project entity do not depend on the level of use of the project asset. Investment in projects where, on average, 25% or more of payments received by the project entities depend on the level of use made of the project assets ("demand-based") will be limited to 25% of the portfolio value, calculated as at the time of investment.

GEOGRAPHIC FOCUS

The Directors believe that attractive opportunities for the Company will continue to arise in jurisdictions where PPP/PFI is a practised route for delivering infrastructure investments. The Company intends to invest predominantly in projects that are located in Europe, North America, Australia and New Zealand. However, the Company may also invest in projects in other markets should suitable opportunities arise.

The Company will seek to mitigate country risk by concentrating predominantly on investment opportunities in countries where the Directors consider that project structures are reliable, where (to the extent applicable) public sector counterparties carry what the Management Board consider to be an appropriate credit risk or alternatively where insurance or guarantees are available for the sovereign credit risk, where financial markets are relatively mature and where a reliable judicial system exists to facilitate the enforcement of rights and obligations under project documentation.

ORIGINATION OF INVESTMENTS

Each of the investments in the portfolio complies with the investment policy and further investments will only be acquired if they comply with the Company's investment policy.

Further investments will be subject to satisfactory due diligence and agreement on price which will be negotiated on an arm's length basis and on normal commercial terms. It is anticipated that any further investments will be acquired out of existing cash resources, borrowings including letters of credit, funds raised from the issue of new capital in the Company or any combination of the three.

SINGLE INVESTMENT LIMIT AND DIVERSITY OF CLIENTS AND SUPPLIERS

In order to ensure that the Company has a spread of investment risk, it is the Company's intention that when any new acquisition is made, the investment (or, in the event of an acquisition of a portfolio of investments, each investment in the portfolio) acquired does not have an acquisition value (or, if it is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired is not) greater than 20% of the portfolio value of the Company immediately post-acquisition (but subject always to a

maximum limit of 25% of the portfolio value). In order to avoid over-reliance on either a single client or a single contractor when selecting new investments to acquire, the Company will seek to ensure that the portfolio of project entities in which the Company invests has a range of clients and supply chain contractors.

BORROWING AND LEVERAGE

The Company intends to make prudent use of leverage (and leverage in the context of the Company shall exclude indebtedness in place at project entity level) primarily to finance the acquisition of investments and for working capital purposes. The Company will ensure that the Company's outstanding borrowings, excluding intra-group borrowings and the debts of underlying project entities but including any financial guarantees to support subscription obligations, will be limited to 33% of the portfolio value. The Company may borrow in currencies other than Pounds Sterling as part of its currency hedging strategy.

CURRENCY AND HEDGING POLICY

The Company will continue to invest in project entities that are located not just in the UK, and as a result some of the Company's underlying investments will be denominated in currencies other than Pounds Sterling. For example, investments in the current portfolio are denominated in Australian dollars, Canadian dollars, euros, Norwegian kroner and US dollars as well as Pounds Sterling. However, any dividends declared and paid on the ordinary shares will be made in Pounds Sterling, and the market price and net asset value of the ordinary shares will be reported in Pounds Sterling.

Any currency rate hedging transactions will only be undertaken for the purpose of assisting the Company in meeting its dividend distribution targets. Hedging transactions will not be undertaken for speculative purposes. Management will continue to review the hedging strategy on an annual basis.

Interest rate hedging may also be carried out to seek to provide protection against increasing costs of servicing any debt drawn down by the Company to finance investments. This may involve the use of interest rate derivatives and similar derivative instruments.

POTENTIAL DISPOSALS OF INVESTMENTS

Whilst the Directors may elect to retain investments over the long term, they will regularly monitor the valuations of such project entities and any secondary market opportunities to dispose of investments. The Company only intends to dispose of investments where it is considered that appropriate value can be realised for the Company or where the Management Board otherwise believe that it is appropriate to do so. Proceeds from the disposal of investments will generally be reinvested, or may be distributed at the discretion of the Directors.

AMENDMENTS TO AND COMPLIANCE WITH THE INVESTMENT POLICY

Changes to the investment policy may only be made with the approval of the CSSF and the shareholders by way of ordinary resolution in accordance with the Luxembourg law of 17 December 2010 on undertakings for collective investments (the "Law") and (for so long as the ordinary shares are listed on the Official List) in accordance with the Listing Rules. The investment policy restrictions detailed above apply at the time of the acquisition of any new investment. The Company will not be required to dispose of investments and to rebalance its investment portfolio as a result of a change in the respective valuations of investments, although in such circumstances the Management Board will review the composition of the investment portfolio as a whole and consider whether any rebalancing is in the interests of shareholders.

In the event of any breaches of the investment restrictions contained in the investment policy, the Company will inform shareholders through an announcement on a Regulatory Information Service.

INVESTMENT OBJECTIVES

Looking forward into 2016 and beyond, the Company will continue to seek to provide investors with secure and predictable long-term cash flows whilst actively managing the investment portfolio with the intention of maximising the capital value over the longer term. The Company is currently targeting a dividend of 6.00 pence per share per annum with the aim to increase this distribution progressively over the longer term. The Company will target an IRR in the region of 7% to 8% on the £1 IPO issue price, to be achieved over the longer term.

INVESTMENT PORTFOLIO

As at 31 December 2015, BBGI's assets consisted of interests in 38 high-quality, availability-based, PPP/PFI infrastructure assets in the transport, healthcare, education, justice and other services sectors. Located in Australia, Canada, Continental Europe, the UK and the US, 96% of the assets by value are operational, with 0% in early-stage construction and 4% in late-stage construction which are expected to become operational in 2016.

BBGI has equity and subordinated debt subscription obligations in Mersey Gateway Bridge ("MGB") and equity subscription obligations in North Commuter Parkway ("NCP"), collectively amounting to approximately £23 million. The subscription obligations are due for payment upon the scheduled construction completion of the respective projects. Assuming, for pro-forma purposes only, that the equity and/or subordinated debt subscription obligations for MGB and for NCP were paid down at 31 December 2015 then the portfolio split would be 93% operational, 3% early-stage construction and 4% late-stage construction.

PORTFOLIO SUMMARY

AVAILABILITY ROADS & BRIDGES	EQUITY STAKE
E18 Motorway, Norway	100.00%
Golden Ears Bridge, Canada	100.00%
Kicking Horse Canyon, Canada	50.00%
M1 Westlink, UK	100.00%
M80 Motorway, UK	50.00%
Mersey Gateway Bridge, UK	37.50%
North Commuter Parkway, Canada	50.00%
North East Stoney Trail, Canada	100.00%
Northwest Anthony Henday Drive, Canada	50.00%
Ohio River Bridges/East End Crossing, USA	33.33%

HEALTHCARE	
Barking & Havering Clinics, UK	60.00%
North London Estates Partnerships, UK [5]	53.33%
Gloucester Royal Hospital, UK	50.00%
Kelowna & Vernon Hospitals, Canada	50.00%
Liverpool & Sefton Clinics (LIFT), UK [6]	53.33%
Mersey Care Mental Health Hospital, UK [7]	76.20%
Royal Women's Hospital, Australia	100.00%
Women's College Hospital, Canada	100.00%

EDUCATION	EQUITY STAKE
Bedford Schools, UK	100.00%
Clackmannanshire Schools, UK	100.00%
Cologne Schools, Germany	50.00%
Cologne-Rodenkirchen School, Germany	50.00%
Coventry Schools, UK	100.00%
East Down Colleges, UK	66.67%
Frankfurt Schools, Germany	50.00%
Kent Schools, UK	50.00%
Lagan College, UK	100.00%
Lisburn College, UK	100.00%
North West Regional College, UK	100.00%
Scottish Borders Schools, UK	100.00%
Tor Bank School, UK	100.00%

JUSTICE	
Burg Prison, Germany	90.00%
Northern Territory Secure Facilities, Australia	100.00%
Victoria Prisons, Australia	100.00%
Avon & Somerset Police Headquarters, UK	64.93%

OTHER	
Fürst Wrede Military Base, Germany	50.00%
Stoke-on-Trent & Staffordshire Fire and Rescue Service, UK	85.00%
Unna Administrative Centre, Germany [8]	44.10%

The concessions granted to project entities in the portfolio are predominantly granted by a variety of public sector clients or entities which are government backed. All project entities in the portfolio are located in countries which are highly rated (Aa1/AAA for the UK; Aaa/AAA for Australia, Canada, Germany and Norway; Aaa/AA+ for the USA) by Moody's and by Standard & Poor's.

[5] 53.33% equity and 60% sub debt

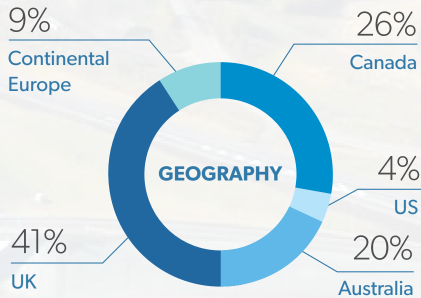
[6] 53.33% equity and 59.46% sub debt

[7] 76.20% equity and 80% sub debt

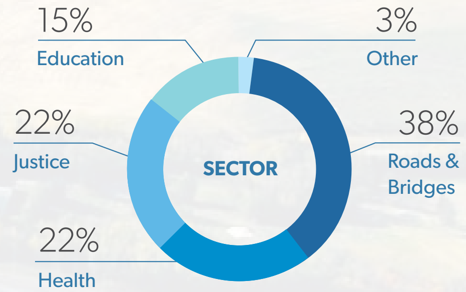
[8] Entitled to 100% of distributions.

PORTFOLIO BREAKDOWN

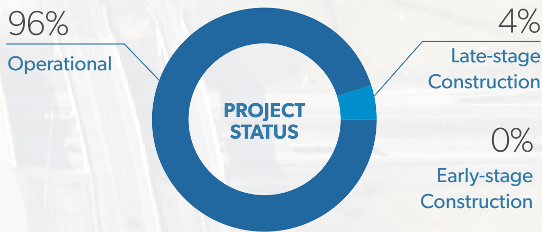
At 31 December 2015



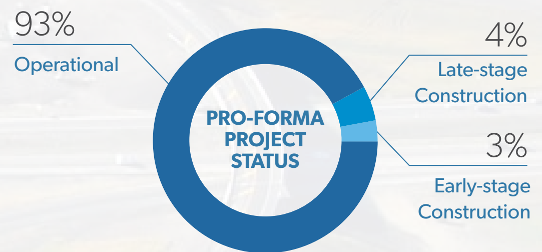
Global portfolio with 38 assets all located in AAA and AA+ rated countries.



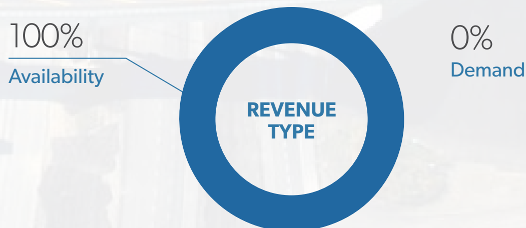
Diversified sector exposure with a bias towards availability roads and bridges.



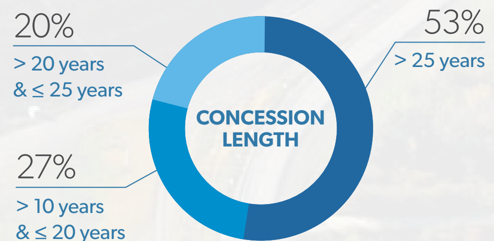
Modest construction exposure provides opportunity for NAV growth as projects become operational. Early-stage construction assets are scheduled to become operational in 2017 and 2018. The late-stage construction asset is scheduled to become operational in December 2016.



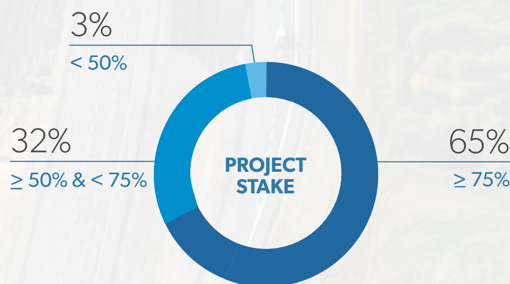
Revised project status calculation assuming, for pro-forma purposes only, that the equity and/or subordinated debt subscription obligations on the Mersey Gateway Bridge and North Commuter Parkway projects have been paid down at 31 December 2015. These subscriptions will be paid down upon construction completion and are backed by letters of credit during construction.



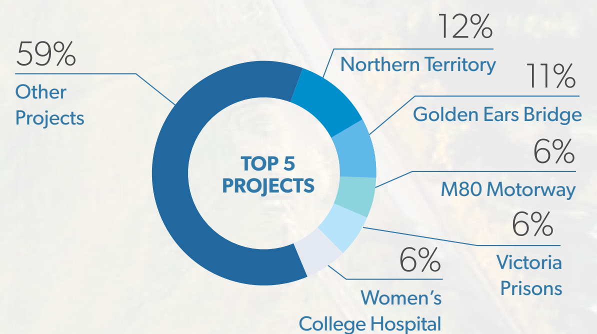
100% availability-based income; no demand risk



Weighted average concession life is 23.7 years and weighted average debt life is 19.2 years

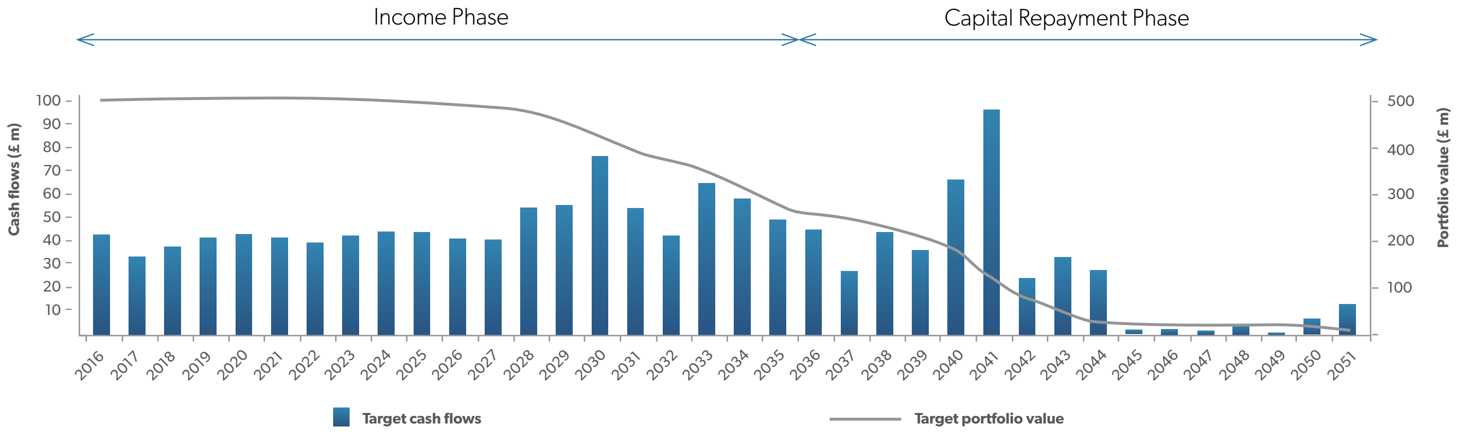


97% of portfolio owned 50% or more.



Well-diversified portfolio with no major single asset exposure

ILLUSTRATIVE PORTFOLIO OVERVIEW



The above chart[9] illustrates the target long-term steady stream of portfolio cash flows deriving from the existing portfolio of underlying assets until year 2051. Typically, new investments contribute to both the cash flows and the weighted average length of the portfolio. Based on current estimates, the existing portfolio is forecast to enter into the repayment phase in 2035 whereby cash inflows from the portfolio will be paid to BBGI's shareholders as capital and the portfolio valuation will reduce as projects reach the end of their concession term.

BBGI has a weighted average portfolio life of 23.7 years, a decrease of 0.5 years compared with 31 December 2014.

[9] This illustrative chart is a target only, as at 31 December 2015, and is not a profit forecast. There can be no assurance that this target will be met.

VICTORIA PRISONS, AUSTRALIA

FIVE LARGEST PROJECTS

NORTHERN TERRITORY SECURE FACILITIES, AUSTRALIA *(JUSTICE)*

TYPE	Availability-based
STATUS	Operational
EQUITY HOLDING (%)	BBGI: 100%
TOTAL INVESTMENT VOLUME (DEBT & EQUITY)	A$620 million
FINANCIAL CLOSE/OPERATIONAL	October 2011/ November 2014
CONCESSION PERIOD	30 years (post-construction)

The facility, located near Darwin, includes three separate centres:

- A 1,000 bed multi-classification men and women's correctional centre to replace the existing outdated facilities at Berrimah.
- A 30 bed secure mental health and behavioural management centre, a first of its kind in the Territory.
- A 48 bed supported accommodation and program centre for community based offenders with facilities designed to support the government's goals of enhanced rehabilitation, education and reduced reoffending rates in the Territory.

BBGI acquired its initial interest in this project while it was still in construction and then subsequently acquired the remaining 50% stake in July 2015. The facility became operational in November 2014. The new facility allows Northern Territory Corrections to engage prisoners into structured daily programs in order to foster rehabilitation and stronger re-integration.

GOLDEN EARS BRIDGE, CANADA *(AVAILABILITY ROAD)*

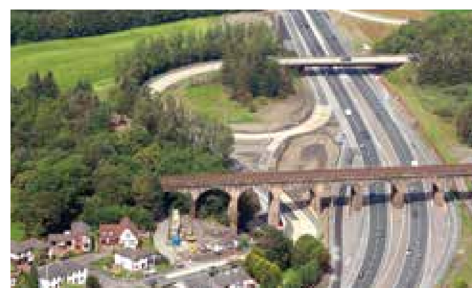
TYPE	Availability-based
STATUS	Operational
EQUITY HOLDING (%)	BBGI: 100%
TOTAL INVESTMENT VOLUME (DEBT & EQUITY)	C$1.1 billion
FINANCIAL CLOSE/OPERATIONAL	March 2006/June 2009
CONCESSION PERIOD	32 years (post-construction)

The Golden Ears Bridge in Vancouver is a 1 km, six-lane road that spans the Fraser River and connects Maple Ridge and Pitt Meadows to Langley and Surrey. The scheme, which was opened in March 2009, also includes more than 3.5 km of structures including ramps, viaducts, minor bridges and underpasses, and more than 13 km of mainline roadway, a large part of which has been landscaped. The project consists of the design, construction upgrade, finance and operation for 32 years.

The project brought close to C$1 billion in construction-related activity to the area. Commuters using the new bridge can save up to 40 minutes per peak-hour round-trip from Maple Ridge to Langley.

M80 MOTORWAY, UK *(AVAILABILITY ROAD)*

TYPE	Availability-based
STATUS	Operational
EQUITY HOLDING (%)	BBGI: 50%
TOTAL INVESTMENT VOLUME (DEBT & EQUITY)	£310 million
FINANCIAL CLOSE/OPERATIONAL	January 2009/July 2011
CONCESSION PERIOD	30 years (post-construction)



The section of road between Stepps and Haggs is an all-purpose dual carriageway and was the only non-motorway section of the A80 between Glasgow and the end of the M80 at Dunblane. The project involved construction of 18 km of dual two/three lane motorway with associated slip roads and infrastructure from Stepps in North Lanarkshire to Haggs in Falkirk. Traffic availability was achieved in August 2011 and the improvements have reduced congestion for road users and have improved journey times and reliability.

VICTORIA PRISONS, AUSTRALIA *(JUSTICE)*

TYPE	Availability-based
STATUS	Operational
EQUITY HOLDING (%)	BBGI: 100%
TOTAL INVESTMENT VOLUME	A$244.5 million
FINANCIAL CLOSE/OPERATIONAL	21 January 2004/ February–March 2006
CONCESSION PERIOD	25 years (post-construction)

The Metropolitan Remand Centre accommodates up to approximately 950 male prisoners and is located approximately 20 km from the Melbourne city centre.

The second, smaller facility is the Marngoneet Correctional Centre that houses approximately 550 male prisoners, and is the State's major intensive treatment facility for male prisoners. It offers treatment programs to promote rehabilitation, reduce repeat offending and to prepare prisoners for transition back into the community.

Both prisons started operation in 2006. In 2013, two significant augmentation orders were undertaken to expand the prisoner capacity.

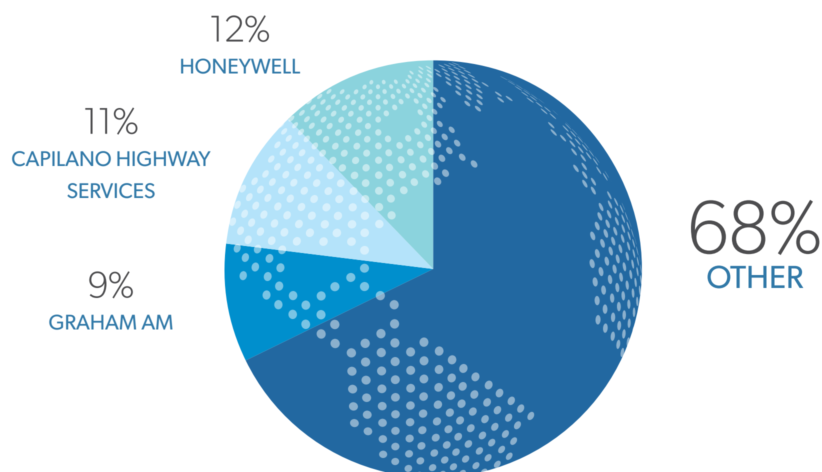
WOMEN'S COLLEGE HOSPITAL, CANADA *(HEALTH)*

TYPE	Availability-based
STATUS	Operational
EQUITY HOLDING (%)	BBGI: 100%
TOTAL INVESTMENT VOLUME	C$345 million
FINANCIAL CLOSE/ SUBSTANTIAL CCOMPLETION	13 June 2010/ 24 September 2015
CONCESSION PERIOD	30 years from substantial completion

This new replacement hospital, in Toronto, Ontario, is a multi-storey building (approximately 430,000 square feet) consisting of ambulatory care, surgical research and educational facilities, as well as administrative, parking, and other non-clinical space to support the Women's College Hospital's comprehensive and integrated approach to providing quality women's health care to patients with a need for diagnostics, extended treatments and chronic care. The project was delivered in two phases. The first phase became operational in May 2013. The second phase achieved substantial completion in September 2015 and is now in the ramp-up phase.

FACILITY MANAGEMENT

Management continually reviews the potential concentration risk in respect of facility management contractors. The diagram below illustrates the level of counterparty exposure as a percentage of portfolio value. Management has not identified any significant exposure risk and therefore remains comfortable with the current contract allocation.



REPRESENTATION AT PROJECT LEVEL

With regard to the project entities acquired, the Management Board has taken, in most cases, two board seats within each portfolio asset. More information on the performance of the project entities is provided in the Valuation section below.

RELATIONSHIP WITH CLIENTS

The Management Board continues to work hard to build and maintain a good dialogue with the Group's public sector clients and partners. It is engaged through its representation at the project level in resolving issues, identifying efficiencies and facilitating variations which benefit both shareholders and public sector clients.

Across the entire portfolio, BBGI remains comfortable with the counter-party risk of the public sector clients, and the Management Board is not aware of any instances of financial distress which might lead to default. Facility management continues to be performed at a high level with no major incidents to report. In the event of poor performance by the facility manager, then the associated cost, typically a deduction from the unitary payment, will be passed on to the facility manager.

As a general rule, the public sector clients have been diligent in managing their infrastructure costs. The Company's representatives at the project level continue to work closely with all contracted parties, including the client, facility managers and managed service providers, the end goal of which is to ensure that both a quality service and value for money is being delivered to the client.

We are aware of situations, particularly in the UK, where the client is proactively seeking to apply deductions to realise savings. There have been published reports on some PPP/PFI projects where material performance deductions have been levied through strict contractual interpretation by some clients for asset-wide defects, one example being breaches in fire-compartment walls in buildings. Efforts to realise savings have largely been focused on health care projects (often acute care hospitals) in response to pressure on NHS trust budgets and in some cases have resulted in significant deductions on concession payments and lock up of distributions under the loan agreements. As acute care UK hospital PPPs account for less than 1.5% of BBGI's portfolio value, this development does not present a material exposure to the Group. Notwithstanding this, BBGI will continue to monitor this development closely, in particular any potential knock-on effect it may have on other UK PPP sectors in which BBGI is invested.

REPORT OF THE MANAGEMENT BOARD

BUSINESS REVIEW

BUSINESS OF THE COMPANY

The Management Board is very pleased to present the results for the year ended 31 December 2015. Both the management report for the consolidated financial statements and the standalone financial statements have been presented as one single report.

HIGHLIGHTS

Please see page 3 for a summary of the Financial and Operational Highlights for 2015.

BBGI's goals for 2015 remained consistent with those of previous years i.e. to manage the portfolio actively in order to enhance returns and to position the Company for continued selective growth. Certain key performance indicators for 2015 are highlighted on the following page.

E18 MOTORWAY, NORWAY

KEY PERFORMANCE INDICATORS ("KPIs")

	31 DEC 2013	31 DEC 2014	31 DEC 2015	TARGET
Dividends declared for the year	5.50 pence per share	5.76 pence per share	6.00 pence per share expected	**2013:** 5.50 pence per share **2014:** 5.76 pence per share **2015:** 6.00 pence per share target
Investment Basis NAV	£449.25m	£465.29m	£479.84m	Stable growth
Growth in NAV per share in reporting period	2.04%	3.49%	2.05%	Stable and consistent NAV per share growth
Total Shareholder return in year (share price plus dividends per share)	15.7%	10.79%	8.69% [10]	7% to 8% on the £1 IPO issue price
Total Shareholder return since listing in December 2011 (share price plus dividends per share) [11]	29.0%	41.25%	53.53%	7% to 8% on the £1 IPO issue price
Ongoing Charges (using the AIC [12] recommended methodology)	1.11%	0.98%	0.96%	Seek to minimise at all times
Weighted average discount rate	8.39%	8.21%	7.86%	To reflect the risk associated with the underlying investments
Weighted average PPP/PFI concession life	24.6 years	24.2 years	23.7 years	Maintain/renew the longevity of the portfolio
Weighted average portfolio debt maturity	23.2 years	21.3 years	19.2 years	Maintain long-term financing of the portfolio
Five largest investments as a percentage of the portfolio by value	51%	40%	41%	Portfolio diversification
Largest investment as a percentage of the portfolio by value	17% (Golden Ears Bridge)	13% (Golden Ears Bridge)	12% (Northern Territory Secure Facilities)	To be less than 20% at time of acquisition
Inflation correlation of the portfolio (+/−1%)	Not reported	Not reported	Approx 0.50%	To maintain a strong correlation

[10] The compound annual growth rate since listing in December 2011 to 31 December 2015 was 11.24%.

[11] Based on share price at 31 December 2015 and after adding back dividends paid or declared since listing.

[12] Association of Investment Companies.

GROWTH IN THE PORTFOLIO

Interest in PPP infrastructure assets remained robust throughout 2015. As reported last year there is more investment capital searching for assets than there is supply, maintaining pressure on prices. In this environment, it has been much more difficult to identify and acquire projects on terms that are accretive to shareholders.

During the year, the Management Board remained very conscious of the need to exercise restraint and discipline in pursuing selective, accretive growth. While there were many investment opportunities presented to BBGI in 2015 we moved forward with only a fraction of those opportunities. We avoided the broad auction processes and incurred less than £100,000 in bid / pursuit costs for opportunities that did not result in actual investments.Despite a highly competitive environment, the Company was still able to grow the portfolio on attractive terms, albeit at a more subdued pace than in the previous periods. During the year, additions to the portfolio totalled £41.6 million or a 9.1% increase on the 31 December 2014 portfolio value.

The figure of £41.6 million excludes both the North Commuter Parkway equity commitment which is backed by a letter of credit during the construction period, and also the Belfast Metropolitan College acquisition which was announced in July 2015 but had not yet concluded before the year end on 31 December 2015. By including these two projects, the total additional equity committed and/or invested during the year ended 31 December 2015 amounts to £54.5 million

FOLLOW-ON INVESTMENTS

The Company completed three follow-on investments with a total value of approximately £39.4 million including a further 30% interest in Avon & Somerset Police Headquarters in the UK and the remaining 50% interest in the Northern Territory Secure Facilities in Australia. Both of these stakes were acquired on a negotiated basis from co-shareholders without having to engage in auction processes, which are expensive and can create an environment where the risk of overpaying is increased. The Company also made an initial equity injection into the Mersey Care Mental Health project shortly after the project became operational in December 2014.

NEW SECONDARY ACQUISITIONS

During the year BBGI announced the acquisition of 100% of the equity and subordinated debt interests in two educational PPP projects, Belfast Metropolitan College and North West Regional College, in Northern Ireland for a total consideration of approximately £11.7 million. North West Regional College transferred in December 2015 and Belfast Metropolitan College transferred after year end in March 2016 and as a result is not counted in the portfolio figures presented.

North West Regional College is a four-storey teaching facility located in Londonderry providing state of the art information, communications and education technology for 1,100 students in the fields of business, computing, tourism and hospitality. Belfast Metropolitan College is an educational campus composed of two five-storey teaching facilities and a two-storey engineering facility with associated car parking and a landscaped courtyard.

Both projects are operational. The concessions run until August 2027 and January 2026 respectively. BBGI will receive availability payments during the concession periods from the governing bodies of each of Belfast Metropolitan College and North West Regional College.

Because the Company had previous dealings with the vendor, the acquisition of these projects was also conducted on a negotiated basis without having to engage in a broad auction process.

