

2013 ANNUAL REPORT



Bilfinger Berger Global Infrastructure SICAV S.A.

Registre de Commerce et des Sociétés Luxembourg: B163879

www.bb-gi.com


BILFINGER BERGER
Global Infrastructure

CAUTIONARY STATEMENT

Pages 2 to 36 of this report (including the Company Overview, the Chairman's Statement and the Report of the Management Board (the "Review Section")) have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These 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 all 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 Board 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 Board 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 which are significant to Bilfinger Berger Global Infrastructure SICAV S.A. and its subsidiaries when viewed as a whole.

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E18 Motorway,
Norway



2013 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- A 103.89% increase in Net Asset Value on an investment basis (“Investment Basis NAV”)* to £449.25 million as at 31 December 2013 (£220.34 million – 31 December 2012)
- Investment Basis NAV per share of 105.6 pence as at 31 December 2013 (103.5 pence – 31 December 2012) which represents an increase of 2.04%
- 2013 interim dividend of 2.75 pence per share paid on 4 October 2013 and a further dividend of 2.75 pence per share proposed for the year ended 31 December 2013, giving total distributions of 5.5 pence per share for the year
- Market capitalisation increased to £502.2 million at 31 December 2013, up 118% from £230.8 million at 31 December 2012. Shares continue to trade at a premium to Investment Basis NAV, and stood at a premium of 11.8% as at 31 December 2013
- Total Shareholder return since listing in December 2011 to 31 December 2013 of 29%**
- Successfully completed a £85 million capital raise in July and a £145 million capital raise in December, both of which were significantly oversubscribed
- Announced acquisition of 22 separate interests in new and existing projects from a variety of parties for total consideration of approximately £205 million. Seven of the announced acquisitions completed by 31 December 2013
- Following the completion of all acquisitions announced pre year end, BBGI expects to own interests in 35 project entities
- Portfolio performance and cash receipts were in line with, or exceeded plan
- Ongoing charges percentage decreased to 1.11% (1.44% – 31 December 2012) which is very competitive within the UK listed infrastructure sector. It is expected to decrease further by December 2014 as the full effects of a larger portfolio, increased average Net Asset Value and internal management structure take effect
- Average discount rate of 8.39% at 31 December 2013 compared with 8.51% at 31 December 2012
- International Financial Reporting Standards (IFRS) NAV of £450.7 million as at 31 December 2013 (£220.9 million – (as restated) – 31 December 2012)***
- Net profit under IFRS basis of £18.8 million for the year ended 31 December 2013 (£19.1 million – year ended 31 December 2012 – as restated)

* Refer to page 30, Financial Results for further detail on Investment Basis NAV

** Based on share price at 31 December 2013 and after adding back dividends paid during the period

*** During the year ended 31 December 2013, the Company opted for early adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), resulting in a restatement of 2012 results. A reconciliation of the balance sheet and income statement under the Investment Basis and under IFRS is shown on page 33



COMPANY OVERVIEW

Bilfinger Berger Global Infrastructure SICAV S.A. Results for the year ended 31 December 2013

Bilfinger Berger Global Infrastructure 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 Luxembourg Law of 17 December 2010 on undertakings for collective investments with an indefinite life. 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.

COMPANY AT A GLANCE

- Global, geographically diversified portfolio of 26 high-quality PPP/PFI infrastructure assets with strong yield characteristics, contracted Government-backed revenue streams, inflation linked returns and long-term contracts
- 92% of the assets by value are operational assets with a focus on social infrastructure and availability-based roads infrastructure
- 37% of the assets by value are located in the UK, 40% in Canada, 14% in Australia, and 9% in Continental Europe
- 45% of the assets by value are availability-based roads and the remainder social infrastructure assets
- Stable cash flows with inflation protection characteristics
- Potential value upside from active management of the portfolio
- A pipeline of future investment opportunities
- Minimum 5.5% target dividend yield*
- 7%–8% target IRR*
- Internally managed fund with an experienced PPP/PFI in-house management team

* These are targets only and not profit forecasts, based on the issue price of its ordinary shares at the time of the IPO. There can be no assurance that these targets will be met.

KEY CHARACTERISTICS OF BBGI

COMPANY

- Luxembourg SICAV
- Chapter 15 Premium Listing on the UK Official List
- Pound Sterling denominated shares

NUMBER OF SHARES IN ISSUE

- 425,573,646

SHARE PRICE 31 December 2013

- £1.18

MARKET CAPITALISATION

as at 31 December 2013

- £502.2 million

INVESTMENT BASIS NAV PER ORDINARY SHARE

at 31 December 2013

- 105.6 pence

IFRS BASED NAV PER ORDINARY SHARE

at 31 December 2013

- 105.9 pence

NET CASH at 31 December 2013 *

- £126.3 million, of which £106 million is earmarked for acquisitions already announced at year end and which are awaiting completion, and a portion of the remainder will be used for the next dividend distribution. The Company benefits from the fact that in most cases it is entitled to distributions from 1 January 2013 until time of completion and has been able to earn additional interest income on deposits held to complete announced acquisitions.

IFRS PROFIT AFTER TAX

- £18.8 million

ISA, PEP AND SIPP STATUS

- The Ordinary Shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market. The Ordinary Shares are also permissible assets for SIPPS.

ISIN OF THE ORDINARY SHARES

- LU0686550053

SEDOL OF THE ORDINARY SHARES

- B6QWXM4

LONDON STOCK EXCHANGE TICKER

- BBGI
- Part of the FTSE All Share Index

INVESTMENT POLICY

- Infrastructure assets – PPP/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, subject to 25% maximum
- Construction assets limited to maximum 25% of portfolio
- Demand based assets limited to maximum 25% of portfolio

PORTFOLIO

- 26 projects with a fair market value of circa £324.1 million independently reviewed semi-annually
- Weighted average concession length of 24.6 years
- Weighted average debt maturity is 23.2 years
- Diverse asset mix with a focus on lower risk, availability road projects

GEARING

- Prudent use of leverage with a maximum ratio of 33% of portfolio value
- No structural gearing
- £35.0 million credit facility in place to fund acquisitions with £33.6 million available undrawn balance as of 31 December 2013

GROWTH

- As the portfolio grows, the ratio of ongoing charges is expected to continue to decrease due to the increased average net asset value and internal management structure
- Opportunities are sourced through a wide network of industry relationships and through formal sale processes
- Potential to acquire co-shareholders' interests in certain projects
- Up to two further investment opportunities may become available from the Bilfinger Group in 2014
- BBGI seeks to leverage the Bilfinger asset management network of over 45 global personnel in Australia, Europe and North America to assist in sourcing investment opportunities without having to increase the Company's level of direct employment

MANAGEMENT

- Internal management team with extensive PPP/PFI experience
- Management team's interests are aligned with shareholders due to the internal management structure
- Experienced and diversified Supervisory Board members

TARGET DIVIDEND YIELD

- Initial target rate of