NEW PRIMARY INVESTMENTS

BBGI was a 50% equity investor in the consortium that was selected as preferred proponent on the North Commuter Parkway and Traffic Bridge project in Saskatoon, Saskatchewan, Canada. Financial close was achieved in October 2015. The North Commuter Parkway Project involves the replacement of the 107- year-old Traffic Bridge in Saskatoon's downtown core, as well as the development of a new six-lane bridge crossing the South Saskatchewan River in the City's north end and 8.3 km of new arterial roadways.

Construction works relating to the project are being undertaken by Graham Construction. All construction obligations have been passed down to the builder. The concession term runs for 30 years plus a three-year construction period. Payments under the project will all be availability-based and will come from the AAA (S&P) rated City of Saskatoon. BBGI expects to receive distributions throughout the concession period once the project becomes operational.

This primary investment demonstrates BBGI's ability to grow the portfolio of infrastructure investments not only by acquiring operational projects but also by partnering with construction companies in consortium bids on new PPP projects. BBGI will continue to selectively pursue further growth opportunities in both new and existing assets.

All of the above noted transactions were concluded on attractive and accretive terms and will provide the following benefits to shareholders:

- Further diversify the Group's investment portfolio by geography and sector:
  - International portfolio with majority of assets being outside the UK;
  - Major exposure to availability-based transport projects which the Management Board believes are less complex and easier to operate than other social infrastructure assets.
- Continue to diversify the counterparty exposure while maintaining an attractive mix of high investment grade, credit-worthy counterparties.
- Ongoing charge percentage has continued to drop and now sits at 0.96%, which we believe to be the lowest within the UK listed infrastructure sector. The decrease was primarily due to the larger average net asset base for the Company over which its operating costs are spread, coupled with the weakening euro against Pound Sterling over the reporting period.
- Providing some exposure to projects in construction, thereby increasing the opportunity for greater NAV growth in the future, as assets are expected to see a valuation uplift before or upon becoming operational.
- Growth in the portfolio will eventually lead to increasing the issued share capital of the Company, thereby increasing the liquidity of the shares and providing scale benefits.

As the portfolio grows in size, the benefits of the internal management structure become increasingly evident with potential for the ongoing charge ratio to continue to decline further.

SCOTTISH BORDERS SCHOOLS, UK

FUTURE GROWTH

Since going public in 2011, the Management Board has been able to grow the Company successfully from 19 assets to 38 assets as at 31 December 2015. The Company has benefitted from the Management Board's ability to source attractive investment opportunities from a variety of sources and in different geographies.

The Management Board has been very conscious of the need to exercise restraint and discipline in pursuing selective, accretive growth. We will remain very selective and surgical in pursuing new investment opportunities and will only move forward with those opportunities which we believe will create shareholder value. There are a handful of guidelines that we will continue to follow in 2016:

Remain disciplined on price: We will remain focused on pursuing opportunities that are accretive. We believe our internal management structure serves us well in this regard. As the only internally managed London listed PPP Investment Company, the individuals making the investment decisions work directly for the Company and not for an external manager. Unlike the structure with a typical external manager, the management team is not rewarded for assets under management or paid acquisition fees. Therefore there is a clear alignment of interests between the Company's management and its shareholders with no bias for growth at BBGI unless it is beneficial to shareholders.

Follow through on integration and asset management initiatives: In an increasingly competitive acquisition environment, bidders are often requested to consider synergies and various savings as part of their bids to be successful. Synergies and savings will only be priced when management are confident they can be achieved. For an acquisition to be value accretive these enhancements need to be implemented post acquisition, so we will only price those enhancements we are comfortable to achieve post acquisition.

Keep an eye on bid costs: While we will continue to examine and consider a wide variety of opportunities, we will remain focused on bid costs and will only incur due diligence costs for opportunities where we have a reasonable prospect of success. We will be careful in allocating our energy and budgets only to the best opportunities. In 2015 we incurred less than £100k of broken bid cost. Additionally we have also kept our costs low over the reporting period by having a relatively modest credit facility (£80 million) which results in lower standby fees, while still retaining the flexibility to consider larger transactions by having a further £100 million accordion tranche for which no standby fees are paid.

The Management Board will continue to be selective in its approach to engaging in competitive auction processes and will only do so when it can see the possibility of making an accretive investment. Furthermore it will seek to acquire additional stakes in existing projects and will continue to review primary deals, an area where BBGI is currently focused, with several opportunities in Canada and Continental Europe.

While price is always a key consideration, BBGI has been able to differentiate itself in a number of transactions by being able to transact quickly or discreetly, having specific credentials and regional knowledge or offering the best value by being able to consider synergies or efficiencies. We remain optimistic that we will be able to continue to grow the portfolio on attractive terms.

CONSTRUCTION EXPOSURE

The Company's investment policy is to invest principally in projects that are operational and that have completed construction. Accordingly, investment in projects that are under construction will be limited to 25% of the Portfolio Value. The rationale for this approach is to be able to produce a stable dividend for our shareholders, while at the same time gaining some exposure to the potential NAV uplift that can occur when projects move from the construction stage to the operational stage.

As at 31 December 2015, BBGI has three projects — Ohio River Bridges, Mersey Gateway Bridge and North Commuter Parkway — which are currently in construction. These projects account for 7% of portfolio value on a pro forma basis. [13] Construction in each case is being carried out by experienced construction joint venture teams made up of contractors with a proven track record for delivery. The monitoring and management of these projects will continue to be a key focus for the Management Board in 2016.

While there is some increased risk associated with investing in projects during the construction phase, we believe the higher returns afforded during the construction phase are attractive on a risk-adjusted basis. We also consider the risks to be quite manageable, as the construction risk is generally passed down to creditworthy construction subcontractors. The typical construction contract is a fixed-price, date-certain contract where the construction contractor is responsible for any potential cost overruns or delays. Construction support packages typically consist of letters of credit or bonds from third parties and, to the extent necessary, parent company guarantees from the parents of the construction companies.

In addition, the Company's asset management team has several individuals with specific PPP construction experience to help manage and mitigate any potential risks relating to construction. The skills inherent in this team have given the Company the confidence to pursue primary development opportunities.

During the year, the Management Board oversaw the successful transition of Avon & Somerset Police Headquarters (UK) and Northern Territory Secure Facilities (Australia) from ramp-up phase towards the stable operational phase, and Women's College Hospital from construction to the ramp-up phase. The completion of these important milestones again demonstrates BBGI's ability to successfully take projects from construction into operation, and validates our strategy of maintaining some construction exposure. The Management Board believes that the Company's ability to meet its dividend targets has not been compromised by this construction exposure and will continue to monitor this closely as the portfolio grows.

BBGI remains optimistic for further NAV growth, particularly once the three projects currently in construction within the Company's portfolio move closer to, and into, the operational phase. The ability to provide such organic growth in NAV as particular potential risks in assets reduce over time is an important and differentiating characteristic of the Company.

As we look forward to 2016, we would hope that some of the primary development opportunities for which we have been short-listed or are considering (described in more detail on page 38 and 39) will materialise into new investment opportunities and will replace some of the current construction exposure as these projects complete and move towards the stable operational phase of their lifecycle.

HEDGING

The Company is exposed to foreign exchange movements on future portfolio distributions denominated in Australian dollars (AUD), Canadian dollars (CAD), euros (EUR), Norwegian kroner (NOK) and US dollars (USD). An in-depth review of hedging strategy is carried out on an annual basis. While the Company tries to mitigate the impacts of foreign currency movements on the NAV by hedging a portion of the expected distributions coming from the portfolio over the next four years, it would not be economical to fully immunise the portfolio against any NAV changes due to foreign exchange movements.

At 31 December 2015, 59% of the portfolio by value has cash flows denominated in currencies other than Pounds Sterling. The Management Board has implemented a policy of using forward contracts to hedge a portion of its anticipated foreign currency cash flows. The Company seeks to provide protection for Pounds Sterling dividends that it aims to pay on the ordinary shares over the next four years, in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. In September 2015, the Company, in accordance with its hedging policy, entered into a number of forward contracts to partially hedge any currency fluctuations on the future portfolio distributions for a period of up to four years. The Company does not currently hedge the future euro cash flows, as it currently forecasts that these cash flows will continue to be used to cover the Group's running costs which are largely euro denominated.

[13] Refer to the Pro Forma Project Status diagram on page 11 for further details.

INVESTMENT PERFORMANCE

SHARE PRICE

The Company's share price has performed well and has maintained a strong premium to net asset value. We continue to believe that a key benefit of the portfolio is the high- quality cash flows that are derived from long-term government- backed contracts. As a result, the portfolio performance is largely uncorrelated to the many wider economic factors that may cause market volatility in other sectors.

The share price closed the year at £1.2925, an increase of 3.6% in 2015. Shares traded at a premium to net asset value throughout the year in a range from 9.37% to 18.43%.

TSR in calendar year 2015 was 8.69% whilst TSR from IPO to 31 December 2015 was 53.53% or a compound annual growth rate of 11.24%.

TOTAL SHAREHOLDER RETURN

DISTRIBUTION POLICY

Distributions on the ordinary shares are planned to be paid twice a year, normally in respect of the six months to 30 June and the year ended 31 December. Subject to market conditions and to the level of the Company's available funds, it is intended that distributions will be paid as final dividends, subject to shareholder approval at the AGM at the end of April, and as interim dividends in October of each year.

DIVIDENDS

On 3 July 2015, the Company paid a final dividend of 2.88 pence per share for the year ended 31 December 2014. On 29 October 2015, an interim dividend of 3.00 pence per share was paid. A scrip alternative was also offered to shareholders for both dividends. Payment of the interim dividend was consistent with the Company's revised target dividend payment of at least 6.00 pence per share per annum. This revised target represents an increase of 4.2% on the previous target dividend payment of 5.76 pence per share per annum.

In addition to the interim dividend, the Company proposes a final dividend of 3.00 pence per share (with a scrip alternative) for the year ended 31 December 2015, which would result in a total distribution of 6.00 pence per share for the year.

INVESTOR COMMUNICATIONS

The Company places great importance on communication with its shareholders and welcomes their views. It is the intention of the Company to remain at the forefront of disclosure and transparency in its asset class, and therefore the Boards regularly review the level and quality of the information that the Company makes public.

Formal reports are made by the Company twice a year through the annual and interim reports and financial statements. In addition, management statements and other current information on the Company provided through the Company's website pages and market announcements, assist in keeping investors and other interested parties informed. At Shareholder General Meetings, each share is entitled to one vote; all votes validly cast at such meetings (including by proxy) are counted, and the results of such meetings are announced by the Company on the day of the relevant meeting.

The Boards are keen to develop and maintain positive relationships with the Company's shareholders. As part of this process, at the end of March and August each year immediately following release of the annual and interim results, the Co-CEOs present the results to analysts and subsequently conduct roadshows and offer shareholder visits to discuss the results, explain the ongoing strategy and receive feedback.

Outside of these formal visits, feedback from investors is received via the Management Board and the Corporate Brokers and, together with the feedback from results meetings, this is reported to the Supervisory Board. Throughout the year under review, Board members have made themselves available to major shareholders and key sector analysts, both collectively and on a one-to-one basis, for discussion of key issues and expectations around Company performance, and will continue to do so. Board members intend to continue to be available to meet with shareholders periodically to facilitate open two-way communication on the development of the Company. Shareholders may contact members of both the Management and Supervisory Boards at the registered office of the Company, which address can be found on the final page of the Annual Report or on the Company's website at www.bb-gi.com. Given this level of engagement with shareholders, the Boards consider therefore that they meet the requirements of AIC Code Principle 19.

SHARE CAPITAL

The issued share capital of the Company is 430,393,003 ordinary shares of no par value. All of the ordinary shares issued rank *pari passu*. There are no special voting or other rights attaching to any of the ordinary shares. During the year ended 31 December 2015 the Company issued 4,476,435 shares as a result of shareholder scrip elections.

VOTING RIGHTS

There are no restrictions on the voting rights attaching to ordinary shares.

OHIO RIVER BRIDGES, USA

DISCOUNT MANAGEMENT

Although the Company's shares have traded at a premium since flotation, the Management Board will actively monitor any discount to the net asset value per ordinary share at which the ordinary shares may trade in the future. The Management Board will report to the Supervisory Board on any such discount and propose actions to mitigate this.

PURCHASES OF ORDINARY SHARES BY THE COMPANY IN THE MARKET

In order to assist in the narrowing of any discount to the net asset value at which the ordinary shares may trade from time to time and/or to reduce discount volatility, the Company may, subject to shareholder approval:

- make market purchases of up to 14.99% p.a. of its issued ordinary shares; and
- make tender offers for the ordinary shares.

No shares have been bought back in the year. The most recent authority to purchase ordinary shares which may be held in treasury or subsequently cancelled was granted to the Company on 30 April 2015 and expires on the date of the next Annual General Meeting ("AGM"). The Company is proposing that its authority to buy back shares be renewed at the forthcoming AGM.

CONTINUATION VOTE

The Company's Articles of Association required the Board to hold a continuation vote for the shareholders of the Company at the AGM held on 30 April 2015 to allow the Company to continue in its current form. At that AGM, shareholders voted overwhelmingly with 100% of the shares voted being cast in favour of the continuation resolution, with no shares being voted either against or withheld. The Boards appreciate the support given for their work and will strive to justify the confidence shown. A further continuation vote will be offered to shareholders in 2017 in accordance with the Articles.

DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 10 March 2016, being the latest available information, the management are aware of the following shareholders holding more than 5% of the Company's ordinary shares.

NAME	HELD	% OF TOTAL SHARE CAPITAL
M&G INVESTMENTS	69,762,153	16.21
NEWTON INVESTMENT MANAGEMENT	59,322,299	13.78
SCHRODER INVESTMENT MGT	43,511,004	10.11
HSBC GLOBAL ASSET MGMT (UK)	28,690,305	6.67

LONDON STOCK EXCHANGE

Listing	Chapter 15 premium listing, closed-ended investment company
Trading	Main Market
ISIN	LU0686550053
SEDOL	B6QWXM4
Ticker	BBGI
Indices	FTSE All-Share and FTSE SmallCap

VALUATION

The Management Board is responsible for carrying out the fair market valuation of the Company's investments, which it then presents to the Supervisory Board. The valuation is carried out on a six- monthly basis as at 30 June and 31 December each year. An independent professional third party reviews this valuation.

The valuation is determined using the discounted cash flow methodology. The cash flows forecasted to be received by the Company or its subsidiaries, generated by each of the underlying assets, and adjusted as appropriate to reflect the risk and opportunities, have been discounted using project specific discount rates. The valuation methodology remains unchanged from previous reporting periods.

The Company uses the following macroeconomic assumptions for the cash flows:

MACROECONOMIC ASSUMPTIONS

END OF PERIOD	31 DEC 2016	31 DEC 2017	31 DEC 2018	LONG TERM
United Kingdom				
Indexation (%) [1]	1.75	2.75	2.75	2.75
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%)	20.0	19.0	19.0	18.0
Canada				
Indexation (%) [1,2]	1.00/1.35	2.00/2.35	2.00/2.35	2.00/2.35
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%) [3]	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5
GBP/CAD as at 31 December 2015 [4]	2.053	2.053	2.053	2.053
Australia				
Indexation (%) [1,5]	1.50	2.50	2.50	2.50
Deposit Interest Rate (%) [6]	4.00/5.00	4.00/5.00	4.00/5.00	4.00/5.00
SPC Corporate Tax (%)	30.0	30.0	30.0	30.0
GBP/AUD as at 31 December 2015 [4]	2.028	2.028	2.028	2.028
Germany				
Indexation (%) [1]	1.00	2.00	2.00	2.00
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%) [7]	15.8	15.8	15.8	15.8
GBP/EUR as at 31 December 2015 [4]	1.357	1.357	1.357	1.357
Norway				
Indexation (%) [1,8]	1.94	2.94	2.94	2.94
Deposit Interest Rate (%)	1.8	2.5	4.0	4.0
SPC Corporate Tax (%)	27.0	27.0	27.0	27.0
GBP/NOK as at 31 December 2015 [4]	13.042	13.042	13.042	13.042
United States of America				
Indexation (%) [1]	1.50	2.50	2.50	2.50
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Federal Tax/Indiana State Tax (%)	35.0/4.1	35.0/3.9	35.0/3.7	35.0/3.2
GBP/USD as at 31 December 2015 [4]	1.480	1.480	1.480	1.480

[1] Due to the current economic environment, the indexation rates used for the 12 months to 31 December 2016 have been reduced compared to those rates reported in the June 2015 interim report.

[2] All Canadian projects have a long-term 2.0% indexation factor with the exception of North East Stoney Trail and Northwest Anthony Henday Drive which have a slightly different indexation factor which is derived from a basket of regional labour, CPI and commodity indices.

[3] Tax rate is 27% in Alberta and Saskatchewan, 26% in British Columbia and 26.5% in Ontario.

[4] As published on www.oanda.com.

[5] Long-term Consumer Price Index 2.50%/Long term Labour Price Index 3.50%.

[6] Cash on Debt Service Reserve Accounts and Maintenance Service Reserve Accounts can be invested on a six-month basis. Other funds are deposited on a shorter term.

[7] Including Solidarity charge, excluding Trade tax which varies between communities.

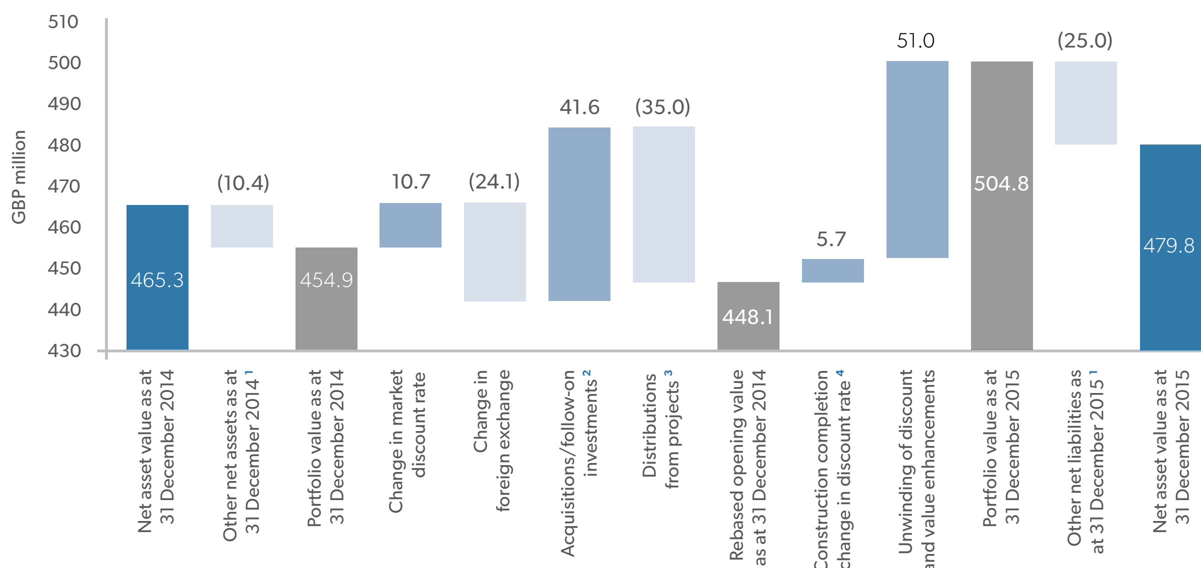
[8] Indexation of revenue based on basket of four specific indices.

OTHER KEY INPUTS AND ASSUMPTIONS

- Any deductions or abatements during the operations period are passed down to subcontractors.
- Cash flows to and from the Company's subsidiaries and the portfolio investments are received at the times anticipated.
- Where the operating costs of the Company or portfolio investments are fixed by contract such contracts are performed, and where such costs are not fixed, they are in line with the budget.
- The contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date.

Over the 12- month period from 31 December 2014 to 31 December 2015, the Company's Investment Basis NAV increased from £465.29 million to £479.84 million. The increase in NAV per share from 109.2 pence to 111.5 pence or 2.05% is primarily a result of the key drivers listed below:

INVESTMENT BASIS NAV MOVEMENT 31 DECEMBER 2014 TO 31 DECEMBER 2015



[1] These figures represent the assets and liabilities of the Group's consolidated subsidiaries; they exclude the project investments and include, amongst other items, the Group's consolidated cash balances and borrowings.

[2] The figure of £41.6 million excludes both the North Commuter Parkway equity commitment which is backed by a letter of credit during the construction period, and the Belfast Metropolitan College acquisition which was announced but had not yet concluded before the year ended 31 December 2015.

[3] While distributions from projects reduce the portfolio value, they do not have an impact on the Company's NAV. The reduction in the portfolio value (investments at fair value through profit or loss) is offset by the receipt of cash (cash and cash equivalents) at the consolidated group level. The increase in cash results in a decrease in other net liabilities.

[4] The uplift resulting from the transition of Avon & Somerset Police Headquarters (UK) and Northern Territory Secure Facilities (Australia) from ramp-up phase towards the stable operational phase, and Women's College Hospital from construction to the ramp-up phase.

INVESTMENT BASIS NAV MOVEMENT 31 DECEMBER 2014 TO 31 DECEMBER 2015	£ MILLION
Net asset value at 31 December 2014	465.3
Less: other net assets at 31 December 2014	(10.4)
Portfolio value at 31 December 2014	454.9
Change in market discount rate	10.7
Change in foreign exchange	(24.1)
Acquisitions/follow-on investments	41.6
Distributions from projects	(35.0)
Rebased opening value at 31 December 2014	448.1
Construction completion change in discount rate	5.7
Unwinding of discount and value enhancements	51.0
Portfolio value at 31 December 2015	504.8
Other net liabilities at 31 December 2015	(25.0)
Net asset value at 31 December 2015	479.8

KEY DRIVERS FOR NAV GROWTH

GROWTH BASED ON REBASED VALUATION

During the year ended 31 December 2015 the Company recognised £51.0 million from the "unwinding of discounts" and value enhancements. As the Company moves closer to forecast project dividend payment dates, the time value of those cash flows increases on a net present value basis as a result of the "unwinding of discount". The portfolio value growth from the unwinding of discount during the year was approximately £34.8 million or 7.40% on a NAV per share basis.

In addition £16.2 million (or 3.45% on a NAV per share basis) represents the value enhancements across the portfolio through active management and certain macro-economic changes, which include amongst others:

- Lower costs achieved on some projects;
- Earlier than forecast extraction of cash;
- Updated independent valuation of residual values of some LIFT properties;
- Updated refinancing assumptions to reflect current market conditions for two assets ;
- Re-profiling of lifecycle costs;
- Lower than forecast tax rates in the UK and USA; and
- A more favourable tax status on two assets.

The Company also recognised a further £5.7 million growth in the NAV by bringing certain projects from construction to operational status or towards the stable operational status and by adjusting the applicable discount rate accordingly.

Collectively the above drivers accounted for a total rebased growth in the portfolio value in the year of £56.7 million or 12.06% on a NAV per share basis.

DISCOUNT RATES AND SENSITIVITY

The discount rates used for individual assets range between 7.58% and 10.50%. The value weighted average rate is approximately 7.86% (8.21% at 31 December 2014). This methodology calculates the weighted average based on the value of each project in proportion to the total portfolio value, i.e. based on the net present value of their respective future cash flows. An alternative methodology to calculate the weighted average discount rate would be to calculate the weightings based on the nominal future cash flows for each project. The actual method applied results in a lower average discount rate for BBGI than would have been the case under the alternative method. It is therefore the more conservative method for BBGI to use at present based on the current profile of future cash flows. In addition to the reduction in discount rates resulting from construction completion referred to above, the decrease in the average discount rate also reflects the continuing trend of increased competitive pressure on secondary market prices. More investment capital, both in the listed and unlisted infrastructure secondary market, is pursuing PPP/PFI assets; additionally, where auctions are used, these are very competitive. BBGI was able to source all acquired assets in the period either from buying co-shareholder stakes or entering into negotiated transactions.

The discount rates used for individual project entities are based on BBGI's knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

The following table shows the sensitivity of the net asset value to a change in the discount rate:

DISCOUNT RATE SENSITIVITY [1]	CHANGE IN NET ASSET VALUE 31 DECEMBER 2015
Discount rate +1% to 8.86%	£(45.5) million, i.e. (9.5)%
Discount rate −1% to 6.86%	£53.2 million, i.e. 11.1%

[1] Based on the average discount rate of 7.86%

FOREIGN EXCHANGE AND SENSITIVITY

BBGI values its portfolio of assets by discounting anticipated future cash flows. The present value of these cash flows are converted to Pounds Sterling at either the hedged rate, for a predetermined percentage of cash flows forecast to be received over the next four years, or at the closing rate for unhedged future cash flows. Although the closing rate is the correct conversion rate to use, it is not necessarily representative of future exchange rates as it reflects a specific point in time.

Other than the four-year contracted hedge rates, the Company has used the following exchange rates to value the portfolio:

	F/X RATES AS AT 31 DECEMBER 2014	F/X RATES AS AT 31 DECEMBER 2015
GBP/AUD	1.904	2.028
GBP/CAD	1.806	2.053
GBP/EUR	1.278	1.357
GBP/NOK	11.564	13.042
GBP/USD	1.553	1.480

A significant proportion of the Company's underlying investments are denominated in currencies other than Pounds Sterling. The Company maintains its accounts, prepares the valuation and pays distributions in Pounds Sterling. Accordingly, fluctuations in exchange rates between Pounds Sterling and the relevant local currencies will affect the value of the Company's underlying investments. During 2015 the decline of the AUD, CAD, NOK and EUR and appreciation of the USD against the Pound Sterling accounted for a £24.1 million adverse movement in the portfolio value.

The following table shows the sensitivity of the net asset value to a change in foreign exchange rates:

FOREIGN EXCHANGE SENSITIVITY	CHANGE IN NET ASSET VALUE 31 DECEMBER 2015
Increase by 10%[1]	£(23.1) million, i.e. (4.8)%
Decrease by 10%[1]	£28.3 million, i.e. 5.9%

[1] Sensitivity in comparison to the foreign exchange rates at 31 December 2015 and taking into account the hedges in place, derived by applying a 10% increase or decrease to the GBP/foreign currency rate.

As part of the Company's ongoing monitoring of foreign exchange exposure, and in consideration of current foreign exchange developments, BBGI has continued to undertake additional foreign exchange scenario analysis to further stress test the ability of the Company to pay dividends at the increased dividend target of 6.00 pence per share:

SCENARIO ASSUMPTIONS

- Consider a further 10% depreciation of exchange rates (from the 31 December 2015 rates referred to above), for the 25 years until 2041; after such time, cash flows are more erratic and are therefore ignored for this analysis;
- no issuance of scrip shares and no further acquisitions other than those already announced prior to the year ended 31 December 2015; and
- the excess cash in one period is not brought forward to the next period, i.e. no cash smoothing, meaning dividends can only be paid from cash received from project distributions in the period under analysis.

OUTCOME

Under the above scenario, with the exception of years 2037 and 2039, the current dividend profile is fully covered by the distributions from the project portfolio in the years through to 2041.

While the foreign exchange rates have created a considerable headwind for the Company in 2015, the Management Board believes that significant benefits persist from having an international portfolio. It is the view of the Management Board that such fluctuations in value, as a direct consequence of foreign exchange movements, are an inherent part of holding an international portfolio of assets. There will be periods where the global nature of the BBGI portfolio produces positive foreign exchange impacts on valuation and other times when the reverse is true. Additionally, the downside risk is in the long term partially mitigated by having exposure to a number of different currencies including AUD, CAD, EUR, NOK and USD, all of which can provide diversification benefits.

Overall, the Management Board believes that with the current hedging program in place, the global nature of the portfolio produces benefits (geographic diversification, no undue reliance on one market, increased counterparty diversification, reduced competition outside the UK, etc.) which are greater than the potential downsides. The Company enjoys the diversification benefit of having a variety of strong government counterparties and is not dependent on one primary government for its cash flows. In addition, BBGI has exposure to different international markets which can counterbalance one another if activity levels or policies change in one particular market.

INFLATION SENSITIVITY

The project cash flows are positively correlated with inflation (e.g. RPI or CPI). The table below demonstrates the effect of a change in inflation rates compared to the macroeconomic assumptions in the table above:

INFLATION SENSITIVITY	CHANGE IN NET ASSET VALUE 31 DECEMBER 2015
Inflation +1%[1]	£29.3 million, i.e. 6.1%
Inflation −1%[1]	£(25.1) million, i.e. (5.2)%

[1] Compared to the assumptions as set out in the macroeconomic assumptions above.

Due to the current low inflationary environment BBGI has undertaken additional inflationary scenario analysis in order to further stress test its ability to pay dividends at the increased dividend target of 6.00 pence per share:

SCENARIO 1:

Inflation −1%

SCENARIO 2:

Inflation 0% for the next five years, reverting back to base case long-term assumptions for the remaining 20 years until 2041; after such time, cash flows are more erratic and are therefore ignored for this analysis.

SCENARIO ASSUMPTIONS

- No issuance of scrip shares and no further acquisitions.
- The excess cash at the end of one period is not brought forward and is assumed to be not available in subsequent periods, i.e. no cash smoothing, meaning dividends can only be paid from distributions received from the project companies in the specific period under analysis.

OUTCOME

Under both scenarios, with the exception of years 2037 and 2039, the current dividend profile is covered by the distributions from the portfolio in the years through to 2041.

DEPOSIT RATE SENSITIVITY

The project cash flows are positively correlated with the deposit rates. The table below demonstrates the effect of a change in deposit rates compared to the macroeconomic assumptions above.

DEPOSIT RATE SENSITIVITY	CHANGE IN NET ASSET VALUE 31 DECEMBER 2015
Deposit rate +1%[1]	£11.8 million, i.e. 2.5%
Deposit rate –1%[1]	£(11.8) million, i.e. (2.5)%

[1] Sensitivity in comparison to the assumptions as set out in the macroeconomic assumptions above.

LIFECYCLE COSTS SENSITIVITY

Of the 38 projects in the portfolio, 13 project companies retain the lifecycle obligations. The remaining 25 projects have this obligation passed down to the subcontractor. The table below demonstrates the impact of a change in lifecycle costs:

LIFECYCLE COSTS SENSITIVITY	CHANGE IN NET ASSET VALUE 31 DECEMBER 2015
Increase by 10%[1]	£(10.8) million, i.e. (2.2)%
Decrease by 10%[1]	£10.5 million, i.e. 2.2%

[1] Sensitivity applied to the 13 projects retaining the lifecycle obligation, i.e. the obligation is not passed down to the subcontractor. These projects represent 46% of the total portfolio value as at 31 December 2015.

The Management and Supervisory Boards have approved the net asset value calculation on an Investment Basis as at 31 December 2015.

BURG PRISON, GERMANY

FINANCIAL RESULTS

The consolidated financial statements of BBGI for the year ended 31 December 2015 are on pages 64 to 109.

BASIS OF ACCOUNTING

The Company has prepared its financial statements under IFRS. In accordance with IFRS 10, IFRS 12 and IAS 27, the Company (an Investment Entity) does not consolidate certain subsidiaries, in a similar manner to the Company's pro forma investment basis data which continue to be included in this section of the Report of the Management Board. As a result the Company does not consolidate on a line by line basis its investments in PPP assets that are subsidiaries, but instead recognises them as investments at fair value through profit or loss.

INCOME AND COSTS

PRO FORMA INCOME STATEMENT

	YEAR ENDED 31 DEC 15 £ MILLION	YEAR ENDED 31 DEC 14 £ MILLION
Fair value movements	42.0	46.4
Other income	1.8	0.6
Total profit before corporate costs	43.8	47.0
Corporate costs (excluding income tax)[1]	(7.0)	(6.7)
Foreign exchange gains/(losses)	(0.6)	(0.5)
Net earnings before taxes	36.2	39.8
Income tax	(0.6)	(0.7)
Net earnings	35.6	39.1
BASIC EARNINGS PER SHARE (PENCE)	8.27	9.18

[1] Includes non-recoverable VAT.

The fair value movements are largely driven by unwinding of discount, a decrease in discount rates, project level cost optimisations and the effect of foreign exchange movements on the portfolio value. During the year the fair value movements resulted in an income of £42.0 million (31 December 2014: £46.4 million). One notable component of the fair value movements was the effect of foreign exchange movements on the portfolio value during the year ended 31 December 2015 which resulted in a loss of £24.1 million (31 December 2014: £8.7 million loss).

Total profit before corporate costs has decreased by 6.8% to £43.8 million (2014: £47.0 million).

GROUP LEVEL CORPORATE COST ANALYSIS

The table below is prepared on an accrual basis.

CORPORATE COSTS	YEAR ENDED 31 DEC 15 £ MILLION	YEAR ENDED 31 DEC 14 £ MILLION
Interest expense and other finance cost [1]	1.9	1.0
Staff costs [2]	2.7	3.1
Fees to non-executive directors	0.1	0.1
Professional fees	0.7	0.7
Office and administration	0.9	1.1
Acquisition related costs [3]	0.5	0.4
Taxes (including non-recoverable VAT)	0.8	1.0
CORPORATE COSTS	7.6	7.4

[1] The increase in interest and other finance costs is for the most part due to the larger corporate credit facility in place throughout the year ended 31 December 2015 in comparison to the amount available in 2014.

[2] The Company is an internally managed AIF with no fees payable to external managers. Further detail of staff costs is provided in the Remuneration section, starting on page 44.

[3] Of the acquisition costs incurred during the year, only £96,000 related to unsuccessful bid costs which did not result in a value accretive acquisition.

ONGOING CHARGES

The "Ongoing Charges" ratio was prepared in accordance with the AIC recommended methodology. The ratio represents the reduction in shareholder returns as a result of recurring operational expenses incurred in managing BBGI.

The Company is internally managed and as such is not subject to performance fees or acquisition-related fees.

ONGOING CHARGES	2015 £ MILLION	2014 £ MILLION
Ongoing charges	4.5	4.5
Average undiluted net asset value	471.8	456.9
ONGOING CHARGES (%)	0.96%	0.98%

For the year ended 31 December 2015 certain non-recurring costs have been excluded from the Ongoing Charges, most notably acquisition-related costs of £0.6 million (inclusive of VAT of £0.1 million), direct taxation of £0.6 million and finance costs of £1.9 million.

The ongoing charges ratio was calculated using the AIC methodology and excludes all non-recurring costs, i.e. costs of acquisition/disposal of investments, financing charges and gains/losses arising from investments. The ongoing charges includes an accrual for the Short-Term Incentive Plan ("STIP")/bonuses and the Long-Term Incentive Plan ("LTIP").

BALANCE SHEET

PRO FORMA BALANCE SHEET

	31-DEC-15			31-DEC-14		
	INVESTMENT BASIS £ MILLION	ADJUST £ MILLION	CONSOLIDATED IFRS £ MILLION	INVESTMENT BASIS £ MILLION	ADJUST £ MILLION	CONSOLIDATED IFRS £ MILLION
Investments at fair value	504.8	-	504.8	454.9	-	454.9
Adjustments to investments	-	0.3	0.3	0.3	-	0.3
Other assets and liabilities (net)	(3.4)	0.3	(3.1)	(2.6)	(0.2)	(2.8)
Net cash/(borrowings)	(21.6)	0.3	(21.3)	12.7	0.1	12.8
Fair value of derivative financial instruments [1]	-	1.7	1.7	-	1.1	1.1
NET ASSETS ATTRIBUTABLE TO ORDINARY SHARES	479.8	2.6	482.4	465.3	1.0	466.3

[1] Under IFRS the forward currency contracts are presented at fair value.

SUMMARY NET CORPORATE CASH FLOW

During the year ended 31 December 2015 the Company received, on a consolidated IFRS basis, £33.8 million of portfolio distributions (2014: £33.0 million) which was slightly ahead of business plan and the underlying financial models. These distributions were recorded as dividends, interest payments, capital and subordinated debt principal repayments.

The net cash receipts, after deducting Group level operating costs and finance costs, for the period were £27.9 million (2014: £27.4 million).

The table below summarises the cash received by the holding companies from the investments net of the cash outflows for the Group level corporate costs.

	YEAR ENDED 31 DEC 15 £ MILLION	YEAR ENDED 31 DEC 14 £ MILLION
Distributions from investments	33.8	33.0
Net cash outflow from operating activities before finance costs [1]	(5.6)	(5.6)
Cash outflow from finance costs – net	(1.2)	(0.5)
Realised gain on derivative financial instruments	0.9	0.5
NET CASH FLOW	27.9	27.4

[1] Cash outflow resulting from all Group level corporate costs paid during the year.

THREE YEAR COMPARATIVE OF INVESTMENT BASIS NAV

	2015	2014	2013
Investment Basis NAV (millions)	479.84	465.29	449.25
Investment Basis NAV per share (pence)	111.5	109.2	105.6

The published NAV increased by 3.13% to £479.84 million at 31 December 2015 (2014: £465.29 million). This equates to a growth in NAV per share of 2.05% to 111.5 pence at 31 December 2015 (2014: 109.2 pence).

FINANCING

TAP ISSUE

Following its 2015 AGM the Company has the ability to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions or repay debt. The Company intends to ask shareholders to renew this authority at its forthcoming AGM. The Company does not use structural gearing.

CREDIT FACILITY

In January 2015 the Company secured a new three-year Revolving Credit Facility of £80 million from ING Bank and KfW IPEX-Bank. BBGI retains the flexibility to consider larger transactions by virtue of having structured a further £100 million incremental accordion tranche, for which no commitment fees are paid, which allows it to increase the facility to £180 million, at BBGI's option. This facility replaced the £35 million facility with Royal Bank of Scotland, National Australia Bank and KfW IPEX-Bank, which was due to expire in July 2015.

The facility is used primarily to fund acquisitions and provide letters of credit for investment obligations, and the intention is to repay the facility from time to time through equity fundraisings. The term of the facility is three years, expiring in January 2018. The borrowing margin is 185 bps over LIBOR. At 31 December 2015 the Company had utilised £69.6 million of the facility, of which £24.3 million has been used to cover letters of credit.

This larger facility gives BBGI the ability to complete larger portfolio transactions or acquisitions from multiple vendors very quickly. The revolving facility can be repaid through a future equity issue which is more cost efficient for investors. At 31 December 2015 the Company was not in breach of any of the covenants under the credit facility.

PROJECT REFINANCING

Apart from the Royal Women's Hospital and the Northern Territory Secure Facility, the individual PPP/PFI projects in the portfolio all have long-term amortising debt in place which does not need to be refinanced. The Royal Women's Hospital has one tranche of debt which needs to be refinanced between 2017 and 2021.

The Northern Territory Secure Facility asset has a refinancing requirement in October 2016 when the senior debt facilities expire. The refinancing process commenced in December 2015 and is progressing as planned.

The Women's College Hospital has long-term amortising debt in place, but it is expected that this will be refinanced before July 2019 when there is an increase in the lending margin and a cash sweep in favour of the lenders, both of which act as an incentive to encourage refinancing. The valuation used for the Women's College Hospital therefore assumes that the project will be refinanced during this period.

During the year management also began assessing on an opportunistic basis other potential refinancing options which could result in reduced borrowing margins on a limited number of projects.

As at 31 December 2015, the weighted average PPP project concession length remaining was 23.7 years and the weighted average portfolio debt tenor was 19.2 years. BBGI is not aware of any recourse to the Company for debt financing at the project entity level.

STATUS FOR TAXATION

The Company pays an annual subscription tax of 0.05% on its total net assets. The Company as a SICAV is not subject to taxes on capital gains or income. All of the other Group consolidated companies are subject to taxation at the applicable rate in their respective jurisdictions.

The net income of the unconsolidated subsidiaries is taxed in their respective jurisdictions. As a consequence of the adoption of IFRS 10, the Company is classified as an Investment Entity (see Note 2 of the Consolidated Financial Statements), meaning the tax expenses of the unconsolidated subsidiaries are not included within the consolidated financial statements.

On 5 October 2015, the OECD published its final recommendations on its Base Erosion Profit Shifting ("BEPS") initiative. Action 4 under the initiative sets out recommendations regarding best practices in the design of rules to prevent base erosion through the use of interest expense. Specifically it is recommended that member countries adopt a "fixed ratio rule" which would limit net deductions of interest to a percentage of EBITDA.

The advice received to date is that, with consultative processes under varying stages of completion at local level it is still too early to determine the effect, if any, BEPS could have on the Company's cash flows if implemented. BBGI understands that not all governments will implement the OECD recommendations in the same way with some believing that their existing rules continue to be an effective means to limit the scope for BEPS. Others may take advantage of grandfathering provisions or the potential for exemptions for projects with a public benefit.

The Company has carried out various stress tests in order to assess the potential impact across a wide range of scenarios. BBGI will continue to monitor this initiative very closely across the various jurisdictions in which it is invested.

LAGAN COLLEGE, UK

GOING CONCERN BASIS OF ACCOUNTING

The Management Board has examined significant areas of possible financial risk including cash and cash requirements. It has not identified any material uncertainties which would cast significant doubt on the Company's ability to continue as a going concern for a period of not less than 12 months from the date of approval of the financial statements. The Management Board has satisfied itself that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis in preparing the financial statements. Please see Note 2 to the financial statements.

VIABILITY STATEMENT

As part of their ongoing process of monitoring risk, and as required by the UK Corporate Governance Code provision C.2.2 and the AIC Code Principle 15, the Directors have considered the viability and prospects of the Company for a period of five years. This period is considered to be an appropriate and acceptable length of time in which to consider the Company continuing in existence from a risk perspective. In making this judgement, the Boards have considered detailed information provided at Board meetings, including: the Company's investment policy; project reviews; the risk matrix (including the principal risks and uncertainties); current relevant financial and economic information; long-term economic assumptions; scenario testing; and annual and semi-annual valuations.

The Company's investment policy is to invest in equity, subordinated debt and/or similar interests issued in respect of infrastructure projects developed mainly under PPP/PFI – or similar – procurement models, principally into already operational projects (construction completed), with public sector/government-backed revenue streams, and "availability-based" payments received from project entities. In addition, investments are only made into jurisdictions with: relatively mature financial markets; public sector counterparties with appropriate credit risk; and reliable legal systems. More detail on the Company's investment policy can be found in the relevant section of this annual report on pages 8 to 9.

Each of the principal risks and uncertainties the Company faces, along with detailed descriptions of the areas and factors of the risks as well as explanations of the processes by which the Boards monitor, review and assess them, can be seen below in the Governance section of this annual report, under the heading "Risk and Risk Management". In order to maintain its viability, the Company has put in place a robust risk and internal controls framework with the objectives of reducing the likelihood and impact of: poor decision-making; risk-taking above agreed levels; human error; or deliberate bypassing of control processes. As can be seen, the Boards regularly review and assess the principal risks facing the Company – including and in particular those that could threaten its business model, strategy, solvency, liquidity and future performance – as well as the monitoring, management and mitigation of the exposure to these risks.

In addition to the risk management and mitigation in place, a valuation of each project is carried out every six months at each of the Company's financial half-year and year ends (30 June and 31 December respectively). Such valuations are based on long-term discounted future cash flows that are themselves predominantly based on long-term contracts and other assumptions. Once complete, each valuation is independently reviewed by a professional external valuer. A more detailed description of the valuations, assumptions and stress-testing applied can be found in the Valuation section of the Report of the Management Board on pages 25 to 31.

Given the investment policy, risk management and valuation processes that are in place therefor, the Boards have the reasonable expectation that the Company can continue in operation and be able to meet its liabilities and commitments over the five-year period assessed, subject to world markets and the global economy continuing to function within a range of stressed scenarios.

MARKET DEVELOPMENT

BBGI'S GROWTH STRATEGY IN THE CURRENT MARKET

In a low interest rate environment, PPP/PFI assets with stable, predictable, inflation-linked cash flows derived from creditworthy government or government-backed counterparties are seen as an attractive investment proposition by many investors. In addition, a greater acceptance and understanding of infrastructure as a mainstream asset class and key component of a well-diversified portfolio have caused more investors, especially those with long-date liabilities to match, to increase their allocations to the sector.

As a result there have been several investors including pension funds, insurance companies and infrastructure funds who are aggressively bidding on the limited supply of PPP/PFI products and causing prices to increase or remain at relatively high valuation levels.

The secondary market for social and transport infrastructure was very competitive in 2015 and we expect this trend to persist in 2016. As a result, discount rates in the sector are expected to remain at current levels or moderately tighten even further with a corresponding positive effect on the valuation of our existing assets.

In this competitive environment, vendors are requiring prospective purchasers to price in lifecycle savings, refinancing gains, aggressive tax structures, portfolio efficiencies and other upsides. The result is that the margin for error has decreased and it is increasingly difficult to find acquisitions that will be accretive to shareholders. A recent survey of institutional investors in the sector by Preqin revealed that rising valuations were the most important concern amongst those surveyed.

A key component of our growth strategy has been to consider opportunities in creditworthy countries outside the UK. Often the competition is not quite as intense, and more attractive pricing and terms can be obtained. During the year we made acquisitions or follow-on investments in Australia and Canada as well as the UK. This approach will continue in 2016.

Another key component of our growth strategy will be to consider projects in the bidding/construction stage as we believe the pricing on construction projects is more attractive on a risk adjusted basis. Often the competition for construction assets is less intense as some investors require current yield, do not have sufficient and adequate asset management staff to oversee construction assets, or have mandates that restrict investment at this stage. BBGI has also used its strong PPP credentials to make it an appealing partner to construction companies who sometimes lack long-term ownership credentials, which are often required as part of the pre-qualification processes run by procuring government authorities.

Using this approach, BBGI has been short-listed for a bus-rapid transit project in Winnipeg, and for the Detroit River Bridge Crossing between Canada and the United States; both bids are expected to be submitted during 2016. In addition, the Company is actively considering other attractive development opportunities.

The Management Board expects it will be able to secure construction assets at higher discount rates during the construction stage and will be well positioned to realise the potential value uplift when the assets become operational. In addition, projects acquired at this stage often have pre-emption rights which can facilitate further investment on favourable terms.

In 2015, the Management Board oversaw the successful transition of three projects from construction phase into the operational/ramp-up phase. The Management Board further expects that one more project will transition from construction into the operational phase in 2016, and it is actively looking to replenish some of this construction stage exposure by pursuing select primary projects at the bidding phase.

BBGI has had some initial success with its primary bidding strategy. As indicated earlier in this report, BBGI was part of the winning consortium that was selected in H2 2015 to design, build, finance and operate the North Commuter Parkway and Traffic Bridge Project, a primary P3 development in the city of Saskatoon, Saskatchewan, Canada.

In addition, BBGI is currently pursuing a number of primary bidding opportunities that may result in future investment opportunities. This represents an exciting opportunity for BBGI and will provide an attractive alternative to only acquiring assets in the secondary market. BBGI intends to pursue the strategy further and will selectively consider development opportunities so long as, in aggregate, construction assets remain below 25% of the portfolio and they do not compromise the Company's ability to satisfy its dividend targets.

We are committed to maintaining our pricing discipline in 2016 regardless of whether we are considering assets in construction or in operation.

Currently, we are evaluating a range of opportunities. These range by sector, geography and/or stage of investment, but all fit the Company's stated investment objectives and growth strategy. We are confident the pipeline could result in new value accretive investments for the Company.

MERSEY GATEWAY BRIDGE, UK

REVIEW OF MARKETS

The Management Board believes that the geographic and political diversification offered by participation in numerous PPP markets is attractive to the Company, provided new investments have the appropriate balance of risk and return. BBGI has significant investment expertise in key infrastructure markets internationally, and its global portfolio provides a unique platform to access opportunities and build relationships with potential vendors.

PPP procurement and levels of competition vary from market to market. In most markets, infrastructure under-investment persists and budget constraints often necessitate the involvement of the private sector to finance and deliver much-needed infrastructure projects. Below is a review of BBGI's key markets.

UNITED KINGDOM

The UK PPP/PFI market was once considered the most vibrant and robust market in the world. Over 750 PFI projects delivering investments of over £60 billion have been signed since 1992. But in recent years, the pace of primary activity has slowed considerably.

In October 2015, the Conservative Party announced the first substantive plans for a UK primary infrastructure programme in recent memory and launched the National Infrastructure Commission. However, with the exception of a limited number of new PF2 projects, procurement activity is expected to remain fairly subdued. Energy-related investment has been a policy priority for the new government, with less attention directed to date towards social and transportation infrastructure.

While the UK market continues to be the largest source of secondary market transactions globally, there has been a reduction in secondary market PPP/PFI deal flow, reflecting the slowdown in public sector procurement since the 2010 election. While supply has decreased, there has been no corresponding decrease in demand – more equity investors are chasing a similar or reduced number of transactions. This has resulted in a trend of lower discount rates for stable, mature secondary projects.

BBGI will continue to participate cautiously and selectively in auctions but also actively look for negotiated transactions. Our focus will be on smaller, more opportunistic investments where the competition is less intense. BBGI will also consider primary development opportunities in the UK.

CONTINENTAL EUROPE

European infrastructure markets are starting to gather some momentum in certain countries. We have seen an increase in both primary and secondary deal flow over the last 12 months and, accordingly, we believe these markets are likely to provide investment opportunities.

The Dutch, German and Nordic markets are offering fresh opportunities primarily for transport PPP investors including a pipeline of new deals in the road sector in the medium term.

A significant contributor to this new wave of PPP activity is expected to be Norway, which has initial plans for three new projects. BBGI is hoping to leverage its experience with the E18 road project in Norway to secure participation in consortiums bidding to deliver these new projects.

Meanwhile, Germany has announced plans to procure over €7 billion of motorway PPPs. Federal Transport Minister Alexander Dobrindt and Finance Minister Wolfgang Schäuble announced their programme for "New Generation PPPs" last April. The plan will see 10 new projects – including road expansion, renovation and new projects – delivered under 30-year availability-based contracts and involving the construction of around 600 km of motorway. With six existing assets in Germany and German language skills within our team, BBGI is well placed to consider these opportunities.

The Company is also actively considering opportunities in the Netherlands and Belgium, where a mix of transportation and social infrastructure opportunities are being considered.

Markets in Southern Europe are still facing delays, cancellations and contract renegotiations. In Spain, Portugal and Italy, assets procured under historic programmes are creating secondary market opportunities. BBGI has not focused much attention on the opportunities in Southern and much of Eastern Europe given the weak credit ratings of these countries and the tendency of some public sector clients to renegotiate contracts.

CANADA

Despite a recent change in government and an economic slowdown, Canada continues to deliver an impressive and transparent pipeline of greenfield opportunities within a strongly supported political environment. Canada has remained one of the most vibrant PPP markets in the world and activity levels are expected to continue into 2016.

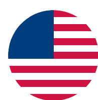
Thirty-three deals with a total value of over C$18 billion reached financial close in 2015. Of those deals, 23 were greenfield PPP projects with a total value of C$14.5 billion, a record for the Canadian market narrowly beating the 2014 return of 21 deals. Eight brownfield deals valued at C$3.1 billion also reached financial close.

In 2015 seven provinces and the federal government closed PPP deals, so the activity was not specific to one region.

While Canada has seen significant movements in terms of transportation infrastructure there is still a robust pipeline of small and mid-sized social infrastructure projects.

The secondary market has great potential throughout Canada, considering that over 150 deals have reached financial close since 2004. The Canadian secondary market is expected to be active in 2016 as projects developed over the last couple of years come into operation and may be offered for sale. Now with seven projects in Canada, BBGI is a well-known market participant and has very good exposure to deal flow.

BBGI expects to build on its recent success in the primary market with the North Commuter Parkway and is actively bidding or considering a number of upcoming primary bids.



UNITED STATES OF AMERICA

The US provides one of the largest infrastructure markets globally with a substantial requirement for private investment. Most states have now introduced specific legislation to enable PPP investment, with a primary focus on the transportation sector.

Despite this promise, the US PPP market remains small in terms of the number of PPP transactions achieving financial close in any given year, particularly considering the size of the US economy. But it is a growing market that commands ever increasing attention as more and more projects evidence the benefits of the PPP model.

2015 was a year characterised by a thin pipeline from a limited number of public sector agencies. Unfortunately, there were also a number of cancelled transactions.

Going forward, we expect that the experience gained on the Ohio River Bridge/East End Crossing project will create opportunities for BBGI as this project is one of a limited number of high-profile availability style transportation projects to have reached financial close, and is nearing construction completion.

In the medium term, we expect a modest number of mostly transportation assets to come to market as projects that have reached financial close move into operations and construction companies consider recycling their equity.

AUSTRALIA

Australia remains an attractive market for PPP investment as it enjoys a stable economy and a growing popularity of the PPP model among different states. Over 30 PPP projects have been announced or closed since October 2014, more than 12 in the last year. The current Australian federal government has an agenda to try to use PPP arrangements to a much greater degree and is looking for avenues to increase their use.

While the overall sentiment within Australia is positive towards PPP, some states are more supportive than others.

In Victoria, there was controversy surrounding Premier Daniel Andrews' decision to cancel the A$10.6 billion East West Link PPP project. Compensation of A$339 million was paid out. Victoria also cancelled plans for an A$2.5 billion rail corridor upgrade PPP in late March.

The bright light on the Australian PPP landscape has been New South Wales, where the government continued to move forward with its new transport plans, including the 36 km Sydney Metro Southwest and Parramatta light rail projects. Seeking to replicate successful hospital and prison projects elsewhere in the country, the state began to investigate private finance for new prisons in Grafton and Parklea and several new hospitals.

BBGI has three large operational assets in Australia and is widely viewed as one of the more active secondary investors in the market. We will continue to monitor the market and are hopeful that some select opportunities may emerge in 2016.

In summary, the Company is actively pursuing acquisitions from third parties in its core markets. BBGI has a reasonable pipeline of opportunities which are being considered. BBGI will continue to remain extremely focused on maintaining pricing discipline and being selective.

GOVERNANCE

INTRODUCTION

The Company is internally managed with a two-tier governance structure that comprises a Supervisory Board and a Management Board (together, the "Boards"), with the responsibilities of each as indicated in this report.

The Company is regulated by the CSSF under Part II of the Luxembourg law of 17 December 2010 on undertakings for collective investments and is subject to the Luxembourg law of 12 July 2013 on Alternative Investment Fund Managers ("AIFM Law") that implemented the EU Alternative Investment Funds Managers Directive ("AIFMD") into national legislation.

The Boards recognise the importance of a strong corporate governance culture and have put in place a framework for corporate governance which they believe is appropriate for the Company. BBGI is a member of the AIC and as such reports against the AIC Code, which principles and recommendations are carefully considered, and follows the AIC Guide.

A revised version of the UK Code was published during 2014, and applies to reporting periods beginning on or after 1 October 2014. Subsequently during the year under review, the AIC published a revised version of the AIC Code dated February 2015 to reflect the changes to the UK Code, and it is this revised version of the AIC Code, and the associated AIC Guide, that the Company has followed for the 2015 reporting period. The Company has worked throughout the year to ensure it complies with the AIC Code and, in the event that it does not, to explain why. The Boards consider that reporting against the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides appropriate information to shareholders.

INTERNAL CONTROLS – GENERAL

The Management Board is responsible for setting up the Company's system of internal control, and the Supervisory Board for reviewing its effectiveness. The Management Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

In addition to the above, at each quarterly meeting the Supervisory Board monitors the Company's investment performance against its stated objective, and reviews its activities to ensure that the Management Board is adhering to the investment policy and guidelines. During these meetings, the Management Board (which has agreed on clearly defined investment criteria, returns targets and risk appetite) reports in detail on these issues including operating performance, cash projections, and investment valuations. In addition, the company secretary reports in respect of corporate governance matters.

The Company recognises that control systems can only seek to manage and mitigate the risks of failure to achieve business objectives; they cannot eliminate them. By their very nature, these procedures are not able to provide absolute assurance against material misstatement or loss.

AIFM

The Company is authorised by the CSSF to act as an Alternative Investment Fund Manager ("AIFM"). Being so authorised, the Company is subject to increased regulatory supervision from the CSSF. The recurring cost of such regulatory supervision costs the Company in the region of £100,000 per annum.

During the year under review there have been no material changes in respect of Art. 20 Para. 2(d) of the AIFM Law which would warrant further disclosure to investors.

DELEGATED FUNCTIONS

Amongst other requirements, the Company is required under the AIFM Law to have dedicated Risk Management, Compliance, and Internal Audit functions, each of which is required to be both functionally and hierarchically separate from the functions of the operating units. Accordingly, the following third party service providers, who are experts in their respective fields, continue to be appointed to these roles:

- Compliance: 99 Advisory Luxembourg – ICE (formerly "The ICE Breakers S.A.")
- Internal Audit: Grant Thornton ABAX Consulting
- Risk Management: Grant Thornton ABAX Investment Services

Notwithstanding these appointments, the Company's Management Board retains overall responsibility for the correct and effective operation of the delegated functions. Accordingly, the members of the Management Board have been appointed as Designated Board Members ("DBMs") with oversight and control responsibilities for their respective functions.

ADMINISTRATION

INCORPORATION AND ADMINISTRATION

The ordinary shares were created in accordance with Luxembourg law and conform to the regulations made thereunder, have all necessary statutory and other consents, and are duly authorised according to, and operate in conformity with, the Articles of Association (the "Articles").

ARTICLES OF ASSOCIATION

The Articles were approved and formalised before a Luxembourg notary public on 24 November 2011. The Articles are filed with the Luxembourg Registre de Commerce et des Sociétés and are published in the Mémorial. The Articles may be amended in accordance with the rules set out in article 32 of the Articles.

A copy of the Articles is available for inspection at the Company's registered offices during normal business hours.

Under the Luxembourg law of 17 December 2010 on undertakings for collective investments, the Company is restricted from issuing shares at a price exceeding the Investment Basis NAV plus 5%. This same restriction is also referred to in the Company's Articles.

A Bill of Law seeking to remove this restriction for closed-ended funds was approved by the Council of Government on 18 December 2015 and was tabled with the Luxembourg Parliament on 20 January 2016. This Bill must now go through the legislative process in Parliament with the expectation being that it will be enacted into law during the course of Q2 or Q3 2016. In anticipation of this change in law the Company will convene an EGM of its shareholders to be held on 29 April 2016. The purpose of the EGM will be, subject to the aforementioned Bill being enacted into law, to request the approval of its shareholders to remove the reference to the 5% restriction from the Company's Articles. The Company will continue to adhere to the relevant Luxembourg law and UK Listing Rules when setting the price of new issues. Further details will be provided in the EGM convening notice.

INSURANCE

The Company has taken out both Directors and Officers liability ("D&O") insurance and also Professional Indemnity ("PI") insurance. The cover provided under the PI policy is compliant with the requirements of the AIFM law.

MATERIAL CONTRACTS

No new material contracts relating to the governance of the Company were entered into during the year ended 31 December 2015.

DONATIONS

The Company made no political donations during the year. Total charitable donations for the year did not exceed £500.

REMUNERATION

SUPERVISORY BOARD REMUNERATION

The Supervisory Board members are the Company's Non-Executive Directors and are paid a fixed quarterly fee. These fees are considered annually by the Supervisory Board, acting as the Remuneration Committee, based on the advice and recommendations of the Management Board. No member of the Supervisory Board is entitled to vote on his own remuneration. Supervisory Board members are not entitled to any other fees, pension payments, incentive plans or any other form of compensation, with the exception of *ex gratia* fees which are considered on a case-by-case basis.

During the year under review, the annual fee paid to the Chairman of the Supervisory Board was £55,000 (2014: £55,000) and the annual fees paid to both the Senior Independent Director and the Chairman of the Audit Committee were £42,500 (2014: £42,500).

The aggregate fee paid to the members of the Supervisory Board during 2015 was £140,000 (2014: £140,000). No additional fees were paid during the year.

MANAGEMENT AND STAFF REMUNERATION

The Company believes that an appropriate remuneration programme for each Manager and member of staff plays an important role in achieving the short- and long-term business objectives that ultimately drive business success and alignment with long-term shareholder goals.

The level and structure of the remuneration to which the Management Board members and employees of the Group are entitled are reviewed on an annual basis by the Supervisory Board acting as the Company's Remuneration Committee. Appropriate benchmarking with comparable listed businesses is periodically undertaken with the intention of ensuring that the remuneration programme remains competitive. Other than the LTIP payment mechanism, which is subject to shareholder approval, the Supervisory Board is responsible for setting the remuneration levels and targets of the Management Board. It should be noted that the annual review may not result in any change in the levels of remuneration.

REMUNERATION PROGRAMME OBJECTIVES

The objectives of the remuneration programme are to:

- attract and retain highly qualified employees with a history of proven success;
- align the interests of the Group's employees with shareholders' interests, the execution of the Company's investment policy and the fulfilment of the Company's investment objectives;
- establish performance goals that, if met, are expected to improve long-term shareholder value; and
- link compensation to performance goals and provide meaningful rewards for achieving them.

Under the programme, every employee of the Group receives an annual base salary payable monthly in arrears.

MANAGEMENT BOARD REMUNERATION

Each member of the Management Board receives an annual base fee payable monthly in arrears and participates in a long-term incentive plan ("LTIP"). In addition each member participates in a short-term incentive plan ("STIP"). No member receives an additional fee for acting as a member of the Management Board.

Both Mr Denny and Mr Schramm receive all cash entitlements under the remuneration programme in euro. Mr Ball receives all cash entitlements in C$. Payments in currencies other than Pounds Sterling, the reporting currency of the Group, can result in both positive and negative foreign exchanges movements.

SERVICE/MANAGEMENT CONTRACTS

BBGI Management HoldCo S.à r.l. has agreed separate service contracts with Mr Schramm and Mr Ball. These contracts are on identical terms and conditions, save for the currency of payment as noted above. The key features of the service contracts are as follows:

- The Threshold, Target and Maximum levels of the STIP are set at 50%, 100% and 125% of average annual salary respectively.
- The Threshold, Target and Maximum levels of the LTIP awards are set at 50%, 100% and 150% of salary at the date of grant.

- LTIPs granted with return periods commencing from December 2014 onwards will be settled in shares.
- A new expected shareholding of 150% of salary was set. This can be attained over five years.
- *Malus* clauses enabling unpaid bonuses to be withdrawn are included for both the STIP and LTIP.
- Notice periods to/from the Company will be 12 months from May 2016 (previously 24 months' notice).

In August 2015 Mr Denny's employment contract with BBGI Management HoldCo S.à r.l. was replaced with a management contract. As a result the notice period has now increased from three months to six months for each party. The other terms and conditions remained largely unchanged.

FIXED REMUNERATION

Following the 2015 review by the Supervisory Board, the combined annual base fees for the members of the Management Board amounts to £686,034 (2014: £718,745). In addition to their base fees, both Mr Schramm and Mr Ball received a monthly car allowance during the year amounting to £23,491 (2014: £24,680) and a supplementary annual payment of 5% of their annual fee to provide pension, retirement or similar benefits.

Although the base remuneration of the Management Board increased slightly in C$ and euro during the year, this increase was more than offset by the foreign exchange impact of a weakening C$ and euro against Pounds Sterling.

SHORT-TERM INCENTIVE PLAN ("STIP")

Under the STIP, awards for Mr Ball and Mr Schramm are subject to the achievement of pre-determined performance objectives set by the Supervisory Board at the beginning of the relevant financial year. The maximum amount payable under the STIP is 125% of the relevant executive's annual fee, with a target performance to produce an entitlement of 100% of fee and a minimum performance threshold to produce 50%. The relevant annual fee is the total base fee paid in the year.

Mr Denny's 2015 target performance objectives entitle him to a €70,000 payment.

The Supervisory Board is responsible for determining both whether the relevant performance objectives (which may be financial and non-financial) have been satisfied and the level of award under the STIP for the relevant year. If agreed, awards will be paid after the accounts have been audited.

In respect of the financial year ended 2015, the combined amount accrued in respect of the 2015 STIP amounted to £610,135 (2014: £628,761). Payments under the STIP are made in C$ and euro.

LONG-TERM INCENTIVE PLAN ("LTIP")

Implementation of the proposed amendment of the LTIP to provide for the delivery of awards partly in cash and partly in shares was approved by shareholders at the Annual General Meeting on 30 April 2014. A further amendment to change the individual limit so that the maximum award is 150% of the participant's salary was approved by the shareholders at the Company's Annual General Meeting in April 2015.

During the year under review a combined amount of £310,218 was accrued against those LTIPs which have been awarded but not yet vested.

As of 31 December 2015, the combined amount accrued but not yet paid to Mr Ball, Mr Denny and Mr Schramm with respect to the 2012, 2013 and 2014 LTIP award letters amounted to £677,676. Further details on the individual awards are set out below.

CASH-SETTLED LTIP AWARDS

2011 AWARD

In February 2015, Mr Schramm and Mr Ball received a combined payment of £369,104 under the 2011 award. Payment was settled in cash.

2012 AWARD

No expense was recorded during the year in respect of the December 2012 award. In December 2015, after the end of the Return Period, the Company made a payment of C$350,000 to Mr Ball based on the estimated amount due under the 2012 award. In January 2016, subsequent to the balance sheet date, the Company made a payment of €250,000 to Mr Schramm under the 2012 award. Also in January an adjusting payment of C$2,890 was made to Mr Ball. All payments were settled in cash.

2013 AWARD

During the year ended 31 December 2015, an accrual of £212,218 was recorded in respect of the 2013 award granted to Mr Ball, Mr Schramm and Mr Denny. The total combined amount outstanding under the 2013 award amounted to £394,038 at 31 December 2015. Settlement will be in cash and is scheduled for payment in January 2017. Any payment will be calculated based

on the achieved targets: the payment to Mr Ball and Mr Schramm for achieving a TSR of 16.50% will be C$183,062/€129,688 gross per year respectively; for achieving a TSR above 16.50% the award is to be determined by interpolation to a maximum amount of C$366,123/€259,375 gross per year, payable for an achieved TSR of approximately 25%. The award will be measured by reference to a threshold hurdle of a TSR of 16.50% achieved over the three-year return period, starting from the date of each individual annual award letter.

The award granted to Mr Denny in May 2014 has a return period commencing in December 2013. A TSR of 16.50%, the threshold, will pay €50,000; achieving a TSR of approximately 22.50% will earn the maximum amount of €100,000. Interim achievements will be interpolated.

Subject to satisfaction of the performance targets, these LTIP awards will be paid in cash.

SHARE-BASED LTIP AWARDS

2014 AWARD

The granting of the 2014 award was put on hold in order to await the result of the resolution put to shareholders at the April 2015 AGM. The LTIP awards were subsequently granted to the members of the Management Board in August 2015, noting however that the return period would commence from December 2014.

Half of the LTIP target award will be measured by reference to total shareholder return ("TSR"). The other half will be measured by reference to the percentage increase in the Company's investment basis net asset value per share (''NAV'').

As regards Mr Ball and Mr Schramm, the maximum award that may be made under the LTIP is 150% of the relevant executive's base salary in that financial year, with a target award of 100% and a minimum threshold of 50%.

With respect to Mr Denny, the maximum award that may be made under the LTIP is €100,000 with a threshold award of €50,000. Interim achievements will be interpolated.

A key feature of the 2015 awards is that they will be settled entirely by way of Company shares. Any award settled by shares will fall under the scope of IFRS 2 "Share-Based Payments" and its specific requirements. The Company engaged EY to carry out a valuation of the awards at the grant date, 28 August 2015. The resulting valuation has been used as the basis for the cost to be amortised over the return period. During the year ended 31 December 2015, an expense of £98,000 was recorded in respect of the August 2015 awards which have not yet vested. Refer to Note 20 in the Consolidated Financial Statements for further detail on share-based payments.

2015 AWARD

In December 2015, the Management Board members were each granted an LTIP award. Other than the return period, which runs from December 2015 to December 2018, all the other features remain identical to those in the 2015 Award (August) outlined above.

No expense was accrued during the year ended 31 December 2015 under this award.

No loan has been granted to, nor any guarantee provided for the benefit of, any manager by the Company. There are no family relationships between Mr Ball, Mr Denny and Mr Schramm.

At no time will Mr Ball, Mr Denny and Mr Schramm acquire or have options over any shares in BBGI Management HoldCo S.à r.l., which is and is intended to be wholly owned by the Company.

As at the date of this Annual Report, there are no amounts set aside, needing to be set aside or accrued by the Company to provide pension, retirement or similar benefits.

REMUNERATION AND AIFM LAW

In 2013, the European Securities and Markets Authority ("ESMA") published its final guidelines on sound remuneration policies under the AIFMD. These guidelines indicate that remuneration disclosures may be made on a "proportional" basis and acknowledge that the application of proportionality may lead, exceptionally, to the "disapplication" of some requirements provided this is reconcilable with the risk profile, risk appetite and strategy of the AIFM and the AIFs it manages. According to the Guidelines, the different risk profiles and characteristics among AIFMs justify a proportionate implementation of the remuneration principles and, where a company chooses to disapply requirements, it must be able to explain the rationale to a competent authority.

THE COMPANY'S POSITION

As part of the AIFM authorisation application, the Company obtained the following derogations from the CSSF, on proportionate grounds, from three of the remuneration policy principles: i) to pay a substantial part of the variable

remuneration in shares; ii) the *ex post* incorporation of risk for variable remuneration ("*malus*" or "clawback"); and iii) to establish a Remuneration Committee. Accordingly the Company has technically disapplied these three remuneration policy principles. However the Company has applied the spirit of the rules. LTIPs granted from August 2015 onwards will be settled in company shares. Furthermore, *malus* clauses are included in their STIP and LTIP contracts. As mentioned above, the Supervisory Board acts as the Company's Remuneration Committee.

TOTAL BASIC AND VARIABLE REMUNERATION FOR THE FINANCIAL YEAR

The total basic remuneration paid to all members of staff (including the Management Board members) during the year under review was £1.42 million (2014: £1.36 million). The total variable remuneration accrued for all members of staff for the financial year ending 31 December 2015 was £1.12 million. The total variable remuneration paid to all members of staff for the financial year ending 31 December 2014 was £1.37 million.

BARKING & HAVERING CLINICS, UK

THE BOARD OF DIRECTORS

Name	Function	Independence	Age	Original appointment	Next renewal date
SUPERVISORY BOARD					
David Richardson	Chairman of Supervisory Board	Independent	64	3 October 2011	30 April 2016
Colin Maltby	Senior Independent Director	Independent	65	3 October 2011	30 April 2016
Howard Myles	Director and Chairman of Audit Committee	Independent	66	3 October 2011	30 April 2016
MANAGEMENT BOARD					
Duncan Ball	Member of the Management Board	Not independent	50	5 October 2011	5 October 2016
Frank Schramm	Member of the Management Board	Not independent	47	5 October 2011	5 October 2016
Michael Denny	Member of the Management Board	Not independent	38	30 April 2013	30 April 2016

This table sets out the expiry dates of the current terms of the directors' appointments. All appointments may be renewed in accordance with the provisions of the Company's Articles.

BOARD MEMBERS AND OTHER INTERESTS

Duncan Ball, Michael Denny and Frank Schramm, the members of the Management Board, are also BBGI Management HoldCo managers. Apart from Mr Ball and Mr Schramm who both hold service contracts, and Mr Denny who holds a management contract, no other member of the Group held service or management contracts during the year under review.

No loan has been granted to, nor any guarantee provided for the benefit of, any director by the Company.

There are no family relationships between the members of the Boards. David Richardson, Colin Maltby and Howard Myles are all considered to be independent Board members as: (i) they have not been employees of the Company; (ii) have not had material business relationships with the Company; (iii) have not received performance-based remuneration from the Company; (iv) do not have family ties with any of the Company's advisers, directors or senior employees; (v) do not hold cross-directorships or have links with other directors through involvement on other companies; (vi) do not represent a significant shareholder; and (vii) have not served on the Board for more than nine years.

BOARD MEMBERS SHAREHOLDINGS

In thousands of shares	31 December 2015	% of issued share capital	31 December 2014
David Richardson	160	0.04	155
Colin Maltby	107	0.02	102
Frank Schramm	185	0.04	176
Duncan Ball	185	0.04	176
Michael Denny	38	0.01	36
	675	**0.15**	**645**

BOARD DIVERSITY AND TENURE

The Boards have considered their diversity, as recommended by the AIC Code, along with the "Women on Boards" review of February 2011 (the "Davies Review") as supplemented in April 2013, March 2014 and latterly the Five Year Summary published in October 2015. They concur with the Davies Review and the AIC Code that Board appointments must always be made on merit, that boards should have a balance of relevant skills, experience, length of service and knowledge of the Company, and that Independent Directors should take the lead in the appointment of new Directors.

As the Company is still early in its life, no new appointments have been made to the Supervisory since listing and admission to trading on the London Stock Exchange. As stated later in this Governance section under "Committees of the Supervisory Board – Nominations Committee", the Supervisory Board, acting as the Nominations Committee, together with the Management Board reviewed the succession plans of the Company and concluded that their present composition embodies an appropriate diversity of perspectives and relevant skills, qualifications and experience. Accordingly they agreed that at the current time no new appointments were required, and there was therefore no necessity for the formalisation of a policy on tenure. As the Company matures, however, it will become necessary to agree such a policy, and may become relevant to seek greater diversity by length of service, gender, ethnicity, nationality or other criteria. However, the Boards remain committed to conducting any evaluation of prospective candidates, as of their own members, without discrimination on grounds of gender, age, nationality, ethnicity, faith or sexual orientation. Their overriding objective is to select members on merit with relevant and complementary skills to help the Company maximise value for shareholders.

MANAGEMENT BOARD

GENERAL

The Management Board is responsible for the day-to-day management of the Company, including administration, preparation of semi-annual valuations, the statutory financial statements, the management accounts, business plans, presenting results and information to shareholders, coordinating all service providers to the Group, and giving the Supervisory Board general advice and feedback. The Management Board is responsible, *inter alia*, for undertaking the discretionary investment management of the Company's assets and those of the rest of the Group; it therefore carries out the function of investment manager. Accordingly the Company has not engaged an external investment manager.

The Management Board comprises three members, each contractually engaged by BBGI Management HoldCo, a subsidiary of the Company, therefore none of them is deemed independent by AIC Code Principle 2. However, the Management Board's functions are overseen by the Supervisory Board which itself meets the independence criteria set out in Principle 2. Whilst this two-tier structure is not envisaged by the AIC Code, the Company considers that an independent Supervisory Board ensures the Company is compliant with Principle 2.

The Company's Articles require that the Management Board's members are elected on an annual basis by the Supervisory Board, not by shareholders; in itself therefore, this does not meet the requirements of AIC Code Principle 3, which requires that directors should be subject to election by shareholders. However, as the Management Board carries out the role of investment manager, the Supervisory Board deems it appropriate that it elects the members of the Management Board. The Articles also require that the members of the Supervisory Board themselves be subject to annual election by shareholders, who may also dismiss any such member; accordingly the Company considers that this procedure satisfies the requirements of Principle 3.

PERFORMANCE EVALUATION AND REAPPOINTMENT

As stated above, the Management Board carries out the functions of the Company's investment manager, and its members are appointed by the Supervisory Board for a period of one year renewable. Mr Ball and Mr Schramm were both originally appointed on 5 October 2011 and their appointments renewed from the same date in each of 2012, 2013 and 2014. Mr Denny was first appointed with effect from 30 April 2013; similarly his appointment was renewed from 30 April in both 2014 and the year under review.

During 2015, the Supervisory Board evaluated the performance of the Management Board and its members. It concluded that the Management Board collectively, and its members individually, continued to operate effectively and efficiently, and that the continued appointment of the individual members was in the best interests of the Company and its shareholders as a whole. Accordingly the Supervisory Board appointed Mr Ball and Mr Schramm as members of the Management Board for a further term of one year with effect from 5 October 2015. Mr Denny's appointment will be considered for renewal prior to 30 April 2016.

ATTENDANCE AT MANAGEMENT BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Name	Scheduled meetings and attendance	Unscheduled meetings and attendance*	Total meetings and attendance
MANAGEMENT BOARD	**11**	**9**	**20**
Frank Schramm	11	9	20
Duncan Ball	11	9	20
Michael Denny	11	9	20

* From time to time there are unscheduled meetings of the Management Board, most of which are called at short notice to approve documents previously discussed or of a technical nature. Due to the generally short notice given, not all members are always able to attend; however, this has not been the case for the year under review.

SUPERVISORY BOARD

GENERAL

The Supervisory Board consists of three members who are all Non-Executive Directors, each of whom is considered to be independent.

In accordance with the Articles, all members of the Supervisory Board are elected for a period ending at the Annual General Meeting of the Company in April every year, at which time they are required to retire. They may, if they so wish, offer themselves for re-election by shareholders; however, re-appointment is not automatic. Although the Company is not a member of the FTSE 350, the annual re-election requirement of the AIC Code Principle 3 is met by the Articles which provide for a more stringent process than that required for non-FTSE 350 companies.

The Supervisory Board believes that its members have an appropriate balance of skills and experience to enable them to fulfil their obligations. The Supervisory Board meets at least four times a year and between these formal meetings there is regular contact with the Management Board and the Company's brokers. The members of the Supervisory Board are kept fully informed of investment and financial controls, and other matters relevant to their remit. Both Supervisory and Management Board members also have access, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. In the period under review, the Supervisory Board met five times. Attendance of individual Supervisory Board members can be found in the table below.

As previously mentioned, the Supervisory Board members have a breadth and diversity of experience relevant to the Company, and the Company believes that any future changes to the composition of the Supervisory Board can be managed without undue disruption. On appointment to the Supervisory Board, new members will be provided with an induction.

The Supervisory Board considers items laid out in the Notices and Agendas of meetings, which are formally circulated to its members in advance of the meeting as part of the Board papers; members may also request the addition of any agenda item they consider appropriate for Board discussion. At each meeting, the members are required to advise of any potential or actual conflicts of interest prior to discussion.

ANNUAL PERFORMANCE EVALUATION

The Supervisory Board evaluates its performance and considers the term and independence of each member on an annual basis; for the year ended 31 December 2015, this process has now been completed. The evaluation performed comprised completion of a questionnaire followed by collation of all comments into a summary. The Supervisory Board considered the results of this evaluation process and agreed that the current composition of both the Supervisory Board and its Audit Committee reflected a suitable mix of skills and experience, that each body was functioning effectively, and that the performance of each individual member had been effective and appropriate. For the evaluation of the Chairman, the Senior Independent Director discussed the results of the questionnaire with the Chairman personally prior to further distribution to, and discussion with, the remaining member.

As the Company is not a FTSE 350 company, an externally facilitated evaluation of the Supervisory Board every three years (as proposed by AIC Code Principle 7) was not conducted. In addition, no independent third party has been appointed to manage the exercise as the Board considers the current process to be appropriate.

ATTENDANCE AT SUPERVISORY BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Name	Scheduled meetings and attendance
SUPERVISORY BOARD	**5**
David Richardson	5
Colin Maltby	5
Howard Myles	5

* From time to time there are unscheduled meetings of the Supervisory Board, most of which are called at short notice to approve documents previously discussed or of a technical nature. Due to the generally short notice given, not all members are always able to attend. However, no unscheduled meetings were called during 2015.

OTHER LISTED COMPANY DIRECTORSHIPS

David Richardson

Assura plc (in place of Assura Group Limited following approval of scheme of arrangement in January 2015)

Colin Maltby

BACIT Limited
Ocean Wilson Holdings Limited
BH Macro Limited (appointed 25 June 2015)

Howard Myles

The World Trust Fund
Aberdeen Private Equity Fund Limited
Baker Steel Resources Trust Limited
BlackRock Hedge Selector Limited (voluntarily wound up on 31 January 2015)
JP Morgan Brazil Investment Trust plc
Small Companies Dividend Trust plc

RE-ELECTION OF SUPERVISORY BOARD MEMBERS

In accordance with the Articles, Supervisory Board members are elected for a period ending at the Company's next annual general meeting, at which time they are eligible for reappointment. Each member of the Supervisory Board has decided to offer himself for re-election at the forthcoming Annual General Meeting and, as a result of the successful performance evaluation described above, the Supervisory Board recommends the re-election of each member. The supporting biography of each member can be found immediately following the Chairman's Statement of this annual report.

REVIEW/MONITORING OBLIGATIONS/ DELEGATION OF RESPONSIBILITIES OF SUPERVISORY BOARD

The primary focus at Supervisory Board meetings is a review of investment performance and associated matters such as risk management, marketing/investor relations, gearing, general administration and compliance, peer group information and industry issues. In addition, it is responsible for establishing and monitoring compliance with the Company's investment policy, providing general supervisory oversight to the operations of the Group as a whole, appointing (or dismissing) the members of the Management Board, and supervising and monitoring the appointment and performance of the Company's third-party service providers (and those of its subsidiaries). In the case of these latter two roles, the Board acts as Nominations Committee and Management Engagement Committee respectively, as described below.

The Supervisory Board will continue to regularly consider the Company's strategy taking account of market conditions and feedback from the Management Board, the Company's joint Brokers and shareholders. The investment strategy, as set out in the Company's prospectuses and this annual report, is reviewed regularly in conjunction with the Management Board.

COMMITTEES OF THE SUPERVISORY BOARD

There is only one constituted Committee of the Supervisory Board; that is, the Audit Committee. It operates under clearly defined terms of reference, and these are available from the company secretary upon request.

There are no other Committees as the Supervisory Board considers its size to be such that it would be unnecessarily burdensome to establish them. The Board as a whole therefore carries out the functions of Management Engagement, Nominations and Remuneration Committees, including *inter alia* making recommendations in relation to the Group's remuneration programme and on proposed changes of the Group's senior personnel. There are therefore no terms of reference in relation to such Committees. When acting in the capacity as these individual Committees, the meetings are chaired by Mr Richardson, the Chairman of the Supervisory Board.

OTHER COMMITTEE FUNCTIONS

• REMUNERATION COMMITTEE

Acting as Remuneration Committee, the Supervisory Board met five times during the financial year to review the levels and structure of the remuneration, compensation, and other benefits and entitlements for the directors, officers and employees of the Company and its subsidiaries. Further information in relation to both Executive and Non-Executive Directors remuneration can be found in the Remuneration section above.

• NOMINATIONS COMMITTEE

During the financial year, the Supervisory Board met four times as Nominations Committee to consider the renewal of the appointments of the Management Board members (which appointments are renewable annually for one year only) and to review the succession plans for both Boards.

As stated under "Management Board – Performance Evaluation and Reappointment", each member of the Management Board was reappointed for a further year. In respect of succession planning, the detailed plans developed for all senior positions were reviewed. These plans are regularly updated by the Management Board and reviewed with the Supervisory Board at least annually. However, as the Company is in the early stages of its life, the successful performance evaluations of individual members described earlier, and the fact that each member remains willing to continue to serve the Company, the search for new members of either Board was not considered necessary at the current time.

• MANAGEMENT ENGAGEMENT COMMITTEE

In its role as Management Engagement Committee, the Supervisory Board met on four occasions during the year under review to consider, together with the Management Board, the performance and ongoing appointments of the Company's third-party service providers.

• AUDIT COMMITTEE

ATTENDANCE AT AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Name	Scheduled meetings and attendance
AUDIT COMMITTEE	**2**
Howard Myles	2
David Richardson	2
Colin Maltby	2

* From time to time there are unscheduled meetings of the Audit Committee, most of which are called at short notice meetings to approve documents previously discussed or of a technical nature. Due to the generally short notice given, not all members are always able to attend. However, no unscheduled meetings were called during 2015.

The Audit Committee (the "Committee") has operated throughout the year in accordance with the AIC Code. As indicated above, it does so within clearly defined terms of reference including all matters indicated by Disclosure and Transparency Rule 7.1 and the AIC Code. It comprises the three independent Non-Executive Directors who are also members of the Supervisory Board: Howard Myles is Chairman of the Committee, with Colin Maltby and David Richardson the other members. Biographical details of each member can be found immediately following the Chairman's Statement.

The Committee's responsibilities are as follows:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;

- reviewing the Group's internal financial controls and, unless expressly addressed by the Board itself, the Group's internal control and risk management systems;
- making recommendations to the Supervisory Board for resolutions to be put to shareholders for approval at the Annual General Meeting on the appointment of the external auditor, and for approval of the associated remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and Luxembourg professional and regulatory requirements;
- reviewing the Group's Annual and Interim Reports and Financial Statements; and
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

During the year, the Audit Committee received a detailed briefing on the implementation and relevant rules of the EU Audit Reforms that will apply from 17 June 2016, how they are likely to be applied in Luxembourg and therefore the possible effect on the Company. The briefing covered topics such as mandatory external audit firm rotation and provision of non-audit services by the external auditor.

Under the reform there is a requirement for mandatory audit firm rotation after 10 years. There is however a possibility, at the discretion of each Member State, for a 10-year extension to be applied where a public tendering process is conducted. The new rules do not replace the requirement, in Luxembourg, for "key" partners to rotate after seven years. Once the new reforms are in place, the Committee will consider the steps to take in this regard.

The Committee is required to report its findings to the Supervisory Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken. In the event of any conflict between the provisions of the AIC Code and the provisions of the law on the Audit Profession, the Company will comply with the provisions of the law on the Audit Profession.

The external Auditor is invited to attend those Committee meetings at which the annual and interim financial statements are considered, and at other times if considered necessary by the Committee.

MEETINGS

The Committee is required to meet not less than twice a year, and at such other times as the Committee Chairman may require. Additional meetings may be requested by any other member of the Committee, or the external Auditor, if deemed necessary. Other Directors and third parties may be invited by the Committee to attend meetings as and when appropriate.

ANNUAL GENERAL MEETING

The Committee Chairman attends each Annual General Meeting of the Company and is prepared to respond to any shareholder questions on the Committee's activities.

ARTIST RENDERING: MERSEY GATEWAY BRIDGE, UK – VIEW FROM RUNCORN UPON COMPLETION

RISK AND RISK MANAGEMENT

The Board, with the support of the appointed Risk Manager, considers the process of identifying, evaluating and managing the significant risks faced by the Company on an ongoing basis.

The Management Board has established internal controls to manage these risks by reference to a risk register, and reviews and monitors this register and the various risks at each scheduled monthly Board meeting. The Supervisory Board also reviews the key risks affecting the Company at each scheduled quarterly Board meeting, by reference to said risk register. If a new risk develops or the likelihood of a risk occurring increases, where appropriate and to the extent possible, a mitigation strategy is developed and implemented, together with enhanced monitoring. The Audit Committee also reviews the effectiveness of the Company's risk management and internal control systems at least annually.

The Management Board set out the material risks relating to the Company's portfolio in the Company's IPO prospectus dated 6 December 2011, and updated them in the two prospectuses that followed dated 26 June 2013 and 19 November 2013 respectively; each prospectus is available on the Company's website. General areas of risk and the processes are set out below.

Areas of risk	Risk factor
Economic, external and financial	• Currency fluctuation, inflation rate, interest rate and deposit rate movement, and general economic impact • Political and regulatory – changes in law, policies, regulations, directives and practice • Tax and accounting – changes in law, policies and practice • Liquidity and finance – no or limited access to debt or equity financing
Operational/asset related	• Underperformance or performance failures of the project entity, subcontractor or service providers • Termination of projects • Financial modelling and reporting errors • Bribery, fraud, corruption, conflict of interests • Re-financing risk • Construction – counterparty risk, defects, cost overruns • IT systems failing
Strategic and management	• Share price discount or premium to NAV • Poor project selection – overpaying for assets, breach of investment policy • Due diligence not assessing risks adequately, contractual imperfections • Concentration risk – over-reliance on one jurisdiction, public client or service provider • Counterparty risk – counterparty's ability to pay • Underperformance of Management Board, key man risk • Bribery, fraud, corruption

ECONOMIC, EXTERNAL AND FINANCIAL RISKS

- The Company has investments in project entities and business activities in different jurisdictions, and external, economic and financial factors have the capacity to impact these. In particular the performance of the investments can be affected by changes in macroeconomic factors such as foreign exchange, inflation rates, interest rates and deposit rates.

- A significant proportion of the Company's underlying investments, 59% of portfolio value at 31 December 2015, are denominated in currencies other than Pounds Sterling. The Company maintains its financial statements, prepares the valuation and pays distributions in Pounds Sterling. Accordingly, fluctuations in exchange rates between Pounds Sterling and the relevant local currencies will directly affect the value of the Company's underlying investments, the distributions and the ultimate rate of return realised by investors. The Company has implemented currency hedging arrangements in respect of the non-Sterling investments denominated in AUD, CAD, NOK and USD for a period of four years in order to mitigate some of this risk.

- The revenues and expenditure of project entities developed under PPP/PFI are frequently partly or wholly subject to indexation. From a financial modelling perspective, an assumption is usually made that inflation will increase at a long-term rate (which may vary depending on country and prevailing inflation forecasts). The effect on investment returns if inflation exceeds or falls below the original projections for this long-term rate is dependent on the nature of the underlying project earnings, the extent to which the project entity's costs are affected by inflation and any unitary charge indexation provisions agreed with the client on any project. The Company's ability to meet targets and its investment objectives may be adversely or positively affected by higher or lower than expected inflation. There is also a risk that general operating costs may be higher than forecast in the financial model. This may be due to, *inter alia*, inflation. Project entities typically mitigate that risk to some extent by seeking to match the indexation of the revenues to the indexation of the operational cost.

- The project entities typically have some cash reserves and deposits. From a financial modelling perspective, an assumption is usually made that the deposits can be placed at a forecast rate which varies depending on country and historical long-term averages. The effect on investment returns if deposit rates exceed or fall below the original projections for this long-term rate is dependent on the amount of deposits.

- Different laws and regulations apply within the jurisdictions where the Company and the project entities are located, and the Company and investments in such countries may be affected by changes in law, tax and accounting regimes, directives, political climate, and other changes that cannot be easily foreseen. The underlying financial models of project entities and the business model of the Company are based on assumptions regarding the prevailing tax, accounting and legal frameworks. Any change in those assumptions could affect the Company's ability to meet targets and its investment objectives. Where possible, this will be mitigated, but there may be instances where this will not be possible. The Company and the service providers for the underlying project entities continually monitor any potential or actual changes.

- To the extent that the Company does not have cash reserves pending investment, the Company expects to bridge finance further investments by way of the credit facility or by issuing additional equity. Although the Company has had a credit facility in place since July 2012 (which was refinanced in January 2015), there can be no guarantee that this will always be the case or that it will be able to issue further shares in the market.

- The Company's debt facility has a floating rate which is not hedged. The Company's performance may be affected by changes in interest rates. The underlying project entities have sought to hedge substantially all their floating rate interest liabilities against changes in underlying interest rates.

OPERATIONAL/ ASSET RELATED RISKS

- Although it is intended that the main construction and operational risks will be passed on by the project entities contractually to the relevant subcontractor or service providers, or covered by insurance (including any penalty payments or deductions to the client), there is some risk that the anticipated returns of the project entities will be adversely affected by underperformance or performance failures.
- To the extent that the actual costs incurred by a project entity differ from the forecast costs, and cannot be passed on to subcontractors, e.g. insurance costs, the expected investment returns may be adversely affected.
- During the life of an investment, components of the project assets (such as asphalt in the case of roads and elevators, roofs and air handling plants in the case of buildings) are likely to need *inter alia* to be replaced or undergo a major refurbishment. The timing and costs of such replacements or refurbishments is forecast, modelled and provided for by each project entity based upon manufacturers' data and warranties, and specialist advisers are usually retained by the project entities to assist in such forecasting of lifecycle timings, scope of work and costs. However, various factors such as shorter than anticipated asset lifespans, vandalism, or underestimated costs and/or inflation higher than forecast may result in lifecycle costs being higher than the financial model projections or occurring earlier than projected. The contractual matrix for the current portfolio is intended to pass this risk down to subcontractors (in particular for the social infrastructure projects), but where this risk is retained (generally on transport projects) or where it is not otherwise effectively passed down to subcontractors, any cost implication will generally be borne by the affected project entities.
- If there is a subcontractor service failure or subcontractor insolvency which is sufficiently serious to cause a project entity to terminate or to be required by the client to terminate a subcontract, or the relevant subcontract expires prior to the end of the concession period (which is the case on some road projects), there may be a loss of revenue during the time taken to find a replacement subcontractor. In addition, the replacement subcontractor may levy a surcharge to assume the subcontract or charge more to provide the services. Despite available securities such as parent company guarantees and letters of credit, these losses and costs may not be recoverable from the defaulting subcontractor.
- The client is generally given rights of termination under PPP/PFI contractual agreements. The compensation (if any) which the project entity is entitled to receive on termination will depend on the reason for termination and the terms of the project agreement. In some instances, the compensation will not include amounts designed specifically to repay the equity investment. Where termination is for client default, or the client voluntarily terminates the project agreement without fault on either side, the compensation is likely to extend to some of the lost equity returns, although this cannot be guaranteed. The Company has currently no indication that any of the clients intend to voluntarily terminate the agreement or of any potential client default.
- The costing of, and pricing for, infrastructure projects relies on large and detailed financial models. There is a risk that errors may be made in the assumptions, calculations or methodology used in a financial model. In such circumstances the figures and/or the returns generated by the project entity may be different to those estimated or projected. The risk is mitigated for project entities where the models have been updated a number of times and/or operational model audits have been undertaken.
- Typically the client will have the right to terminate the project agreement where the project entity or a shareholder or subcontractor (or one of their employees) has committed bribery, corruption or another fraudulent act. In these circumstances it is likely that the majority, if not all, of the investment will be lost. The Company has a compliance system in place and is currently not aware of any such acts which could trigger that risk.

- In some projects, a refinancing may be required to repay the project entity's obligations as they fall due. For the existing portfolio, in relation to senior debt financing, this applies to the Royal Women's Hospital project and only with respect to one of two tranches of bonds, which must be refinanced between 2017 and 2021, and the Women's College Hospital where the bond expires in 2019 and in case no refinancing can be arranged a cash sweep applies where all net operational cash will be used to repay the bond. Additionally the Northern Territory Secure Facilities asset has a refinancing risk in October 2016 when the senior debt facilities expire. Where a project carries a requirement to refinance, there is a risk that such refinancing cannot be secured at the forecasted financing costs or at all. This could have an impact on the timing and/or amounts of distributions or other payments in respect of investment capital by such project entity. The Company believes that the current refinancing assumptions in the models are adequate.

STRATEGIC AND MANAGEMENT RISKS

- The Company seeks to provide its shareholders with a minimum 6.00 pence per share per annum target dividend and a 7% to 8% IRR on the £1 IPO issue price based on long-term stable and contracted government-backed revenue streams which are partly inflation linked. The Company's portfolio value is prepared semi-annually by the Management Board in good faith; it is then independently reviewed by a professional valuer, and finally reviewed/audited by KPMG. However, there is a risk that the Company may fail to reach the return objectives. The ultimate realisation of the market value of an asset depends to a great extent on judgements, economic conditions and other conditions beyond the control of the Company. Valuations do not necessarily represent the price at which an investment can be sold.

- Further investments intended to be made by the Company comprise interests in project entities which are not publicly traded or freely marketable and often subject to restrictions on transfer; such investments may, therefore, be difficult to value. This could lead to an overpayment for investments during an acquisition. The Company has internal processes in place which seek to minimise these risks through regular review of the peer group, discussions with advisors, regular external confirmation of the portfolio value, and the annual audit process.

- The due diligence process undertaken during an acquisition may not reveal all facts and circumstances relevant to a particular investment. The Company seeks to mitigate this risk where possible by a structured due diligence process, typically with the support of external advisors, market knowledge, site visits and contractual protections in the acquisition agreements.

- A single subcontractor may be responsible for providing services to various project entities in which the Company will invest, and the Company has set no limit as to the number of project entities to which a single subcontractor may provide services. In such instances, the default or insolvency of such single subcontractor could adversely affect a number of the Company's investments. A similar situation may apply with respect to default, impairment or insolvency relating to financial counterparties, such as banks and insurance companies. Any credit support provided in respect of the performance of the relevant obligation may not be sufficient and may not respond at all. This could have a material adverse effect on the project entity concerned and might not only reduce financial returns but could adversely affect the Company's reputation.

  - Bilfinger Real Estate Asset Management ("BREAM") is the day-to-day management service provider for the majority of these project entities and as such there is some concentration risk from this relationship.

- Where the project entities have made deposits with financial institutions, these are typically short or medium term. By monitoring the exposure across the portfolio, the Company seeks to mitigate any over-reliance on any single counterparty and ensure that these institutions have an acceptable credit rating.

- The concessions granted to project entities are predominantly granted by a variety of public sector clients in the UK, Canada, Australia, Germany, Norway and the US. Although the Management Board believes such public sector clients generally represent a low counterparty risk, the possibility of a default remains and has increased in recent years, and may vary from country to country. This risk could increase if the Company has one public sector client which is the counterparty to more than one investment. The Company has a wide range of public clients.

- To assist the Company in managing any share price premiums or discounts to NAV, the Company has the ability to make market purchases of up to 14.99% per annum of the ordinary shares in issue. In addition, a continuation vote is offered to shareholders every two years, the first of which was passed at the Company's annual general meeting on 30 April 2015.
- The success of the Company will depend, *inter alia*, upon the skill and expertise of the Management Board and the individuals employed within the Group in identifying, selecting, acquiring and managing the investments. There is also no certainty that key investment professionals will continue to work for the Group in the long term.
- The Company and its business may be impacted by bribery, fraud and corruption. The Company has a compliance system in place and is not aware of any such acts which could trigger that risk.

ENVIRONMENTAL AND SOCIAL GOVERNANCE ("ESG")

As part of their corporate social responsibility, the Boards recognise the importance of ensuring that the Company develops appropriate environmental, social and ethical policies. The Company has implemented its ESG policies which have been designed to ensure that the Company follows best practices in relation to corporate responsibility. The policies are monitored and updated on an ongoing basis.

Once the Company has acquired an investment in a project entity, it then undertakes regular reviews of the environmental, social governance and ethical policies that the project entities have in place and their adherence to these policies in the delivery of their services. Health and Safety practices are also monitored across the Company's portfolio and any serious breaches or incidents are reported to the Management Board, which in turn reports to the Supervisory Board.

LIVERPOOL & SEFTON CLINICS (LIFT), UK

AUDIT COMMITTEE REPORT

INTRODUCTION

I am pleased to present the Committee's formal report to shareholders on how the Committee has conducted its responsibilities for the year ended 31 December 2015.

RESPONSIBILITIES AND COMPOSITION

The main responsibilities of the Audit Committee can be found within the Governance section of this Annual Report, under the heading "Committees of the Supervisory Board".

Each of the three Non-Executive Directors is a member of the Committee, which is chaired by me, and our biographies can be found immediately after the Chairman's Statement. The Board considers that at least one Committee member has recent and relevant financial experience for the Committee to discharge its functions effectively.

Due to the size of the Supervisory Board, the Chairman, David Richardson, is also a member of the Committee, and this enables him to not only bring his extensive accounting knowledge to the table but also keeps him fully informed of any issues that may arise.

2015: THE YEAR UNDER REVIEW

The Audit Committee met twice in the year to 31 December 2015 and member attendance can be found within the Governance section of this Annual Report, under the heading "Committees of the Supervisory Board". At these meetings, the Committee considered, *inter alia*:

- the 2014 Annual and 2015 Interim financial statements;
- the Reports of the external Auditor;
- the external Auditor's terms of appointment and remuneration (including overseeing the independence of the Auditor particularly as it relates to the provision of non-audit services) in accordance with the law on the Audit Profession dated 18 December 2009;
- reviewing and approving the external Auditor's plan for the following financial year;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the risk register of the Company; and
- ensuring the adequacy of the internal control systems and standards.

As stated earlier in this report, during the year the Committee also received a detailed briefing on the implementation and relevant rules of the EU Audit Reforms that will apply from 17 June 2016, how they are likely to be applied in Luxembourg and therefore what the effect will be on the Company. The management team have been working through the various changes and I am pleased to say therefore that we feel confident we are ready for this audit reform.

SIGNIFICANT RISKS

The most significant risk in the Company's financial statements is whether its investments are fairly valued, and this issue is considered carefully when the Committee reviews the Company's annual and interim financial statements. The fair market valuation of the investments (which is carried out by the Management Board) is conducted every six months at 30 June and 31 December respectively; this is then reviewed by an independent third-party valuer, after which it is presented to the Supervisory Board.

Management Board members were available during the Audit Committee review process to provide detailed explanations of the rationale used for the valuation of investments. The external auditor was also invited to attend the Audit Committee meetings at which the annual and interim financial statements were considered in order to present the conclusion of their work, which included a review of the adequacy of the valuation.

Subsequent to the valuation and ensuing reviews, the Committee concluded that the valuation process of the Company's investments for the year ended 31 December 2015 had been properly carried out and that the investments have been fairly valued.

APPOINTMENT OF EXTERNAL AUDITORS

As stated above, the Committee annually reviews the performance of KPMG Luxembourg, Société coopérative ("KPMG"), the Company's external Auditor. In doing so, we consider a range of factors including the quality of service, specialist expertise and the level of audit fee. Following that review, the Committee remains satisfied with KPMG's effectiveness and therefore has not considered it necessary, to date, to require it to tender for the audit work. There are no contractual obligations restricting the choice of external Auditor. The reappointment of the external Auditor is subject to shareholder approval at the Annual General Meeting.

The Committee has also reviewed the provision by KPMG of non-audit services, and considers them to be cost-effective and not an impediment to KPMG's objectivity and independence.

As a result of its work during the period, the Audit Committee concludes that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external Auditor. The Audit Committee has recommended to the Board therefore that KPMG Luxembourg Société coopérative be re-appointed as the Company's external Auditor.

CONCLUSION

In conclusion, the Audit Committee is of the opinion that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

APPROVAL

On behalf of the Audit Committee

Howard Myles
Chairman of the Audit Committee
23 March 2016

MANAGEMENT BOARD RESPONSIBILITIES STATEMENT

The Management Board of the Company is responsible for ensuring proper preparation of the annual report and financial statements of the Company for each financial period in accordance with applicable laws and regulations, which require it to:

i) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as of and at the end of the financial period, in accordance with International Financial Reporting Standards as adopted by the European Union and the Listing Rules;

ii) give a true and fair view of the development and performance of the business and the position of the Group; and

iii) give a true and fair description of the principal risks and uncertainties the Group may encounter, and put in place an appropriate control framework designed to meet the Group's particular needs and the risks to which it is exposed.

In addition, the Management Board is responsible for ensuring that the Company is in compliance with applicable company law and other UK or Luxembourg applicable laws and regulations and to provide a description of the risks and uncertainties the Group may encounter and to put in place an appropriate control framework designed to meet the Group's particular needs and the risks to which it is exposed.

In preparing such financial statements the Management Board is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business;
- maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Group and enable them to ensure that the financial statements comply with all relevant regulations; and
- safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

MANAGEMENT BOARD RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group included in the consolidation as a whole.
- The Chairman's Statement and the Report of the Management Board include a fair review of the development and performance of the business and the position of the Company and Group included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Luxembourg, 23 March 2016

DUNCAN BALL
Co-CEO

FRANK SCHRAMM
Co-CEO

MICHAEL DENNY
CFO

INDEPENDENT AUDITOR'S OPINION

To the Shareholders of
BBGI SICAV S.A.
6 E, route de Trèves
L-2633 Senningerberg
Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements and separate financial statements

Following our appointment by the annual general meeting of the shareholders dated 30 April 2015, we have audited the accompanying consolidated financial statements of BBGI SICAV S.A. (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

We have also audited the accompanying separate financial statements of the Company, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

Management Board's responsibility for the consolidated financial statements and separate financial statements

The Management Board is responsible for the preparation and fair presentation of these consolidated financial statements and separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements and separate financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the consolidated financial statements and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and separate financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements and the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

INDEPENDENT AUDITOR'S OPINION

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of BBGI SICAV S.A. as of 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In our opinion, the separate financial statements give a true and fair view of the financial position of BBGI SICAV S.A. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the consolidated financial statements and separate financial statements taken as a whole.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Management Board is consistent with the consolidated financial statements. The accompanying Corporate Governance Statements, which is the responsibility of the Management Board, is consistent with the consolidated financial statements and includes the information required by the law.

Luxembourg, 23 March 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Frauke Oddone

CONSOLIDATED INCOME STATEMENT

In thousands of Pounds Sterling	Note	Year ended 31 December 2015	Year ended 31 December 2014
Continuing operations			
Income from investments at fair value through profit or loss	10	**42,014**	46,400
Other operating income	9	**1,796**	415
Operating income		**43,810**	46,815
Administration expenses	5	**(4,682)**	(5,339)
Other operating expenses	6	**(1,107)**	(888)
Operating expenses		**(5,789)**	(6,227)
Results from operating activities		**38,021**	40,588
Finance cost	7	**(1,852)**	(972)
Finance income	8	**23**	205
Net finance result		**(1,829)**	(767)
Profit before tax		**36,192**	39,821
Tax expense	12	**(583)**	(742)
Profit from continuing operations		**35,609**	39,079
Profit from continuing operations attributable to owners of the Company		**35,609**	39,079
Earnings per share			
Basic earnings per share (pence)	14	**8.27**	9.18
Diluted earnings per share (pence)	14	**8.27**	9.18

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of Pounds Sterling	**Note**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit for the year		**35,609**	39,079
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to the owners of the Company		**35,609**	39,079

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Pounds Sterling	Note	31 December 2015	31 December 2014
Assets			
Property plant and equipment		**62**	66
Investments at fair value through profit or loss	10	**504,776**	454,940
Derivative financial instruments	18	**1,688**	1,132
Non-current assets		**506,526**	456,138
Trade and other receivables	20	**391**	577
Other current assets		**41**	71
Cash and cash equivalents	11	**23,243**	25,264
Current assets		**23,675**	25,912
Total assets		**530,201**	482,050
Equity			
Share capital	13	**440,259**	434,818
Additional paid-in capital	20	**98**	-
Translation reserves	13	**(597)**	(597)
Retained earnings		**42,610**	32,115
Equity attributable to owners of the Company		**482,370**	466,336
Liabilities			
Loans and borrowings	15	**44,504**	-
Non-current liabilities		**44,504**	-
Loans and borrowings	15	**57**	12,526
Trade payables		**97**	107
Other payables	16	**2,884**	2,713
Tax liabilities	12	**289**	368
Current liabilities		**3,327**	15,714
Total liabilities		**47,831**	15,714
Total equity and liabilities		**530,201**	482,050
Net asset value attributable to the owners of the Company	13	**482,370**	466,336
Net asset value per ordinary share (pence)	13	**112.08**	109.49

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of Pounds Sterling	Note	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2014		434,322	-	(597)	17,005	450,730
Total comprehensive income for the year ended 31 December 2014						
Profit for the year		-	-	-	39,079	39,079
Total comprehensive income for the year		-	-	-	39,079	39,079
Transactions with owners of the Company, recognised directly in equity						
Cash dividends	13	-	-	-	(23,567)	(23,567)
Scrip dividends	13	402	-	-	(402)	-
Share issuance costs	13	94	-	-	-	94
Balance at 31 December 2014		434,818	-	(597)	32,115	466,336
Total comprehensive income for the year ended 31 December 2015						
Profit for the year		-	-	-	35,609	35,609
Total comprehensive income for the year		-	-	-	35,609	35,609
Transactions with owners of the Company, recognised directly in equity						
Cash dividends	13	-	-	-	(19,673)	(19,673)
Scrip dividends	13	5,441	-	-	(5,441)	-
Share-based payment	20	-	98	-	-	98
Balance at 31 December 2015		440,259	98	(597)	42,610	482,370

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Pounds Sterling	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit/(Loss) for the year		**35,609**	39,079
Adjustments for:			
- Depreciation expense	5	**21**	16
- Net finance cost (income) excluding fair value movements in derivative financial instruments	7, 8	**1,829**	767
- Income from investments at fair value through profit or loss	10	**(42,014)**	(46,400)
- Change in fair value of derivative financial instruments	9	**(1,549)**	(415)
- Foreign exchange loss	6	**616**	483
- Share-based compensation	20	**98**	-
- Income tax expense	12	**583**	742
		(4,807)	(5,728)
Changes in:			
- Trade and other receivables		**183**	817
- Other assets		**(108)**	(14)
- Trade and other payables		**161**	153
Cash generated from operating activities		**(4,571)**	(4,772)
Interest paid		**(1,202)**	(673)
Interest received		**23**	205
Realised gain on derivative financial instruments	18	**993**	545
Taxes paid		**(662)**	(455)
Net cash flows from operating activities		**(5,419)**	(5,150)
Cash flows from investing activities			
Acquisition of/additional investments at fair value through profit or loss	10	**(41,610)**	(117,560)
Distributions received from investments at fair value through profit or loss	10	**33,788**	32,983
Acquisition of other equipment		**(17)**	(11)
Net cash flows from investing activities		**(7,839)**	(84,588)
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings	15	**32,563**	12,659
Dividends paid	13	**(19,673)**	(23,567)
Debt issue cost	15	**(1,178)**	-
Net cash flows from financing activities		**11,712**	(10,908)
Net increase (decrease) in cash and cash equivalents		**(1,546)**	(100,646)
Impact of foreign exchange loss on cash and cash equivalents		**(475)**	(411)
Cash and cash equivalents at 1 January		**25,264**	126,321
Cash and cash equivalents at 31 December		**23,243**	25,264

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. REPORTING ENTITY

BBGI SICAV S.A. ("BBGI", or the "Company" or, together with its consolidated subsidiaries, the "Group") is an investment company incorporated in Luxembourg in the form of a public limited company (*société anonyme*) with variable share capital (*société d'investissement à capital variable*, or "SICAV") and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under Part II of the Luxembourg law of 17 December 2010 on undertakings for collective investments with an indefinite life. The Company qualifies as an alternative investment fund within the meaning of Article 1 (39) of the law of 12 July 2013 on alternative investment fund managers ("2013 Law") implementing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 and is authorised as an internal alternative investment fund manager in accordance with Chapter 2 of the 2013 Law. The Company was admitted to the official list of the UK Listing Authority (premium listing, closed-ended investment fund) and to trading on the main market of the London Stock Exchange on 21 December 2011.

The Company's registered office is EBBC, 6E, route de Trèves, L-2633 Senningerberg, Luxembourg.

The Company is a closed-ended investment company that invests principally in a diversified portfolio of Public Private Partnership ("PPP")/Private Finance Initiative ("PFI") infrastructure or similar assets. The Company has limited investment in projects that are under construction.

As at 31 December 2015, the Group employed 14 staff (31 December 2014: 14 staff).

Reporting period

The Company's reporting period runs from 1 January to 31 December each year. The Company's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows include comparative figures as at 31 December 2014.

The amounts presented as "non-current" in the consolidated statement of financial position are those expected to be settled after more than one year. The amounts presented as "current" are those expected to be settled within one year.

These consolidated financial statements were approved by the Board on 23 March 2016

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the provisions of the Standard of Recommended Practices issued by the Association of Investment Companies ("AIC SORP").

All items presented in the consolidated income statement and consolidated statement of comprehensive income respectively are considered "capital" in nature.

Changes in accounting policy

The accounting policies, measurement and valuation principles applied by the Group in these consolidated financial statements are the same as those applied by the Group in its annual consolidated financial statements as of and for the year ended 31 December 2014, except for the application of IFRS 2 "Share-Based Payment" for the share-based compensation granted during the year.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and investments at fair value through profit or loss ("FVPL investments") which are reflected at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, the Management Board has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

The Company as an Investment Entity

The Management Board has assessed that the Company is an Investment Entity in accordance with the provisions of IFRS 10. The Company meets the following criteria to qualify as an Investment Entity:

a) *Obtains funds from one or more investors for the purpose of providing those investors with investment management services:*

The Group is internally managed with management focused solely on managing those funds received from its shareholders in order to maximise investment income/returns.

b) *Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both:*

The investment objectives of the Company are to:

- Provide investors with secure and highly predictable long-term cash flows whilst actively managing the investment portfolio with the intention of maximising the capital value over the long term.
- Target a dividend of 6.00 pence per share per annum. The Company will aim to increase this distribution progressively over the longer term.
- Target an IRR in the region of 7% to 8% on the £1 IPO issue price of its ordinary shares, to be achieved over the longer term via active management, to enhance the value of existing investments.

The above-mentioned objectives support the fact that the main business purpose of the Company is to seek to maximise investment income for the benefit of its shareholders.

c) *Measures and evaluates performance of substantially all of its investments on a fair value basis:*

The investment policy of the Company is to invest in equity, subordinated debt or similar interests issued in respect of infrastructure projects that have been developed predominantly under the PPP/PFI or similar procurement models. Each of these PPP/PFI projects is valued at fair value. The valuation is carried out on a six-monthly basis as at 30 June and 31 December each year.

Based on the Management Board's assessment, the Company also meets the typical characteristics of an Investment Entity as follows:

a) *it has more than one investment* – at 31 December 2015 the Company has 38 PPP/PFI investments

b) *it has more than one investor* – the Company is listed on the London Stock Exchange with its shares held by a broad pool of investors;

c) *it has investors that are not related parties of the entity* – other than those shares held by the Supervisory Board and Management Board directors, and certain other employees, all remaining shares in issue (more than 99%) are held by non-related parties of the Company; and

d) *it has ownership interests in the form of equity or similar interests* – the Group holds interests in PPP/PFI projects in the form of equity interests, subordinated debt and similar instruments.

Fair valuation of financial assets and financial liabilities

The Group accounts for its investments in PPP/PFI entities ("SPC" or "Project Entities") as FVPL investments.

The valuation is determined using the discounted cash flow methodology. The cash flows forecasted to be received by the Company or its consolidated subsidiaries, generated by each of the underlying assets, and adjusted as appropriate to reflect the risk and opportunities, have been discounted using project specific discount rates. The valuation methodology is the same one used in previous reporting periods. The assumptions used in the valuation methodology are included in detail in Note 18 to the consolidated financial statements.

The fair value of other financial assets and liabilities, other than current assets and liabilities, is determined by discounting future cash flows at an appropriate discount rate and with reference to recent market transactions, where appropriate. Further information on assumptions and estimation uncertainties are disclosed in Note 18.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation methodology, as follows:

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

If the inputs to measure fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period in which the change has occurred.

Going concern basis of accounting

The Management Board has examined significant areas of possible financial risk including cash and cash requirements. It has not identified any material uncertainties which would cast significant doubt on the Company's ability to continue as a going concern for a period of less than 12 months from the date of approval of the consolidated financial statements. The Management Board has satisfied itself that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

BASIS OF CONSOLIDATION

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to direct the relevant activities i.e. the activities that significantly affect the investee's returns and to obtain those returns. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are investees controlled by the Company (directly or indirectly). The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company is an Investment Entity and measures investments in certain subsidiaries at fair value through profit or loss. In determining whether the Company meets the definition of an Investment Entity, the management considered the Group structure as a whole (see also Note 2).

Although the Company qualifies as an Investment Entity and is required to value certain subsidiaries at fair value, the Company has a number of subsidiaries which provide services that relate to the Company's investment activities. These subsidiaries are consolidated on a line by line basis.

Acquisition of non-controlling interests (consolidated subsidiaries)

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Loss of control (consolidated subsidiaries)

For subsidiaries which are consolidated on a line by line basis, upon the loss of control, the Group derecognises the

assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an investment at fair value through profit or loss or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation (consolidated subsidiaries)

Intra-group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements. Gains that arise from intra-group transactions and that are unrealised from the standpoint of the Group on the balance sheet date are eliminated in their entirety. Unrealised losses on intra-group transactions are also eliminated in the same way as unrealised gains, to the extent that the loss does not correspond to an impairment loss.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated into Pounds Sterling at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Pounds Sterling at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Pounds Sterling at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss as a gain or loss on currency translation.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Pounds Sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Pounds Sterling at the average exchange rates during the year, if such does not significantly deviate from the exchange rates at the date on which the transaction is entered into.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity except for exchange differences from intragroup monetary items which are reflected in the profit and loss. However, if the foreign operation is a non-wholly owned consolidated subsidiary, then the relevant portion of the translations difference is allocated to non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a consolidated subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such an item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the date that the Group becomes a party to the contractual provisions of the instrument and when the significant risk and rewards of ownership are transferred to the Group.

In general, the Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate financial asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets.

At balance sheet date, except for investments accounted for at fair value through profit or loss, all non-derivative financial assets of the Group have been classified as loans and receivables.

Investments at fair value through profit or loss

The Company is an Investment Entity and therefore values its investment in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment related services or activities. The fair value of an investment in subsidiary includes the fair value of the equity, loans and interest receivable and any other amounts which are included in the discounted estimated cash flow (which is used to compute the fair value) from such subsidiary. The Company subsequently measures its investment in certain subsidiaries at fair value in accordance with IAS 39 and IFRS 13, with changes in fair value recognised in profit or loss in the period of change. The fair value estimation of investments in subsidiaries is described in Note 10.

In addition to valuing certain subsidiaries at fair value through profit or loss, the Company also values investments in associates and jointly controlled entities at fair value.

The Company meets the definition of IAS 28 par 18 for a venture capital organisation or a similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Group manages the performance of each of the joint ventures and associates on a fair value basis in accordance with the Group's investment strategy. The information about associates and joint ventures is provided internally on a fair value basis to the Group's Management Board and Supervisory Board. The Group therefore measures its associates and joint ventures at fair value in accordance with IAS 39 with changes in fair value recognised in profit or loss in the period of change. The fair value estimation of investments in joint venture and associates is described in Note 10.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the "other financial liability" category. Such financial liabilities are recognised initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability (or part of a financial liability) from the statement of financial position when, and only when, it is extinguished or when the obligation specified in the contract or agreement is discharged or cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is considered in profit or loss.

Derivative financial instruments

The Group may hold derivative financial instruments to hedge its foreign currency, interest rate and other risk exposures.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

IMPAIRMENT

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s), and that loss event(s) had an impact on the estimated future cash flows of the asset(s) that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to a liability. The unwinding of such discount is recognised as finance cost.

INTANGIBLE ASSETS AND GOODWILL

Goodwill that arises on the acquisition of consolidated subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, please see recognition policy on business combination. Goodwill is measured at cost less accumulated impairment losses and is tested at least annually for impairment.

Other intangible assets, if any, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short-term commitments.

SHARE CAPITAL

Ordinary shares are classified as equity. Given that the Company has no contractual obligation to deliver cash or any other financial asset or to exchange financial assets or liabilities with another entity under conditions that are unfavourable, the Company classifies the issued shares to be equity rather than liability. Moreover, no shareholder has the right to request the redemption of issued shares.

Costs directly attributable to the issue of ordinary shares, or which are associated with the establishment of the Company, that would otherwise have been avoided are recognised as a deduction from equity net of any tax effects.

DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. This is the date on which the payment of a dividend is authorised.

FINANCE INCOME AND FINANCE COSTS

Interest income and expenses are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable and interest paid or payable are recognised in profit or loss as finance income and finance costs, respectively.

OPERATING EXPENSES

All operating expenses are recognised in profit and loss on an accruals basis.

TAX

According to the Luxembourg regulations regarding SICAV companies, the Company itself is exempt from paying income and/or capital gains taxes in Luxembourg. It is, however, liable to annual subscription tax of 0.05% of its net asset value computed under investment basis (Investment Basis NAV), payable quarterly and assessed on the last day of each quarter.

Income tax on the consolidated subsidiaries' profits for the year comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

EMPLOYEE BENEFITS

Short-term and other long-term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid, and discounted at present value if necessary, if the Group has present legal or constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably.

For share-based payment arrangements, the grant-date fair value of the equity settled share-based payment arrangement is recognised as an expense, with a corresponding increase in additional paid in capital over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect related service and non-market performance conditions if revised. The market condition related to the award is measured at the date of grant and there is no true-up of expense/income to the profit or loss for differences between expected and actual outcomes.

SEGMENT REPORTING

Segment results that are reported to the Management Board include items directly attributable to segments as well as those that can be allocated on a reasonable basis.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the beginning of the year of these consolidated financial statements as follows:

- In November 2009, the IASB issued IFRS 9 (Financial Instruments), containing rules for the classification and measurement of financial assets. In October 2010, it issued new requirements for the classification and measurement of financial liabilities, incorporating them into IFRS 9. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. In the case of equity investments that are not held for trading, an entity may irrevocably opt at initial recognition to recognise future changes in their fair value outside profit or loss in the statement of comprehensive income. In November 2013, the IASB issued further amendments under the title "Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39". The focus of the amendments is on a thorough revision of hedge accounting rules with the aim of more appropriately reflecting risk management activities in the financial statements. This involves additional disclosures in the notes. In July 2014, the IASB published the new rules for the disclosure of financial instrument impairments. This new impairment model is based on the principle of accounting for expected losses. It also introduces a third measurement category "fair

value through other comprehensive income" for certain debt instruments. IFRS 9 is to be applied for annual periods beginning on or after 1 January 2018. The standard has not yet been endorsed by the European Union. The entity is currently evaluating the impact the standard will have on the presentation of the Group's financial position and results of operations.

- In May 2014, the IASB published amendments to IFRS 11 (Joint Arrangements) entitled "Accounting for Acquisitions of Interests in Joint Operations". The amendments clarify the accounting for the acquisition of an interest in a joint operation in which the activity constitutes a business. They are to be applied for annual periods beginning on or after 1 January 2016. The possible impact on the future presentation of the entity's financial position and results of operations depends on future acquisitions of interests in joint operations. These cannot be reliably predicted.

- In September 2014, the IASB published the seventh set of "Annual Improvements to IFRSs". The amendments address details of the recognition, measurement and disclosure of business transactions and serve to standardise terminology. They consist mainly of editorial changes to existing standards. They are applicable for annual periods beginning on or after 1 July 2016. The changes are not expected to have a material impact on the presentation of the entity's financial position or results of operations.

- In December 2014, further amendments were issued to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interests in Other Entities) and IAS 28 (Investments in Associates and Joint Ventures) entitled "Investment Entities: Applying the Consolidation Exception". The amendments largely clarify which subsidiaries an Investment Entity must consolidate and which must be recognised at fair value through profit or loss. The amendments are to be applied for annual periods beginning on or after 1 January 2016. The amendments have not yet been endorsed by the European Union. The changes are not expected to have a material impact on the presentation of the Group's financial position or results of operations.

- In December 2014, the IASB published amendments to IAS 1 (Presentation of Financial Statements) under its Disclosure Initiative. The amendments are intended to clarify the disclosure requirements and relate to materiality, line-item aggregation, subtotals, the structure of the notes to the financial statements, the identification of significant accounting policies and the separate disclosure of the other comprehensive income of associates and joint ventures. The amendments are to be applied for annual periods beginning on or after 1 January 2016. The changes are not expected to have a material impact on the presentation of the Group's financial position or results of operations.

- In January 2016, the IASB published amendments to IAS 12 (Income Taxes) under the title "Recognition of Deferred Tax Assets for Unrealised Losses". These amendments clarify the accounting for deferred tax assets related to debt instruments measured at fair value. The amendments are to be applied for annual periods beginning on or after 1 January 2017. They have not yet been endorsed by the European Union. The Group is currently evaluating the impact the changes will have on the presentation of its financial position and results of operations.

- In January 2016, the IASB published amendments to IAS 7 (Statement of Cash Flows) under its Disclosure Initiative. The following changes in liabilities arising from financing activities must be disclosed in the future: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; (v) other changes. The amendments are to be applied for annual periods beginning on or after 1 January 2017. They have not yet been endorsed by the European Union. The Group is currently evaluating the impact the changes will have on the presentation of its financial position and results of operations.

4. SEGMENT REPORTING

IFRS 8 – Operating Segments adopts a "through the eyes of the management" approach to an entity's reporting of information relating to its operating segments, and also requires an entity to report financial and descriptive information about its reportable segments.

Based on a review of information provided to the Management Board, the Group has identified five reportable segments based on the geographical concentration risk. The main factor used to identify the Group's reportable segments is the geographical location of the projects. The Management Board has concluded that the Group's reportable segments are: (1) UK; (2) Mainland Europe; (3) Australia; (4) North America; and (5) Holding Activities. These reportable segments are the basis on which the Group reports information to the Management Board.

Segment information for the year ended 31 December 2015 is presented below:

In thousands of Pounds Sterling	**UK**	**North America**	**Australia**	**Mainland Europe**	**Holding Activities**	**Total Group**
Income from FVPL investments	**28,914**	**5,598**	**7,988**	**(486)**	**-**	**42,014**
Administration expenses	**-**	**-**	**-**	**-**	**(4,682)**	**(4,682)**
Other operating expenses – (net)	**-**	**-**	**-**	**-**	**689**	**689**
Results from operating activities	**28,914**	**5,598**	**7,988**	**(486)**	**(3,993)**	**38,021**
Finance cost	**-**	**-**	**-**	**-**	**(1,852)**	**(1,852)**
Finance income	**-**	**-**	**-**	**-**	**23**	**23**
Tax expense	**-**	**-**	**-**	**-**	**(583)**	**(583)**
Profit or loss from continuing operations	**28,914**	**5,598**	**7,988**	**(486)**	**(6,405)**	**35,609**

The losses incurred in mainland Europe for the years ended 31 December 2015 and 31 December 2014 were for the most part due to adverse foreign exchange movements on the FVPL investments.

Segment information for the year ended 31 December 2014 is presented below:

In thousands of Pounds Sterling	**UK**	**North America**	**Australia**	**Mainland Europe**	**Holding Activities**	**Total Group**
Income from FVPL investments	34,823	7,728	4,655	(806)	-	46,400
Administration expenses	-	-	-	-	(5,339)	(5,339)
Other operating expenses – (net)	-	-	-	-	(473)	(473)
Results from operating activities	34,823	7,728	4,655	(806)	(5,812)	40,588
Finance cost	-	-	-	-	(972)	(972)
Finance income	-	-	-	-	205	205
Tax expense	-	-	-	-	(742)	(742)
Profit or loss from continuing operations	34,823	7,728	4,655	(806)	(7,321)	39,079

Segment information as of 31 December 2015 is presented below:

In thousands of Pounds Sterling	**UK**	**North America**	**Australia**	**Mainland Europe**	**Holding Activities**	**Total Group**
Assets						
FVPL investments	**207,272**	**149,463**	**103,349**	**44,692**	**-**	**504,776**
Other non-current assets	**-**	**-**	**-**	**-**	**1,750**	**1,750**
Current assets	**-**	**-**	**-**	**-**	**23,675**	**23,675**
Total assets	**207,272**	**149,463**	**103,349**	**44,692**	**25,425**	**530,201**
Liabilities						
Non-current	**-**	**-**	**-**	**-**	**44,504**	**44,504**
Current	**-**	**-**	**-**	**-**	**3,327**	**3,327**
Total liabilities	**-**	**-**	**-**	**-**	**47,831**	**47,831**

Segment information as of 31 December 2014 is presented below:

In thousands of Pounds Sterling	**UK**	**North America**	**Australia**	**Mainland Europe**	**Holding Activities**	**Total Group**
Assets						
FVPL investments	187,012	149,223	70,593	48,112	-	454,940
Other non-current assets	-	-	-	-	1,198	1,198
Current assets	-	-	-	-	25,912	25,912
Total assets	187,012	149,223	70,593	48,112	27,110	482,050
Liabilities						
Non-current	-	-	-	-	-	-
Current	-	-	-	-	15,714	15,714
Total liabilities	-	-	-	-	15,714	15,714

The Holding Activities of the Group include the activities of the Group which are not specifically related to a certain project or region but to those companies which provide services to the Group. The total current assets classified under Holding Activities mainly represent cash and cash equivalents.

Transactions between reportable segments are conducted at arm's length and are accounted for in a similar way to the basis of accounting used for third parties. The accounting methods used for all the segments are similar and comparable with those of the Company.

5. ADMINISTRATION EXPENSES

In thousands of Pounds Sterling	Year ended 31 December 2015	Year ended 31 December 2014
Personnel expenses	**2,662**	3,168
Office and other expenses	**1,283**	1,445
Legal and professional fees	**716**	710
Depreciation expense	**21**	16
	4,682	5,339

The Group has engaged certain third parties to provide legal, depositary, custodian, audit, tax and other services to the Group. The expenses incurred in relation to such services are treated as administration expenses.

The legal and professional fees include audit, audit related and non-audit related fees charged by the Group's external auditor as follows:

In thousands of Pounds Sterling	Year ended 31 December 2015	Year ended 31 December 2014
Audit fees	**178**	173
Audit related fees	**-**	-
Non-audit related fees	**-**	-
	178	173

6. OTHER OPERATING EXPENSES

In thousands of Pounds Sterling	Year ended 31 December 2015	Year ended 31 December 2014
Acquisition related costs	**491**	405
Foreign currency translation loss	**616**	483
	1,107	888

7. FINANCE COST

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Finance cost on loans and borrowings (see Note 15)	**1,852**	972
	1,852	972

8. FINANCE INCOME

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Interest income from bank deposits	**23**	205
	23	205

9. OTHER OPERATING INCOME

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Gain on derivative financial instruments (see Note 18)	**1,549**	415
Other income	**247**	-
	1,796	415

10. FVPL INVESTMENTS

The movements of FVPL investments are as follows:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Balance at 1 January	**454,940**	324,051
Acquisitions of/additional investment in FVPL investments	**41,610**	117,560
Income from FVPL investments	**42,014**	46,400
Distributions received from FVPL investments	**(33,788)**	(32,983)
Reclassification to other receivables/payables	**-**	(88)
	504,776	454,940

The impact of unrealised foreign exchange gains or losses on the income from FVPL investments for the year ended 31 December 2015 amounted to £24.1 million loss (year ended 31 December 2014: £8.7 million loss).

Distributions from FVPL Investments are received after: (a) financial models have been tested for compliance with certain ratios; (b) financial models have been submitted to the external lenders of the Project Entities; or (c) approvals of the external lenders on the financial models have been obtained.

As at 31 December 2015 and 2014, loan and interest receivable from unconsolidated subsidiaries is embedded within the FVPL Investments.

The valuation of FVPL Investments considers all cash flows related to individual projects.

Interest income, dividend income, project-related directors' fee income and other income, recorded under the accruals basis at the level of the consolidated subsidiaries for the year ended 31 December 2015, amounted to £33,228,000 (31 December 2014: £26,665,000). The associated cash flows from these items were taken into account when fair valuing the projects.

During the year ended 31 December 2015, the Company invested a further £2,078,000 into the Mersey Care Mental Health Hospital project.

In June 2015, the Company completed the acquisition of a further 30% interest in Avon & Somerset Police Headquarters in the UK.

In July 2015, the Company completed the acquisition of the remaining 50% interest in Northern Territory Secure Facilities in Australia.

During the year, BBGI announced the acquisition, subject to certain consents, of 100% of the equity and subordinated debt interests in two educational PPP projects, Belfast Metropolitan College and North West Regional College ("NWRC"), in Northern Ireland. The acquisition of NWRC completed in December 2015.

The Company was a 50% equity investor in the consortium that was selected as preferred proponent on the North Commuter Parkway and Traffic Bridge project in Saskatoon, Saskatchewan, Canada. Financial close was achieved in October 2015.

Details of various PPP/PFI projects in the Company's portfolio and their respective acquisition dates are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest on the Project	Year Acquired
RW Health Partnership Holdings Pty Limited*	Royal Women's Hospital	Australia	100.0%	2012
Victoria Correctional Infrastructure Partnership Pty Ltd.	Victoria Prisons	Australia	100.0%	2012
BBPI Sentinel Holdings Pty Ltd* BBGI Sentinel Holdings 2 Pty Ltd*, and Sentinel Financing Holdings Pty Ltd*	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Golden Crossing Holdings Inc.*	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Trans-park Highway Holding Inc.*	Kicking Horse Canyon	Canada	50.0%	2012
NorthwestConnect Holdings Inc.*	Northwest Anthony Henday Drive	Canada	50.0%	2012
BBGI KVH Holdings Inc.*	Kelowna and Vernon Hospitals	Canada	50.0%	2013
WCP Holdings Inc.*	Women's College Hospital	Canada	100.0%	2013
Stoney Trail Group Holdings Inc.*	North East Stoney Trail	Canada	100.0%	2013
BBGI NCP Holdings Inc.*	North Commuter Parkway	Canada	50.0%	2015
Kreishaus Unna Holding GmbH*	Unna Administrative Centre	Germany	44.1%	2012
PJB Beteiligungs – GmbH*	Burg Prison	Germany	90.0%	2012
Hochtief PPP 1 Holding GmbH & Co.KG*	Cologne Schools, Cologne-Rodenkirchen School, Frankfurt Schools, Fürst Wrede Military Base,	Germany	50.0%	2014
Adger OPS Vegselskap AS	E18	Norway	100.0%	2013 and 2014
Kent Education Partnership Holdings Ltd.*	Kent Schools	UK	50.0%	2012
Healthcare Providers (Gloucester) Ltd.*	Gloucester Hospital	UK	50.0%	2012
Highway Management M80 Topco Limited*	M80	UK	50.0%	2012
Bedford Education Partnership Holdings Limited*	Bedford Schools	UK	100.0%	2012
Lisburn Education Partnership Holdings Limited*	Lisburn College	UK	100.0%	2012
Clackmannanshire Schools Education Partnership (Holdings) Limited*	Clackmannanshire Schools	UK	100.0%	2012
Primaria (Barking & Havering) Limited*	Barking Dagenham and Havering (LIFT)	UK	60.0%	2012
East Down Education Partnership (Holdings) Limited*	East Down Colleges	UK	66.7%	2012
Scottish Borders Education Partnership (Holdings) Limited*	Scottish Borders Schools	UK	100.0%	2012
Coventry Education Partnership Holdings Limited*	Coventry Schools	UK	100.0%	2012
Fire Support (SSFR) Holdings Limited*	Staffordshire Fire Stations	UK	85.0%	2012
GB Consortium 1 Ltd.*	North London Estates Partnership (previously Barnet and Haringey) and Liverpool & Sefton Clinics (LIFT)	UK	53.3% (both)	2012 and 2014
Mersey Care Development Company 1 Limited*	Mersey Care Hospital	UK	76.2%	2013 and 2014
MG Bridge Investments Limited*	Mersey Gateway	UK	37.5%	2014
Tor Bank School Education Partnership (Holdings) Limited*	Tor Bank School	UK	100.0%	2014
Lagan College Education Partnership (Holdings) Limited*	Lagan College	UK	100.0%	2014
Highway Management (City) Holding Limited*	M1 Westlink	UK	100.0%	2014
Blue Light Partnership (ASP) NewCo Limited* Blue Light Partnership (ASP) NewCo 2 Limited*	Avon and Somerset Police Headquarters	UK	64.9%	2014 and 2015
Northwin Limited	North West Regional College	UK	100.0%	2015
BBGI East End Holdings, Inc.	Ohio River Bridges	USA	33.3%	2014

*and its subsidiaries

11. CASH AND CASH EQUIVALENTS

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Bank deposits/balances	**23,243**	25,264
	23,243	25,264

12. TAXES

The composition of the Group's tax expense is as follows:

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Current tax expense	**583**	742
Total tax expense	**583**	742

The Company pays an annual subscription tax of 0.05% of its total net assets. For the year ended 31 December 2015 BBGI SICAV S.A. incurred a subscription tax expense of £236,000 (31 December 2014: £227,000). The Company as a SICAV is not subject to taxes on capital gains or income. All other consolidated companies are subject to taxation at the applicable rate in their respective jurisdictions (refer to Note 2 for further details).

The composition of the tax payable is as follows:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Current tax		
Corporation tax – current year	**186**	259
Corporation tax – previous year	**103**	109
Total current tax liability	**289**	368

A reconciliation of the tax expense and the tax at applicable tax rate are as follows:

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit before tax	**36,192**	39,821
Income tax using the Luxembourg domestic tax rate (29.22%)	**10,575**	11,636
Difference between domestic tax rate and applicable tax rate	**236**	227
Income tax expense adjustment	**-**	109
Reconciling difference mainly due to fair valuation of projects	**(10,228)**	(11,230)
Tax charge for the year	**583**	742

A significant portion of the profit before tax results from fair valuation of FVPL investments. The net income of the unconsolidated subsidiaries is taxed in their respective jurisdictions. As a consequence of the adoption of IFRS 10, the Company is classified as an Investment Entity (see Note 2), meaning the tax expenses of the unconsolidated subsidiaries are not included within these consolidated financial statements. Therefore the consolidated tax expense and tax assets/liabilities, if any, do not include those of the Project Entities. The tax liabilities of the Project Entities are reflected within the fair value calculation of the FVPL investments.

There are no unrecognised taxable temporary differences. The Group has tax losses carried forward amounting to £753,000. The Group did not recognise any deferred tax asset on tax losses carried forward.

13. CAPITAL AND RESERVES

Share capital

Changes in the Company's share capital are as follows:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Share capital as at 1 January	**434,818**	434,322
Share issuance expense credit	**-**	94
Share capital issued through scrip dividends	**5,441**	402
	440,259	434,818

The changes in the number of ordinary shares of no par value issued by the Company are as follows:

In thousands of shares	**31 December 2015**	**31 December 2014**
In issue at beginning of the year	**425,917**	425,574
Shares issued through scrip dividends	**4,476**	343
	430,393	425,917

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Translation reserve

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity except for exchange differences from intragroup monetary items which are reflected in the profit and loss. The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends

The following interim and final dividends were declared and paid by the Company during the year ended 31 December 2015:

In thousands of Pounds Sterling except as otherwise stated	**31 December 2015**
Final dividend of 2.88 pence per qualifying ordinary share – for the year ended 31 December 2014	**12,266**
Interim dividend of 3.00 pence per qualifying ordinary share – for period ended 30 June 2015	**12,848**
	25,114

The 31 December 2014 final dividend was paid in July 2015. The value of the scrip election was £2,790,000 with the remaining amount of £9,476,000 paid in cash to those investors that did not elect for the scrip.

The 30 June 2015 interim dividend was paid in October 2015. The value of the scrip election was £2,651,000 with the remaining amount of £10,197,000 paid in cash to those investors that did not elect for the scrip.

The following interim and final dividends were declared and paid by the Company during the year ended 31 December 2014

In thousands of Pounds Sterling except as otherwise stated	**31 December 2014**
Final dividend of 2.75 pence per qualifying ordinary share – for the year ended 31 December 2013*	**11,703**
Interim dividend of 2.88 pence per qualifying ordinary share – for period ended 30 June 2014	**12,266**
	23,969

*The final dividend for the year ended 31 December 2013, which was declared and paid during the year ended 31 December 2014, is composed of a cash dividend of £11,301,000 and scrip dividend of £402,000.

Net Asset Value

The consolidated net asset value and net asset value per share as at 31 December 2015, 31 December 2014 and 31 December 2013 are as follows:

In thousands of Pounds Sterling/pence	31 December 2015	31 December 2014	31 December 2013
Net asset value attributable to the owners of the Company	**482,370**	466,336	450,730
Net asset value per ordinary share (pence)	**112.08**	109.49	105.91

14. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

In thousands of Pounds Sterling/shares	Year ended 31 December 2015	Year ended 31 December 2014
Profit attributable to owners of the Company	**35,609**	39,079
Weighted average number of ordinary shares in issue	**430,393**	425,917
Basic and diluted earnings per share (in pence)	**8.27**	9.18

The weighted average number of shares outstanding for the purpose of computation of earnings per share is computed as follows:

In thousands of shares	Year ended 31 December 2015	Year ended 31 December 2014
Shares outstanding as at 1 January	**425,917**	425,574
Effect of scrip dividends issued	**4,476**	343
Weighted average – outstanding shares	**430,393**	425,917

The denominator for the purposes of calculating both basic and diluted earnings per share is the same because the Company has not issued any share options or other instruments that would cause dilution.

15. LOANS AND BORROWINGS

In January 2015, the Company secured a new three-year revolving credit facility of £80 million from ING Bank and KfW IPEX-Bank ("£80 million Revolving Credit Facility"). BBGI retains the flexibility to consider larger transactions by virtue of having structured a further £100 million incremental accordion tranche, for which no commitment fees are paid, which allows for the possibility to increase the facility to £180 million. The term of the facility is three years expiring in January 2018. The amount drawn under the facility is renewed on a six-monthly basis. The borrowing margin is 185 basis points over LIBOR.

As at 31 December 2015, the Company had utilised £69.6 million of the £80 million Revolving Credit Facility, of which £24.3 million was being used to cover letters of credit.

As at 31 December 2014, the Company had utilised £33.7 million of the £35 million Revolving Credit Facility, of which £21.0 million was being used to cover letters of credit.

The interest payable under the credit facility as at 31 December 2015 amounted to £57,000 (31 December 2014: £12,000).

The unamortised debt issuance cost related to the above-mentioned credit facilities amounted to £718,000 as at 31 December 2015 (31 December 2014: £145,000). The unamortised debt issuance cost is netted against the amount withdrawn from the credit facility.

The finance cost incurred in relation to the above-mentioned loan(s) for the year ended 31 December 2015 amounted to £1,852,000 (31 December 2014: £972,000). The total finance cost for the year ended 31 December 2015 includes the full amortisation of the remaining unamortised debt issue cost on the previous credit facility and the amortisation of the debt issue cost for the current facility totalling £460,000.

Pledges and Collaterals

As of 31 December 2015, and as a result of the refinancing described above, the Group has pledged all the current and future assets held within the consolidated subsidiaries (see Note 19).

16. OTHER PAYABLES

Other payables are composed of the following:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Accruals	**2,822**	2,609
Others	**62**	104
	2,884	2,713

The 31 December 2015 accruals include additional project acquisition costs of £677,000.

17. FINANCIAL RISK REVIEW AND MANAGEMENT

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. This note also presents the result of the review performed by management on the above-mentioned risk areas.

RISK MANAGEMENT FRAMEWORK

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in:

1) impairment or reduction in the amounts recoverable from receivables and other current and non-current assets; and
2) non-recoverability, in part or in whole, of cash and cash equivalents deposited with banks.

Exposures to credit risks

The Group is exposed to credit risks on the following items in the consolidated statement of financial position:

In thousands of Pounds Sterling	31 December 2015	31 December 2014
Derivative financial instruments (asset)	**1,688**	1,132
Trade and other receivables	**391**	577
Cash and cash equivalents	**23,243**	25,264
	25,322	26,973

The maximum exposures to credit risk on receivables that are neither overdue nor impaired as of 31 December 2015 amounts to £391,000 (2014: £577,000).

As of 31 December 2015, the Group is also exposed to credit risk on the loan receivable and interest receivable component of FVPL investments (loans provided to Project Entities) totalling to £171,994,000 (2014: £179,975,000).

Recoverable amounts of receivables and other current and non-current assets

The Group establishes when necessary an allowance for impairment that represents its estimate of any potential losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that may have been incurred but are not yet identified. The collective loss allowance is determined based on historical data of payment related to such receivables. Currently there are no recorded allowances for impairment. All the Group's receivables are collectable and no significant amounts are considered as overdue or impaired.

Cash and cash equivalents and foreign currency forwards

The cash and cash equivalents and foreign currency forwards are maintained with reputable banks with ratings that are acceptable based on the established internal policy of the Group. Based on the assessment of the Management Board, there are no significant credit risks related to the cash and cash equivalents and foreign currency forwards maintained.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy over liquidity risk is that it will seek to have sufficient liquidity to meet its liabilities and obligations when due.

The Group manages liquidity risk by maintaining adequate cash and cash equivalents and borrowing facilities to finance day-to-day operations and medium- to long-term capital needs. The Group also regularly monitors the forecast and actual cash requirements and matches the maturity profiles of the Group's financial assets and financial liabilities.

The following are the contractual maturities of the financial liabilities of the Group, including estimated interest payments:

	31 December 2015				31 December 2014		
In thousands of Pounds Sterling	Carrying amount	Contractual cash flows	Less than one year	More than one year but less than 5 years	Carrying amount	Contractual cash flows	Less than one year
Non-derivative financial liabilities							
Loans and borrowings (see Note 15)	**44,561**	**45,279**	**57**	**45,222**	12,526	12,671	12,671
Trade payables	**97**	**97**	**97**	**-**	107	107	107
Other payables	**2,884**	**2,884**	**2,884**	**-**	2,713	2,713	2,713
	47,542	**48,260**	**3,038**	**45,222**	15,346	15,491	15,491

At 31 December 2015 and 2014, the Company was not in breach of any of the covenants under the credit facility. The Company has operated and continues to operate comfortably within covenant limits.

Following its 2015 AGM the Company has the ability to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions or repay debt.

All external financial liabilities of the Company have maturities of less than one year except for loans and borrowings, which have a maturity of more than one year. The Company has sufficient cash and cash equivalents and sufficient funding sources to pay and/or refinance currently maturing obligations.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

The Group buys derivative financial instruments, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within certain internal guidelines. When circumstances allow, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk as a result of its underlying FVPL investments and cash and cash equivalents being denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Australian dollars (AUD), Canadian dollars (CAD), euros (EUR), Norwegian kroner (NOK) and US dollars (USD).

From time to time the Group enters into forward currency contracts to fix the foreign exchange rates, in respect of a portion of future expected distributions to be received from the individual project entities which are not denominated in Pounds Sterling. Any currency rate hedging transactions were and will only be undertaken for the purpose of assisting the Company in meeting its dividend distribution targets. Hedging transactions have not and will not be undertaken for speculative purposes. The management reviews the hedging strategy on an annual basis.

In respect of other monetary assets and liabilities denominated in currencies other than Pounds Sterling, the Group's policy is to ensure that its net exposure is kept at an acceptable level. The Company believes that foreign exchange exposure is part of an international portfolio, but believes the risk is partially mitigated by having exposure to a number of different currencies including the Australian dollar, Canadian dollar, US dollar, euro and Norwegian krone, all of which can provide diversification benefits. The Management Board spends considerable time reviewing its hedging policy and believes it remains both appropriate and cost effective to continue with its four-year rolling hedge policy.

There will be periods where the global nature of the Group's portfolio produces positive foreign exchange impacts on valuation and other times when the reverse is true. Overall, the Management Board believes that with the current hedging program in place, the global nature of the portfolio produces benefits (geographic diversification, no undue reliance on one market, increased counterparty diversification, etc.) which are greater than the potential downsides.

The summary of the quantitative data about the Group's exposure to foreign currency risk provided to the management is as follows:

	31 December 2015				
In thousands of Pounds Sterling	**AUD**	**CAD**	**EUR**	**NOK**	**USD**
Investments at fair value through profit or loss	**103,349**	**129,927**	**17,531**	**27,161**	**19,536**
Trade and other receivables	**-**	**-**	**87**	**-**	**-**
Cash and cash equivalents	**157**	**910**	**1,761**	**6**	**150**
Trade payables	**-**	**(2)**	**(42)**	**-**	**-**
Other payables	**-**	**(18)**	**(2,344)**	**-**	**-**
	103,506	**130,817**	**16,993**	**27,167**	**19,686**

	31 December 2014				
In thousands of Pounds Sterling	**AUD**	**CAD**	**EUR**	**NOK**	**USD**
Investments at fair value through profit or loss	70,593	131,362	18,824	29,288	17,861
Trade and other receivables	-	-	248	-	-
Cash and cash equivalents	12	1,813	2,120	2	202
Trade payables	-	(2)	(42)	-	-
Other payables	-	(6)	(2,334)	(112)	-
	70,605	133,167	18,816	29,178	18,063

The significant exchange rates applied during the year ended 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	
	Average GBP	**Spot rate GBP**
AUD 1	**0.492**	**0.493**
CAD 1	**0.513**	**0.487**
EUR 1	**0.726**	**0.737**
NOK 1	**0.081**	**0.077**
USD 1	**0.654**	**0.676**

	31 December 2014	
	Average GBP	**Spot rate GBP**
AUD 1	0.548	0.525
CAD 1	0.550	0.554
EUR 1	0.806	0.783
NOK 1	0.097	0.086
USD 1	0.607	0.644

The impact of a strengthening or weakening of Pounds Sterling against the AUD, CAD, EUR, NOK and USD by 10% at 31 December 2015 and 2014 on FVPL investments is disclosed in Note 18 to the consolidated financial statements, a scenario that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted revenues, hedging instruments and other related costs.

Interest rate risk

Except for the loans and other receivables from Project Entities which are included as part of FVPL investments, the Group does not account for other fixed-rate financial assets and liabilities at fair value through profit or loss. For the years ended 31 December 2015 and 2014, the main variable interest rate exposure of the Group is on the interest rates applied to the Group's cash and cash equivalents, loans and borrowings and on the deposit rates used in valuing the Project Entities. A change in the deposit rates used in valuing a Project Entity would have an impact in the value of such and a corresponding impact on the Group's FVPL investments and in the consolidated profit or loss during the year (see Note 18).

Investment risk

The valuation of FVPL investments depends on the ability of the Group to realise cash distributions from SPCs. The distributions to be received from the SPCs are dependent on cash received by a particular SPC from the service concession agreements. The service concession agreements are predominantly granted to the SPC by a variety of public sector clients including, but not limited to, central government departments and local, provincial and state government and corporations set up by the public sector.

The Group predominantly makes investments in countries where the Directors consider that project structures are reliable, where (to the extent applicable) public sector counterparties carry what the Directors consider to be an appropriate credit risk, or alternatively where insurance or guarantees are available for the sovereign credit risk, where financial markets are relatively mature and where a reliable judicial system exists to facilitate the enforcement of rights and obligations under the projects.

The management continuously monitors the ability of a particular SPC to make distributions to the Group. During the year, there have been no significant concerns raised in relation to current and future distributions to be received from any of the SPCs.

CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to ensure the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for further stakeholders and to maintain an optimal capital structure. The Company, at a Group level, views the share capital (see Note 13) and the revolving credit facility (see Note 15) as capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, increase the current credit facility, pay down debt or issue new shares. The Company currently has targeted a minimum 6.0 pence dividend per share per annum. However, it is important to note that this is only a target and not a profit forecast. There can be no assurance that this target will be met.

The Group regularly reviews compliance with Luxembourg regulations regarding restrictions on minimum capital. During the year covered by these financial statements, the Group complied with all externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES NOT DESIGNATED AS CASH FLOW HEDGE

The Group has entered into foreign currency forwards to fix the foreign exchange rates on certain distributions that are expected to be received. The derivative financial instruments (asset/liability) in the consolidated statement of financial position represent the fair value of foreign currency forwards which were not designated as hedges. The movements in their fair value are directly charged/credited in the consolidated income statement.

18. FAIR VALUE MEASUREMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31 December 2015				
In thousands of Pounds Sterling	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Assets					
FVPL investments	**504,776**	**-**	**-**	**504,776**	**504,776**
Trade and other receivables	**-**	**391**	**-**	**391**	**391**
Cash and cash equivalents	**23,243**	**-**	**-**	**23,243**	**23,243**
Derivative financial instruments	**1,688**	**-**	**-**	**1,688**	**1,688**
	529,707	**391**	**-**	**530,098**	**530,098**
Liabilities					
Loans and borrowings	**-**	**-**	**44,561**	**44,561**	**45,279**
Trade payables	**-**	**-**	**97**	**97**	**97**
Other payables	**-**	**-**	**2,884**	**2,884**	**2,884**
	-	**-**	**47,542**	**47,542**	**48,260**

	31 December 2014				
In thousands of Pounds Sterling	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Assets					
FVPL investments	454,940	-	-	454,940	454,940
Trade and other receivables	-	577	-	577	577
Cash and cash equivalents	25,264	-	-	25,264	25,264
Derivative financial instruments	1,132	-	-	1,132	1,132
	481,336	577	-	481,913	481,913
Liabilities					
Loans and borrowings	-	-	12,526	12,526	12,671
Trade payables	-	-	107	107	107
Other payables	-	-	2,713	2,713	2,713
	-	-	15,346	15,346	15,491

FVPL investments

The valuation of FVPL investments is carried out on a six-monthly basis as at 30 June and 31 December each year. An independent third-party valuer reviews the portfolio valuation.

During the valuation process, the Group uses certain macroeconomic assumptions for the cash flows as shown below:

MACROECONOMIC ASSUMPTIONS

END OF PERIOD	31 DEC 2016	31 DEC 2017	31 DEC 2018	LONG TERM
United Kingdom				
Indexation (%) [1]	1.75	2.75	2.75	2.75
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%)	20.0	19.0	19.0	18.0
Canada				
Indexation (%) [1,2]	1.00/1.35	2.00/2.35	2.00/2.35	2.00/2.35
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%) [3]	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5
GBP/CAD as at 31 December 2015 [4]	2.053	2.053	2.053	2.053
Australia				
Indexation (%) [1,5]	1.50	2.50	2.50	2.50
Deposit Interest Rate (%) [6]	4.00/5.00	4.00/5.00	4.00/5.00	4.00/5.00
SPC Corporate Tax (%)	30.0	30.0	30.0	30.0
GBP/AUD as at 31 December 2015 [4]	2.028	2.028	2.028	2.028
Germany				
Indexation (%) [1]	1.00	2.00	2.00	2.00
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Corporate Tax (%) [7]	15.8	15.8	15.8	15.8
GBP/EUR as at 31 December 2015 [4]	1.357	1.357	1.357	1.357
Norway				
Indexation (%) [1,8]	1.94	2.94	2.94	2.94
Deposit Interest Rate (%)	1.8	2.5	4.0	4.0
SPC Corporate Tax (%)	27.0	27.0	27.0	27.0
GBP/NOK as at 31 December 2015 [4]	13.042	13.042	13.042	13.042
United States of America				
Indexation (%) [1]	1.50	2.50	2.50	2.50
Deposit Interest Rate (%)	1.0	2.0	3.0	3.0
SPC Federal Tax/Indiana State Tax (%)	35.0/4.1	35.0/3.9	35.0/3.7	35.0/3.2
GBP/USD as at 31 December 2015 [4]	1.480	1.480	1.480	1.480

[1] Due to the current economic environment, the indexation rates used for the 12 months to 31 December 2016 have been reduced compared to those rates reported in the June 2015 interim report.

[2] All Canadian projects have a long-term 2.0% indexation factor with the exception of North East Stoney Trail and Northwest Anthony Henday Drive which have a slightly different indexation factor which is derived from a basket of regional labour, CPI and commodity indices.

[3] Tax rate is 27% in Alberta and Saskatchewan, 26% in British Columbia and 26.5% in Ontario.

[4] As published on www.oanda.com.

[5] Long term Consumer Price Index 2.50%/Long-term Labour Price Index 3.50%.

[6] Cash on Debt Service Reserve Accounts and Maintenance Service Reserve Accounts can be invested on a six-month basis. Other funds are deposited on a shorter term.

[7] Including Solidarity charge, excluding Trade tax which varies between communities.

[8] Indexation of revenue based on basket of four specific indices.

Other key inputs and assumptions include:

- Any deductions or abatements during the operations period are passed down to subcontractors.
- Cash flows to and from the Company's subsidiaries and the portfolio investments are received at the times anticipated.
- Where the operating costs of the Company or portfolio investments are fixed by contract, such contracts are performed, and where such costs are not fixed, they are in line with the budget.
- The contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date.

Discount rate sensitivity

The discount rates used for individual assets range between 7.58% and 10.50%. The value weighted average rate is approximately 7.86% (8.21% at 31 December 2014). This methodology calculates the weighted average based on the value of each project in proportion to the total portfolio value, i.e. based on the net present value of their respective future cash flows. An alternative methodology to calculate the weighted average discount rate would be to calculate the weightings based on the nominal future cash flows for each project. The actual method applied results in a lower average discount rate for the Group than would have been the case under the alternative method. In addition to the reduction in discount rates resulting from construction completion referred to above the decrease in the average discount rate also reflects the continuing trend of an increased competitive pressure on secondary market prices. More investment capital, both in the listed and unlisted infrastructure secondary market, is pursuing PPP/PFI assets; additionally, where auctions are used, these are very competitive. The Group was able to source all acquired assets in the period either from buying co-shareholder stakes or entering into negotiated transactions.

The discount rates used for individual project entities are based on the Company's knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

The following table shows the sensitivity of the net asset value to a change in the discount rate:

	+1% to 8.86%*		**–1% to 6.86%***	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015	**(45,547)**	**(45,547)**	**53,244**	**53,244**
31 December 2014	(42,239)	(42,239)	49,494	49,494

* Based on the average discount rate of 7.86%.

Foreign exchange rate sensitivity

A significant proportion of the Company's underlying investments are denominated in currencies other than Pounds Sterling. The Company maintains its accounts, prepares the valuation and pays distributions in Pounds Sterling. Accordingly, fluctuations in exchange rates between Pounds Sterling and the relevant local currencies will affect the value of the Company's underlying investments.

The following table shows the sensitivity of the FVPL investments due to a change in foreign exchange rates compared to the macroeconomic assumptions above:

	Increase by 10%		**Decrease by 10%**	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015	**(23,144)**	**(23,144)**	**28,286**	**28,286**
31 December 2014	(22,260)	(22,260)	27,207	27,207

Inflation sensitivity

The project cash flows are correlated with inflation (e.g. RPI or CPI). The table below demonstrates the effect of a change in inflation rates compared to the macroeconomic assumptions above:

	+ 1%		– 1%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015	**29,301**	**29,301**	**(25,077)**	**(25,077)**
31 December 2014	31,262	31,262	(29,900)	(29,900)

Deposit rate sensitivity

The project cash flows are correlated with the deposit rates. The table below demonstrates the effect of a change in deposit rates compared to the macroeconomic assumptions above:

	+ 1%		– 1%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015	**11,779**	**11,779**	**(11,790)**	**(11,790)**
31 December 2014	11,157	11,157	(10,838)	(10,838)

Lifecycle costs sensitivity

Of the Group's 38 PPP/PFI projects, 13 project companies retain the lifecycle obligations. For the remaining 25 projects, this obligation is passed down to the subcontractors. The table below demonstrates the impact of a change in lifecycle costs:

	Increase by 10%		Decrease by 10%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2015	**(10,773)**	**(10,773)**	**10,464**	**10,464**
31 December 2014	(11,537)	(11,537)	10,179	10,179

Sensitivity applied to the 13 projects retaining the lifecycle obligation, i.e. the obligation is not passed down to the subcontractor. These projects represent 46% of the total portfolio value as at 31 December 2015.

Derivative financial instruments

The fair value of derivative financial instruments ("foreign exchange forwards") is calculated by discounting the difference between the contractual forward rate and the estimated forward exchange rates at the maturity of the forward contract. The foreign exchange forwards are fair valued periodically by counterparty banks. The fair value of derivative financial instruments as of 31 December 2015 amounted to £1,688,000 (31 December 2014: £1,132,000).

The unrealised gain on the valuation of foreign exchange forwards for the year ended 31 December 2015 amounted to £1,549,000 (31 December 2014: £415,000). For the year ended 31 December 2015 the realised gain from these derivative financial instruments amounted to £993,000 (31 December 2014: £545,000).

Other items

The carrying amounts of cash and cash equivalents, receivables and payables that are payable within one year, or on demand, are assumed to be their respective fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the grouping of assets/(liabilities) recognised at fair value under their respective levels as at 31 December 2015:

In thousands of Pounds Sterling	**Level 1**	**Level 2**	**Level 3**	**Total**
FVPL investment	**-**	**-**	**504,776**	**504,776**
Derivative financial asset/(liability)	**-**	**1,688**	**-**	**1,688**

The following table shows the grouping of assets/(liabilities) recognised at fair value in different levels as at 31 December 2014:

In thousands of Pounds Sterling	**Level 1**	**Level 2**	**Level 3**	**Total**
FVPL investment	-	-	454,940	454,940
Derivative financial asset/(liability)	-	1,132	-	1,132

The following table shows a reconciliation of the movements in the fair value measurements in level 3 of the fair value hierarchy:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Balance at 1 January	**454,940**	324,051
Acquisitions of/additional investment in FVPL investments	**41,610**	117,560
Income from FVPL investments	**42,014**	46,400
Distributions received from FVPL investments	**(33,788)**	(32,983)
Reclassification to other receivables/payables	**-**	(88)
	504,776	454,940

The impact of unrealised foreign exchange gains or losses on the income from FVPL investments for the year ended 31 December 2015, amounted to £24.1 million loss (year ended 31 December 2014: £8.7 million loss).

19. SUBSIDIARIES

During the year ended 31 December 2015, the Company had the following consolidated subsidiaries ("Holding Companies" if referred to individually) which are included in the consolidated financial statements:

	Country of Incorporation	Effective Ownership Interest	Year Acquired/ Established
BBGI SICAV S.A.	Luxembourg	Ultimate Parent	2011
BBGI Management Holdco S.à r. l. ("MHC")	Luxembourg	100.0%	2011
BBGI Inv S.à r. l.	Luxembourg	100.0%	2012
BBGI Investments S.C.A.	Luxembourg	100.0%	2012
BBGI Holding Limited	UK	100.0%	2012
BBGI (NI) Limited	UK	100.0%	2013
BBGI (NI) 2 Limited	UK	100.0%	2015
BBGI CanHoldco Inc.	Canada	100.0%	2013
BBGI Guernsey Holding Limited	Guernsey	100.0%	2013

The Company's subsidiaries which are not consolidated, by virtue of the Company being an Investment Entity, are as follows:

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest	Date Acquired/ controlled
RW Health Partnership Holdings Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
RWH Health Partnership Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
RWH Finance Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
Victoria Correctional Infrastructure Partnership Pty Ltd.	Victoria Prisons	Australia	100.0%	2012
BBPI Sentinel Holdings Pty Ltd.	Northern Territory Secure Facilities	Australia	100.0%	2014
BBPI Sentinel Holding Trust	Northern Territory Secure Facilities	Australia	100.0%	2014
BBPI Sentinel Pty Ltd.	Northern Territory Secure Facilities	Australia	100.0%	2014
BBGI Sentinel Holdings 2 Pty Ltd	Northern Territory Secure Facilities	Australia	100.0%	2015
BBGI Sentinel Holding Trust 2	Northern Territory Secure Facilities	Australia	100.0%	2015
BBGI Sentinel 2 Pty Ltd	Northern Territory Secure Facilities	Australia	100.0%	2015

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest	Date Acquired/ controlled
BBGI Sentinel Trust 2	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel Partnership Pty Ltd	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel UJV	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel Financing Holdings Pty Ltd	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel Financing Pty Ltd	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel Finance Holding Trust	Northern Territory Secure Facilities	Australia	100.0%	2015
Sentinel Finance Trust	Northern Territory Secure Facilities	Australia	100.0%	2015
BBPI Member Trust	Northern Territory Secure Facilities	Australia	100.0%	2014
Golden Crossing Holdings Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing Finance Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing Investments Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Global Infrastructure Limited Partnership	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing General Partnership	Golden Ears Bridge	Canada	100.0%	2012 and 2013
BBGI KVH Holdings Inc.	Kelowna and Vernon Hospitals	Canada	100.0%	2013
BBGI KVH Inc.	Kelowna and Vernon Hospitals	Canada	100.0%	2013
WCP Holdings Inc.	Women's College Hospital	Canada	100.0%	2013
WCP Inc.	Women's College Hospital	Canada	100.0%	2013
WCP Investments Inc.	Women's College Hospital	Canada	100.0%	2013
Women's College Partnership	Women's College Hospital	Canada	100.0%	2013
Stoney Trail Group Holdings Inc.	North East Stoney Trail	Canada	100.0%	2013
Stoney Trail LP Inc.	North East Stoney Trail	Canada	100.0%	2013
Stoney Trail Investments Inc.	North East Stoney Trail	Canada	100.0%	2013
Stoney Trail Inc.	North East Stoney Trail	Canada	100.0%	2013

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest	Date Acquired/ controlled
Stoney Trail Global Limited Partnership	North East Stoney Trail	Canada	100.0%	2013
Stoney Trail General Partnership	North East Stoney Trail	Canada	100.0%	2013
BBGI NCP Holdings Inc.	North Commuter Parkway	Canada	100.0%	2015
PJB Beteiligungs – GmbH	Burg Prison	Germany	100.0%	2012
Projektgesellschaft Justizvollzug Burg GmbH & Co. KG	Burg Prison	Germany	90.0%	2012
PJB Management GmbH	Burg Prison	Germany	100.0%	2012
Adger OPS Vegselskap AS	E18	Norway	100.0%	2013 and 2014
Bedford Education Partnership Holdings Limited	Bedford Schools	UK	100.0%	2012
Bedford Education Partnership Limited	Bedford Schools	UK	100.0%	2012
Lisburn Education Partnership (Holdings) Limited	Lisburn College	UK	100.0%	2012
Lisburn Education Partnership Limited	Lisburn College	UK	100.0%	2012
Clackmannanshire Schools Education Partnership (Holdings) Limited	Clackmannanshire Schools	UK	100.0%	2012
Clackmannanshire Schools Education Partnership Limited	Clackmannanshire Schools	UK	100.0%	2012
Primaria (Barking & Havering) Limited	Barking Dagenham and Havering (LIFT)	UK	100.0%	2012
Barking Dagenham Havering Community Ventures Limited	Barking Dagenham and Havering (LIFT)	UK	60.0%	2012
Barking & Havering LIFT (Midco) Limited	Barking Dagenham and Havering (LIFT)	UK	60.0%	2012
Barking & Havering LIFT Company (No. 1) Limited	Barking Dagenham and Havering (LIFT)	UK	60.0%	2012
East Down Education Partnership (Holdings) Limited	East Down Colleges	UK	66.7%	2012
East Down Education Partnership Limited	East Down Colleges	UK	66.7%	2012
Scottish Borders Education Partnership (Holdings) Limited	Scottish Borders Schools	UK	100.0%	2012
Scottish Borders Education Partnership Limited	Scottish Borders Schools	UK	100.0%	2012
Coventry Education Partnership Holdings Limited	Coventry Schools	UK	100.0%	2012
Coventry Education Partnership Limited	Coventry Schools	UK	100.0%	2012

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest	Date Acquired/ controlled
Fire Support (SSFR) Holdings Limited	Staffordshire Fire Stations	UK	85.0%	2012
Fire Support (SSFR) Limited	Staffordshire Fire Stations	UK	85.0%	2012
Highway Management M80 Topco Limited	M80	UK	100.0%	2012
Tor Bank School Education Partnership (Holdings) Limited	Tor Bank	UK	100.0%	2013
Tor Bank School Education Partnership Limited	Tor Bank	UK	100.0%	2013
Mersey Care Development Company 1 Limited	Mersey Care	UK	76.2%	2013 and 2014
MG Bridge Investments Limited	Mersey Gateway	UK	100.0%	2014
Lagan College Education Partnership (Holdings) Limited	Lagan College	UK	100.0%	2014
Lagan College Education Partnership Limited	Lagan College	UK	100.0%	2014
Highway Management (City) Holding Limited	M1 Westlink	UK	100.0%	2014
Highway Management (City) Finance Plc	M1 Westlink	UK	100.0%	2014
Highway Management (City) Limited	M1 Westlink	UK	100.0%	2014
Blue Light Partnership (ASP) NewCo 2 Limited	Avon and Somerset Police Headquarters	UK	100.0%	2015
GT ASP Limited	Avon and Somerset Police Headquarters	UK	100.0%	2015
Blue Light Partnership (ASP) Holdings Limited	Avon and Somerset Police Headquarters	UK	64.9%	2015
Blue Light Partnership (ASP) Limited	Avon and Somerset Police Headquarters	UK	64.9%	2015
Northwin Limited	North West Regional College	UK	100.0%	2015
BBGI East End Holdings Inc.	Ohio River Bridges	USA	100.0%	2014

20. RELATED PARTIES AND KEY CONTRACTS

All transactions with related parties were undertaken on an arm's length basis.

Supervisory Board fees

The members of the Supervisory Board of the Company were entitled to a total of £140,000 in fees for the year ended 31 December 2015 (31 December 2014: £140,000). There are no outstanding amounts due as at 31 December 2015.

Directors' shareholding in the Company

In thousands of shares	31 December 2015	31 December 2014
David Richardson	**160**	155
Colin Maltby	**107**	102
Frank Schramm	**185**	176
Duncan Ball	**185**	176
Michael Denny	**38**	36
	675	645

Remuneration of the Management board

Under the current remuneration program, all staff of BBGI Management HoldCo are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Management Board. The Management Board members are entitled to a fixed remuneration under their contracts and are also entitled to participate in a short-term incentive plan/annual bonus and a long-term incentive plan. Compensation under their service/management contracts is reviewed annually by the Supervisory Board.

The total short-term and other long-term benefits recorded in the consolidated income statement for key management personnel are as follows:

In thousands of Pounds Sterling	31 December 2015	31 December 2014
Short-term benefits	**1,347**	1,347
Share-based payment	**98**	-
Other long-term benefits	**212**	522
	1,657	1,869

Share-based compensation

On 28 August 2015 (the "Award Date") each of the members of the Management Board received an award letter under the Group's long-term incentive plan. The awards are to be settled by BBGI Management Holdco S.à r.l. in the Company's own shares. Of the award granted, 50% vests by reference to a performance measure based on the Company's Total Shareholder Return ("TSR condition") over the Return Period (December 2014 to December 2017), and the remaining vests by reference to a performance measure based on the increase in the Company's Investment Basis Net Asset Value per share over the 36 months ending 31 December 2017, immediately following the Return Period ("NAV condition").

The maximum number of shares which will vest in case of full achievement of the performance condition is 725,498.

The fair value of the equity instruments awarded to employees was determined using a Monte Carlo model, the key parameters of which are listed in the following table:

	31 December 2015
Share price at grant date	**£ 1.2138**
Maturity	**2.34 years**
Target dividends (2015 to 2017)	**£ 0.06**
Volatility	**10%**
Risk free rate	**0.64**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the plan is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the share-based payment as of grant date amounted to £294,000. The amount recognised as an expense in relation to the share-based payment during the year ended 31 December 2015 amounted to £98,000, with the same amount recognised as paid in capital in the Group's consolidated balance sheet.

Receivable component of FVPL Investments

As at 31 December 2015, the loan receivable and interest receivable component of FVPL investments, which is included in the FVPL investments, amounted to £171,994,000 (31 December 2014: £179,975,000). The fixed interest charged on the receivables ranges from 3.95% to 13.5% per annum. The receivables have expected repayment dates ranging from 2017 to 2045.

Trade and other receivables

As at 31 December 2015, trade and other receivables include a short-term receivable from a project amounting to £304,000 (31 December 2014: £329,000). The remaining amount pertains to third-party receivables.

21. COMMITMENTS AND CONTINGENCIES

The Group has engaged in the ordinary course of business, the services of certain entities to provide legal, custodian, audit, tax and other services to the Company. The expenses incurred in relation to such are treated as legal and professional fees (see Note 5).

MHC leases its current office under a cancellable operating lease agreement. The expenses incurred in relation to such are treated as administration expenses (see Note 5).

22. SUBSEQUENT EVENTS

In March 2016 the Company completed the previously announced acquisition of 100% of the equity and subordinated debt interests in the Belfast Metropolitan College in Northern Ireland, UK.

23. SERVICE CONCESSION AGREEMENTS

As at 31 December 2015, the Group has a portfolio of 38 projects (see also Note 10), with a weighted average concession length of 23.7 years. The weighted average debt maturity is 19.2 years. The Group has a diverse asset mix from which the service concession receivables are derived and which is composed entirely of lower risk availability-based projects.

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project typically include poor performance, in the event of *force majeure* and voluntary termination rights of the concession provider. The operator's rights to terminate the project include failure of the provider to make payments under the agreement, a material breach of contract, and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

The following table summarises the main information about the Group's outstanding service concession agreements:

Sector	Project Name	% Equity Owned on Project	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase)		Investment Volume
					Start Date	End Date	
Availability Roads	Kicking Horse Canyon	50%	Design, build, finance and operate a 26 km stretch of the Trans-Canada Highway, a vital gateway to British Columbia.	Operational	September 2007	October 2030	CAD 148 million
	Golden Ears Bridge	100%	Design, build, finance and operate the Golden Ears Bridge that spans the Fraser River and connects Maple Ridge and Pitt Meadows to Langley and Surrey, near Vancouver, British Columbia.	Operational	June 2009	June 2041	CAD 1,117 million
	Northwest Anthony Henday Drive	50%	Partly design, build, finance and operate a major transport infrastructure project in Canada, a ring road through Edmonton, capital of the province of Alberta.	Operational	November 2011	October 2041	CAD 1,170 million
	M80	50%	Design, build, finance and operate 18 km of dual two/three lane motorway with associated slip roads and infrastructure from Stepps in North Lanarkshire to Haggs in Falkirk (Scotland).	Operational	July 2011	September 2041	£310 million
	E18 Motorway	100%	Design, build, finance, operate and maintain a 38 km dual carriageway in Norway, including 61 bridges and structures and 75 km of secondary roads, carving through a rugged and beautiful landscape between Grimstad and Kristiansand.	Operational	August 2009	August 2034	NOK 3,604 million
	North East Stoney Trail	100%	Operate and maintain a 21 km section of highway, forming part of a larger ring road developed in Calgary, Alberta, Canada.	Operational	November 2009	October 2039	CAD 424 million
	Ohio River Bridges	33.33%	Availability-fee DBFO East End Bridge Project entails a cable-stay bridge, a tunnel and the connecting highway with a total length of 8 miles crossing the Ohio river in the greater Louisville-Southern Indiana region.	In construction	December 2016	September 2051	USD 1,175 million
	Mersey Gateway Bridge	37.5%	Construction of a new circa 1 km long six-lane toll cable-stay bridge (three towers) over the Mersey river to relieve the congested and ageing Silver Jubilee Bridge and upgrading works for 9.5 km of existing roads and associated structures.	In construction	October 2017	March 2044	£650 million
	M1 Westlink	100%	DBFO project with significant amount of construction work completed in 2009 to upgrade key sections of approx. 60 km of motorway through Belfast and its vicinity, incl. O&M of the complete motorway.	Operational	February 2006	February 2036	£161 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

Sector	Project Name	% Equity Owned on Project	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	End Date	Investment Volume
Availability Roads (continued)	North Commuter Parkway	50%	Design, construct, finance, operate and maintain two new arterial roadways and a new river crossing located in the north area of Saskatoon, Saskatchewan, Canada, and design, construct, finance, operate and maintain a replacement river crossing located in Saskatoon's downtown core.	In construction	In construction	October 2018	CAD 311 million
Justice	Victoria Prisons	100%	Design, build, finance and operate, for a period of 25 years, two new correctional facilities for the State of Victoria, Australia (MCC and MRC).	Operational	March 2006 (MRC)/ February 2006 (MCC)	May 2031	AUD 244.5 million
	Burg Prison	90%	Design, build, finance and operate, for a concession period of 25 years, a new prison for the state of Saxony-Anhalt, Germany.	Operational	May 2009	April 2034	EUR 100 million
	Northern Territory Secure Facilities	100%	New correctional facility, located near Darwin, including three separate centres of the 1,048 bed multi-classification men's and women's correctional centre and 24- bed Complex Behaviour Unit.	Operational	November 2014	October 2034	AUD 620 million
Education	Bedford Schools	100%	Design, build, finance and operate the redevelopment of two secondary schools in the County of Bedfordshire.	Operational	June 2006	December 2035	£29 million
	Coventry Schools	100%	Design, build, finance and operate one new school and community facilities for the Coventry City Council.	Operational	In stages from March 2006 to June 2009	December 2034	£27 million
	Kent Schools	50%	Design, build, finance and operate the redevelopment which included the construction of new build elements for each school as well as extensive reconfiguration and refurbishment of six schools.	Operational	June 2007	September 2035	£106 million
	Scottish Borders Schools	100%	Design, build, finance and operate three new secondary schools for the Scottish Borders Council.	Operational	July 2009	November 2038	£92 million
	Clackmannanshire Schools	100%	Design, build, finance and operate the redevelopment of three secondary schools in Clackmannanshire, Scotland.	Operational	In stages from January to May 2009	March 2039	£77 million
	East Down College	66.67%	Design, build, finance and operate East Down Colleges in Northern Ireland.	Operational	June 2009	May 2036	£73.8 million (with Lisburn College)
	Lisburn College	100%	Design, build, finance and operate Lisburn College in Northern Ireland.	Operational	April 2010	May 2036	£73.8 million (with East Down College)
	Tor Bank School	100%	Develop, fund, build, operate and manage a new school for pupils with special education needs in Northern Ireland.	Operational	October 2012	October 2037	£13 million
	Lagan College	100%	Construction and redevelopment of one school entity in Northern Ireland	Operational	October 2013	September 2038	£33 million
	Cologne Schools	50%	Construction and redevelopment of five schools in Cologne.	Operational	April 2005	December 2029	EUR 32 million

Sector	Project Name	% Equity Owned on Project	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	Period of Concession (Operational Phase) End Date	Investment Volume
Education (continued)	Cologne-Rodenkirchen School	50%	Construction of one school for approx. 1200 pupils in Cologne.	Operational	November 2007	November 2034	EUR 40 million
	Frankfurt Schools	50%	Construction and redevelopment of four schools in Frankfurt.	Operational	August 2007	July 2029	EUR 89 million
	North West Regional College	100%	Design, build, finance and maintain/operate a schools project in Derry in Northern Ireland including some new built and some existing buildings. The project has been operational since 2001.	Operational	February 2001	January 2026	£9 million
Health	Gloucester Hospital	50%	Design, build, finance and operate a hospital scheme in Gloucester, England.	Operational	April 2005	February 2034	£38 million
	Liverpool and Sefton Clinics	53.33%	Design, build, finance, operate and manage primary healthcare facilities in Liverpool and Sefton.	Operational	In 7 tranches starting April 2005 and ending February 2013	In 7 tranches starting November 2037 and ending February 2043	£91.5 million
	North London Estates Partnership	53.33%	Design, build, finance and operate primary healthcare facilities of the Barnet, Enfield and Haringey LIFT programme.	Operational	In 4 tranches starting February 2006 and ending June 2013	In 4 tranches starting January 2031 and ending June 2043	£86 million
	Barking Dagenham and Havering Clinics	60%	Design, build, finance and operate 10 facilities/clinics in East London with project construction completions between 2005 and 2009.	Operational	In 3 tranches starting October 2005 and ending October 2008	In 3 tranches starting September 2030 and ending September 2033	£88 million
	Royal Women's Hospital	100%	Design, build, finance and operate a new nine-storey Royal Women's Hospital in Melbourne.	Operational	June 2008	June 2033	AUD 316 million
	Mersey Care Hospitals (part of Liverpool Sefton Clinics above)	76.2%	Design, build, finance and operate a new mental health in-patient facility on the former Walton hospital site in Liverpool, UK.	Operational	December 2014	December 2044	£24 million
	Kelowna and Vernon Hospitals	50%	Operate and maintain a new Patient Care Tower, a new University of British Columbia Okanagan Clinical Academic Campus and car park at Kelowna General Hospital, and a new Patient Care Tower at Vernon Jubilee Hospital.	Operational	January 2012	August 2042	CAD 432.9 million
	Women's College Hospital	100%	Design, build, finance and operate the new Women's College Hospital in Toronto, Ontario, Canada.	Phase 1 and Phase 2 are operational. Final tie-in between phases is expected to occur in H1 2016.	May 2013 (Phase 1), September 2015 (Phase 2), March 2016 (final tie-in expected).	May 2043	CAD 345 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

Sector	Project Name	% Equity Owned on Project	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase)		Investment Volume
					Start Date	End Date	
Others	Staffordshire Fire Stations	85%	Design, build, finance and operate 10 new community fire stations in Stoke-on-Trent and Staffordshire, UK.	Operational	November 2011	October 2036	£47 million
	Unna Administrative Centre	44.1%	Design, build, finance and operate the administration building of the Unna District in Rhine-Westphalia, Germany.	Operational	July 2006	July 2031	EUR 24 million
	Fürst Wrede Military Base	50%	Refurbishment and new construction of a 32 hectare army barracks in Munich.	Operational	March 2008	March 2028	EUR 48 million
	Avon and Somerset Police Headquarters	64.93%	Design, build, finance and maintain four new build police and custody facilities in the Avon and Somerset region (UK).	Operational	July 2014/ July 2015	March 2039	£83 million

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The following pages show the Company's standalone financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

In thousands of Pounds Sterling	Note	Year ended 31 December 2015	Year ended 31 December 2014
Administration expenses	4	**(4,424)**	(4,558)
Other operating expenses	5	**(310)**	(531)
Other operating income		**5**	126
Results from operating activities		**(4,729)**	(4,963)
Finance income	6	**23,151**	25,959
Finance costs	11	**(1,852)**	(972)
Net finance income		**21,299**	24,987
Profit before tax		**16,570**	20,024
Tax expense	7	**(236)**	(227)
Profit from continuing operations		**16,334**	19,797
Attributable to :			
Owners of the Company		**16,334**	19,797
Earnings per share			
Basic earnings per share	10	**3.80**	4.65
Diluted earnings per share	10	**3.80**	4.65

The accompanying notes form an integral part of the Company's financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

In thousands of Pounds Sterling	Note	31 December 2015	31 December 2014
Assets			
Loans receivable from subsidiary	13	**456,237**	404,710
Investment in subsidiary	14	**2,000**	2,000
Non-current assets		**458,237**	406,710
Loan receivable from subsidiary	13	**-**	12,659
Receivables from subsidiary	13	**-**	158
Other current assets		**51**	59
Cash and cash equivalents	8	**13,854**	20,412
Current assets		**13,905**	33,288
Total assets		**472,142**	439,998
Equity			
Share capital	9	**440,259**	434,818
Retained earnings		**(26,649)**	(17,869)
Equity attributable to owners of the Company		**413,610**	416,949
Total equity		**413,610**	416,949
Liabilities			
Loans and borrowings	11	**44,504**	-
Non-current liabilities		**44,504**	-
Loans and borrowings	11	**57**	12,526
Trade payables	13	**13,280**	9,819
Other payables		**630**	647
Current tax liabilities	7	**61**	57
Current liabilities		**14,028**	23,049
Total liabilities		**58,532**	23,049
Total equity and liabilities		**472,142**	439,998
Net asset value	9	**413,610**	416,949
Net asset value per ordinary share (pence)	9	**96.10**	97.89

The accompanying notes form an integral part of the Company's financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

In thousands of Pounds Sterling	Note	Share capital	Retained earnings	Total equity
Balance at 1 January 2014		434,322	(13,697)	420,625
Total comprehensive income for the year				
Profit for the year		-	19,797	19,797
Transactions with owners of the Company, recognised directly in equity				
Cash dividends	9	-	(23,567)	(23,567)
Scrip dividends	9	402	(402)	-
Share issuance expense credit	9	94	-	94
Balance at 31 December 2014		434,818	(17,869)	416,949
Total comprehensive income for the year				
Profit for the year		-	16,334	16,334
Transactions with owners of the Company, recognised directly in equity				
Cash dividends	9	-	(19,673)	(19,673)
Scrip dividends	9	5,441	(5,441)	-
Balance at 31 December 2015		440,259	(26,649)	413,610

The accompanying notes form an integral part of the Company's financial statements.

COMPANY STATEMENT OF CASH FLOWS

In thousands of Pounds Sterling	**Note**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Cash flows from operating activities			
Profit for the year		**16,334**	19,797
Adjustments for:			
- Net finance cost (income)	6,11	**(21,299)**	(24,987)
- Foreign exchange loss (gain)		**40**	(126)
- Tax expense	7	**236**	227
		(4,689)	(5,089)
Changes in:			
- Receivables from affiliated companies		**-**	969
- Other current assets		**8**	(14)
- Trade payables		**3,461**	3,396
- Other payables		**(16)**	(707)
Cash generated from operating activities		**(1,236)**	(1,445)
Interest paid		**(1,202)**	(690)
Taxes paid		**(232)**	(226)
Net cash flows from operating activities		**(2,670)**	(2,361)
Cash flows from investing activities			
Interest received		**23,151**	25,796
Loans provided to subsidiary		**(41,598)**	(119,277)
Loan repayment from subsidiary		**2,887**	1,728
Net cash flows from investing activities		**(15,560)**	(91,753)
Cash flows from financing activities			
Proceeds from loans and borrowings	11	**32,563**	12,659
Payments of loans and borrowings	11	**(1,178)**	-
Dividends paid	9	**(19,673)**	(23,567)
Net cash flows from financing activities		**11,712**	(10,908)
Net increase (decrease) in cash and cash equivalents		**(6,518)**	(105,022)
Impact of foreign exchange gain (loss) on cash and cash equivalents		**(40)**	126
Cash and cash equivalents at 1 January	8	**20,412**	125,308
Cash and cash equivalents at 31 December	8	**13,854**	20,412

The accompanying notes form an integral part of the Company's financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. REPORTING ENTITY

BBGI SICAV S.A. ("BBGI", or the "Company") is an investment company incorporated in Luxembourg in the form of a public limited company (*société anonyme*) with variable share capital (*société d'investissement à capital variable*, or "SICAV") and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under Part II of Luxembourg law of 17 December 2010 on undertakings for collective investments with an indefinite life. The Company qualifies as an alternative investment fund within the meaning of Article 1 (39) of the law of 12 July 2013 on alternative investment fund managers ("2013 Law") implementing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 and is authorised as an internal alternative investment fund manager in accordance with Chapter 2 of the 2013 Law. The Company's registered office is EBBC, 6E, route de Trèves, L-2633 Senningerberg, Luxembourg. The Company was admitted to the official list of the UK Listing Authority (premium listing, closed-ended investment fund) and to trading on the main market of the London Stock Exchange on 21 December 2011.

The Company is a closed-ended investment company that principally invests in a diversified portfolio of operational Public Private Partnership (PPP)/Private Finance Initiative (PFI) infrastructure assets or similar assets. The Company has limited investments in projects that are under construction.

The Company had no employees as of 31 December 2015 and 2014, respectively.

Reporting period

The Company's reporting period runs from 1 January to 31 December each year. The Company's statement of financial position, income statement, statement of comprehensive income and statement of cash flows include comparative figures as at 31 December 2014.

The amounts presented as "non-current" in the Company statement of financial position are those expected to be settled after more than one year. The amounts presented as "current" are those expected to be settled within one year.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the provisions of the Standard of Recommended Practices issued by the Association of Investment Companies (AIC SORP). These financial statements were approved by the Board on 23 March 2016.

Changes in accounting policy

The accounting policies, measurement and valuation principles applied by the Company in these financial statements are the same as those applied by the Company in its annual financial statements as of and for the year ended 31 December 2014.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are valued at fair value, if applicable.

Functional and presentation currency

These financial statements are presented in Pounds Sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise stated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, which are described in Note 3, the management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Impairment testing for investments

Investment in subsidiary and loans receivable from subsidiary are measured at cost less accumulated impairment losses. Impairment is tested at least annually by comparing the cost of the loans and investments with the net present value of cash flows in relation to the investee (and its subsidiaries), based on internally generated models. The net present value of such assets are determined using future cash flows, using certain macroeconomic assumptions for the cash flows which include indexation rates, deposit interest rates, corporate tax rates and foreign currency exchange, related to the specific projects. The cash flows are discounted at the applicable discount rate for companies involved in service concession projects. A material change in the macroeconomic assumptions and discount rates used for such valuation could have a significant impact on the net present value of the cash flows. As of 31 December 2015, the Company believes that there is no impairment to be recorded on its investment in subsidiary and the loans and receivables from subsidiary.

Going concern basis of accounting

The Management Board has examined significant areas of possible financial risk including cash and cash requirements. They have not identified any material uncertainties which would cast significant doubt on the Company's ability to continue as a going concern for a period of not less than 12 months from the date of approval of the Company's financial statements. The Management Board has satisfied itself that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis in preparing the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated into Pounds Sterling at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Pounds Sterling at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Pounds Sterling at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss as a gain or loss on currency translation.

FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

In general, the Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate financial asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets.

At balance sheet date, except for the investment in subsidiary accounted at cost, all non-derivative financial assets of the Company have been classified as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognised initially at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company derecognises a financial liability (or part of a financial liability) from the statement of financial position when, and only when, it is extinguished or when the obligation specified in the contract or agreement is discharged or cancelled or expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is considered in profit or loss.

Derivative financial instruments, including hedge accounting

The Company may hold derivative financial instruments to hedge its foreign currency, interest rate and other risk exposures.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

IMPAIRMENT

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s), and that loss event(s) had an impact on the estimated future cash flows of the asset(s) that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to a liability. The unwinding of the discount is recognised as finance cost.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are held at cost less any impairment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Company in the management of its short-term commitments.

SHARE CAPITAL

Ordinary shares are classified as equity. Given that the Company has no contractual obligation to deliver cash or any other financial asset or to exchange financial assets or liabilities with another entity under conditions that are unfavourable, the Company classifies the issued shares to be equity rather than liability. Moreover, no shareholder has the right to request the redemption of issued shares.

Costs directly attributable to the issue of ordinary shares, or which are associated with the establishment of the Company, that would otherwise have been avoided are recognised as a deduction from equity, net of any tax effects.

FINANCE INCOME AND FINANCE COSTS

Interest income and expenses are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable and interest paid or payable are recognised in profit or loss as finance income and finance costs, respectively.

OPERATING EXPENSES

All operating expenses are recognised in profit and loss on an accruals basis.

TAX

According to the Luxembourg regulations regarding SICAV companies, the Company itself is exempt from paying income and/or capital gains taxes in Luxembourg. It is, however, liable to annual subscription tax of 0.05% of its total net assets on an investment basis (Investment Basis NAV), payable quarterly and assessed on the last day of each quarter.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the beginning of the period of these financial statements. Management has set out below only those which may have an impact on the financial statements in future periods.

- In November 2009, the IASB issued IFRS 9 (Financial Instruments), containing rules for the classification and measurement of financial assets. In October 2010, it issued new requirements for the classification and measurement of financial liabilities, incorporating them into IFRS 9. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. In the case of equity investments that are not held for trading, an entity may irrevocably opt at initial recognition to recognise future changes in their fair value outside profit or loss in the statement of comprehensive income. In November 2013, the IASB issued further amendments under the title "Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39". The focus of the amendments is on a thorough revision of hedge accounting rules with the aim of more appropriately reflecting risk management activities in the financial statements. This involves additional disclosures in the notes. In July 2014, the IASB published the new rules for the disclosure of financial instrument impairments. This new impairment model is based on the principle of accounting for expected losses. It also introduces a third measurement category "fair value through other comprehensive income" for certain debt instruments. IFRS 9 is to be applied for annual periods beginning on or after 1 January 2018. The standard has not yet been endorsed by the European Union. The entity is currently evaluating the impact the standard will have on the presentation of the Company's financial position and results of operations.

- In September 2014, the IASB published the seventh set of "Annual Improvements to IFRSs". The amendments address details of the recognition, measurement and disclosure of business transactions and serve to standardise terminology. They consist mainly of editorial changes to existing standards. They are applicable for annual periods beginning on or after 1 July 2016. The changes are not expected to have a material impact on the presentation of the entity's financial position or results of operations.

- In December 2014, the IASB published amendments to IAS 1 (Presentation of Financial Statements) under its Disclosure Initiative. The amendments are intended to clarify the disclosure requirements and relate to materiality, line-item aggregation, subtotals, the structure of the notes to the financial statements, the identification of significant accounting policies and the separate disclosure of the other comprehensive income of associates and joint ventures. The amendments are to be applied for annual periods beginning on or after 1 January 2016. The changes are not expected to have a material impact on the presentation of the Company's financial position or results of operations.

- In January 2016, the IASB published amendments to IAS 7 (Statement of Cash Flows) under its Disclosure Initiative. The following changes in liabilities arising from financing activities must be disclosed in the future: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendments are to be applied for annual periods beginning on or after 1 January 2017. They have not yet been endorsed by the European Union. The Company is currently evaluating the impact the changes will have on the presentation of its financial position and results of operations.

4. ADMINISTRATION EXPENSES

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Support agreement fees (see Note 13)	**3,452**	3,553
Legal and professional fees	**466**	473
Other administration expenses	**506**	532
	4,424	4,558

The legal and professional fees include audit, audit related and non-audit related fees charged by the Company's external auditor as follows:

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Audit fees	**149**	152
Audit related fees	**-**	-
Non-audit related fees	**-**	-
	149	152

5. OTHER OPERATING EXPENSES

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Acquisition related costs	**130**	267
Foreign currency translation loss	**40**	-
Others	**140**	264
	310	531

6. FINANCE INCOME

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Finance income from profit participating loans (see Note 13)	**21,700**	25,148
Finance income from projects	**570**	450
Finance income from shareholder loan (see Note 13)	**870**	163
Interest income from deposits	**11**	198
	23,151	25,959

7. TAXES

The composition of the current tax payables are as follows:

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Current tax expense		
Subscription tax	**61**	57
	61	57

A reconciliation of the tax expense and the tax at applicable tax rate are as follows:

In thousands of Pounds Sterling	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit before tax	**16,334**	20,024
Tax using the Company's domestic tax rate	**-**	-
Subscription tax expense	**236**	227
Tax charge for the year	**236**	227

The Company pays an annual subscription tax of 0.05% of its total net assets. For the year ended 31 December 2015 BBGI SICAV S.A. incurred a subscription tax expense of £236,000 (31 December 2014: £227,000). All direct and indirect subsidiaries of the Company are subject to taxation at the applicable rate in their respective jurisdictions.

8. CASH AND CASH EQUIVALENTS

In thousands of Pounds Sterling	**31 December 2015**	**31 December 2014**
Bank balances/deposits	**13,854**	20,412
	13,854	20,412

9. CAPITAL AND RESERVES

Share capital

The changes in the Company's share capital are as follows:

In thousands of Pounds Sterling	31 December 2015	31 December 2014
Share capital as of 1 January	**434,818**	434,322
Share issuance expense credit	**-**	94
Share capital issued through scrip dividend	**5,441**	402
	440,259	434,818

The changes in the number of ordinary (no par value) shares issued by the Company are as follows:

	Ordinary shares	
In thousands of shares	31 December 2015	31 December 2014
On issue at beginning of the year	**425,917**	425,574
Shares issued through scrip dividends	**4,476**	343
	430,393	425,917

All shares issued are fully paid. All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Dividends

The following interim and final dividends were declared and paid by the Company during the year ended 31 December 2015:

In thousands of Pounds Sterling except as otherwise stated	31 December 2015
Final dividend of 2.88 pence per qualifying ordinary share – for the year ended 31 December 2014	**12,266**
Interim dividend of 3.00 pence per qualifying ordinary share – for the period ended 30 June 2015	**12,848**
	25,114

The 31 December 2014 final dividend was paid in July 2015. The value of the scrip election was £2,790,000, with the remaining amount of £9,476,000 paid in cash to those investors that did not elect for the scrip.

The 30 June 2015 interim dividend was paid in October 2015. The value of the scrip election was £2,651,000 with the remaining amount of £10,197,000 paid in cash to those investors that did not elect for the scrip.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2015

The following dividends were declared and paid by the Company during the year ended 31 December 2014:

In thousands of Pounds Sterling except as otherwise stated	**31 December 2014**
Final dividend of 2.75 pence per qualifying ordinary share – for year ended 31 December 2013*	11,703
Interim dividend of 2.88 pence per qualifying ordinary share – for the period ended 30 June 2014	12,266
	23,969

*The final dividend for the year ended 31 December 2013, which was declared and paid during the year, is composed of a cash dividend of £11,301,000 and a scrip dividend of £402,000.

Net asset value

The Company net asset value and net asset value per share as of 31 December 2015, 2014 and 2013 are as follows:

In thousands of Pounds Sterling/pence	**Year ended 31 December 2015**	**Year ended 31 December 2014**	**Year ended 31 December 2013**
Net asset value attributable to the owners of the Company	**413,610**	416,949	420,625
Net asset value per ordinary share (pence)	**96.10**	97.89	98.84

10. EARNINGS PER SHARE

The basic and diluted earnings per share at 31 December 2015 are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

In thousands of Pounds Sterling/shares	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit attributable to ordinary shareholders	**16,334**	19,797
Weighted average number of ordinary shares in issue	**430,393**	425,917
Basic and diluted earnings per share (in pence)	**3.80**	4.65

The weighted average number of shares outstanding for the purpose of computation of earnings per share is computed as follows:

In thousands of shares	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Shares outstanding as at 1 January	**425,917**	425,574
Effect of scrip dividends issued	**4,476**	343
Weighted average – outstanding shares	**430,393**	425,917

The denominator for the purposes of calculating both basic and diluted earnings per share is the same because the Company has not issued any share options or other instruments that would cause dilution.

11. LOANS AND BORROWINGS

In January 2015, the Company secured a new three-year revolving credit facility of £80 million from ING Bank and KfW IPEX-Bank ("£80 million Revolving Credit Facility"). BBGI retains the flexibility to consider larger transactions by virtue of having structured a further £100 million incremental accordion tranche, for which no commitment fees are paid, which allows for the possibility to increase the facility to £180 million. The term of the facility is three years expiring in January 2018. The amount drawn under the facility is renewed on a six-monthly basis. The borrowing margin is 185 basis points over LIBOR.

As at 31 December 2015, the Company had utilised £69.6 million of the £80 million Revolving Credit Facility, of which £24.3 million was being used to cover letters of credit.

As at 31 December 2014, the Company had utilised £33.7 million of the £35 million Revolving Credit Facility, of which £21.0 million was being used to cover letters of credit.

The interest payable under the credit facility as at 31 December 2015 amounted to £57,000 (31 December 2014: £12,000).

The unamortised debt issuance cost related to the above-mentioned credit facilities amounted to £718,000 as at 31 December 2015 (31 December 2014: £145,000). The unamortised debt issuance cost is netted against the amount withdrawn from the credit facility.

The finance cost incurred in relation to the above-mentioned loan(s) for the year ended 31 December 2015 amounted to £1,852,000 (31 December 2014: £972,000). The total finance cost for the year ended 31 December 2015 includes the full amortisation of the remaining unamortised debt issue cost on the previous credit facility and the amortisation of the debt issue cost for the current facility totalling £460,000.

Pledges and collaterals

The Company pledged all the current and future assets held in relation to the revolving credit facility.

12. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

RISK MANAGEMENT FRAMEWORK

The Management Board has overall responsibility for the establishment and oversight of the Company's risk management framework.

CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in:

1) impairment or reduction in the amounts recoverable from receivables and other current and non-current assets; and
2) non-recoverability, in part or in whole, of cash and cash equivalents deposited with banks.

Exposures to credit risks

The Company is exposed to credit risks on the following items in the Company's statement of financial position:

In thousands of Pounds Sterling	31 December 2015	31 December 2014
Loans receivable from subsidiary	**456,237**	417,369
Receivables from subsidiaries	**-**	158
Cash and cash equivalents	**13,854**	20,412
	470,091	437,939

Recoverable amounts of receivables and other current and non-current assets

The Company establishes an allowance for impairment that represents its estimate of any potential losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment related to such receivables. Currently there are no recorded allowances for impairment. All the Company's receivables are collectible and no significant amounts are considered as overdue or impaired.

Cash and cash equivalents

The cash and cash equivalents are maintained with reputable banks with ratings that are acceptable based on the established internal policy of the Company. Based on the assessment of the Management Board, there are no significant credit risks related to the cash and cash equivalents maintained with banks.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy over liquidity risk is that it will seek to have sufficient liquidity to meet its liabilities and obligations when due.

The Company manages liquidity risk by maintaining adequate cash and cash equivalents and borrowing facilities to finance day-to-day operations and long-term projects. The Company also regularly monitors the forecast and actual cash requirements and matches the maturity profiles of the Company's financial assets and financial liabilities.

At 31 December 2015 and 2014, the Company was not in breach of any of the covenants under the credit facilities. The Company has operated and continues to operate comfortably within covenant limits.

Following its 2015 AGM, the Company has the ability to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions or repay debt.

All external financial liabilities of the Company have maturities of less than one year except for loans and borrowings with maturity of more than one year. The Company has sufficient cash and cash equivalents and funding sources to pay currently maturing obligations.

MARKET RISK

The Company is exposed to currency risk as a result of its cash and cash equivalents being denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Australian dollars (AUD), Canadian dollars (CAD), euros (EUR), Norwegian kroner (NOK) and US dollars (USD).

In respect of other monetary assets and liabilities denominated in currencies other than Pounds Sterling, the Company's policy is to ensure that its net exposure is kept at an acceptable level. The management believes that there is no significant concentration of currency risk in the Company.

The summary of the quantitative data about the Company's exposure to foreign currency risk provided to the management is as follows:

	31 December 2015				
In thousands of Pounds Sterling	**AUD**	**CAD**	**EUR**	**NOK**	**USD**
Cash and cash equivalents	**10**	**8**	**1,386**	**2**	**109**

	31 December 2014				
In thousands of Pounds Sterling	**AUD**	**CAD**	**EUR**	**NOK**	**USD**
Cash and cash equivalents	11	23	10	2	-

The significant exchange rates applied during the year ended 31 December 2015 are as follows:

	31 December 2015	
	Average GBP	**Spot rate GBP**
AUD 1	**0.492**	**0.493**
CAD 1	**0.513**	**0.487**
EUR 1	**0.726**	**0.737**
NOK 1	**0.081**	**0.077**
USD 1	**0.654**	**0.676**

A strengthening (weakening) of Pounds Sterling against the AUD, CAD, EUR, NOK and USD, as applicable, by 10% at 31 December 2015 and 31 December 2014 would have no significant impact on the Company's cash and cash equivalents and therefore in the profit and loss. This assumes that all other variables, in particular, interest rates, remain constant and ignores any impact of forecasted revenues, hedging instruments and other related costs.

The significant exchange rates applied during the year ended 31 December 2014 are as follows:

	31 December 2014	
	Average GBP	**Spot rate GBP**
AUD 1	0.548	0.525
CAD 1	0.550	0.554
EUR 1	0.806	0.783
NOK 1	0.097	0.086
USD 1	0.607	0.644

FAIR VALUES VERSUS CARRYING AMOUNTS

The below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash and cash equivalents, receivables and payables that are payable within one year, or on demand, are assumed to be their respective fair values (Level 3).

The fair value of loans receivable from subsidiary and investment in subsidiary, with a total carrying value of £458,237,000 (2014: £419,369,000), amounts to £504,650,536 (2014: £457,261,000). The fair value of these loans receivable and investment in subsidiary is determined by discounting the future cash flows to be received from such assets using applicable market rates (Level 3).

CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to ensure the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for further stakeholders and to maintain an optimal capital structure. The Company views the share capital (see Note 9) and the revolving credit facility (see Note 11) as capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, increase the current credit facility, pay down debt or issue new shares. The Company currently targets a minimum 6.00 pence per share dividend per annum. However, it is important to note that this is only a target and not a profit forecast. There can be no assurance that this target will be met.

The Company regularly reviews compliance with Luxembourg regulations regarding restrictions on minimum capital. During the year covered by these financial statements, the Company complied with all externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

13. RELATED PARTIES AND KEY CONTRACTS

All transactions with related parties were undertaken on an arm's length basis.

Supervisory Board fees

The aggregate remuneration of the directors of the Supervisory Board in their capacity as such was £140,000 (2014: £140,000). There are no outstanding amounts due as of 31 December 2015.

The Chairman of the Supervisory Board currently receives a fee of £55,000 (2014: £55,000) per annum, and both the Chairman of the Audit Committee and the Senior Independent Director each receive a fee of £42,500 (2014: £42,500) per annum.

Profit participating loan

The Company as lender and BBGI Management Holdco S.à r.l. (MHC), its wholly owned subsidiary, as borrower have entered into a profit participating loan (PPL) agreement. Pursuant to this agreement the Company has and will continue to make available an interest bearing loan to MHC for the purposes of funding its initial and subsequent acquisitions of interests in PPP/PFI infrastructure assets. As at 31 December 2015, £411,760,000 (2014: £404,710,000) was outstanding under the PPL. During 2015, the Company provided additional PPL to MHC amounting to £9,937,000 and received repayment amounting to £2,887,000. The interest income related to such loan for the year ended 31 December 2015 amounted to £21,700,000 (2014: £25,148,000). There was no outstanding interest receivable as of 31 December 2015 (nil as of 31 December 2014). The outstanding balance of the PPL was classified as loans receivable from subsidiary in the Company's statement of financial position.

The drawdowns under the PPL will mature in 2041.

Shareholder loan

The Company as lender and MHC as borrower have entered into a shareholder loan (SHL) agreement which matures in January 2018. Pursuant to this agreement the Company has and will continue to make available an interest bearing loan to MHC for the purposes of funding certain acquisitions. During the year, the amounts outstanding under the SHL amounted to £44,477,000 (2014: £12,659,000). During 2015, the Company provided an additional SHL amounting to £31,818,000, including a conversion interest receivable of £158,000. The interest income related to the SHL for the year ended 31 December 2015 amounted to £870,000 (2014: £163,000) of which nil was outstanding as of 31 December 2015 (2014: £158,000). The outstanding balance of the SHL was classified as non-current loans receivable from subsidiary (2014: current loans receivable from subsidiary) in the Company's statement of financial position. The remaining amount shown as trade payables in the Company's statement of financial position includes liabilities to third-party suppliers.

Support Agreement with MHC

The Company and MHC have entered into a support agreement (Support Agreement) whereby MHC will, under the agreement, provide assistance and support to the Company with respect to the day-to-day management of the Company's assets. As at 31 December 2015 the Company recorded Support Agreement expenses amounting to £3,452,000 (2014: £3,553,000). As of 31 December 2015, the Company's liability to MHC, which is significantly due to the amount payable under the Support Agreement, amounted to £13,259,000 (2014: £9,808,000) and is included under trade payables in the Company's statement of financial position.

14. SUBSIDIARY

MHC, the Company's sole direct subsidiary is a Luxembourg domiciled entity. The Company's total equity investment in MHC amounted to £2,000,000 as of 31 December 2015 and 2014.

The Company's investments in PPP/PFI infrastructure assets, or similar assets, were made and will continue to be made through MHC.

15. COMMITMENTS AND CONTINGENCIES

The Company has engaged in the ordinary course of business, the services of certain entities to provide legal, custodian, audit, tax and other services to the Company. The expenses incurred in relation to such are treated as legal and professional fees (see Note 4).

16. SUBSEQUENT EVENTS

In March 2016 the Company completed the previously announced acquisition of 100% of the equity and subordinated debt interests in the Belfast Metropolitan College in Northern Ireland, UK.

BOARD MEMBERS, AGENTS & ADVISERS

Supervisory Board

- David Richardson (Chairman)
- Colin Maltby
- Howard Myles

Management Board

- Duncan Ball
- Michael Denny
- Frank Schramm

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Grand Duchy of Luxembourg

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Grand Duchy of Luxembourg

Receiving Agent and UK Transfer Agent

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Corporate Actions
The Registry
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Kent BR3 4TU
United Kingdom

Depository

Capita IRG Trustees Limited
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United Kingdom

Corporate Brokers

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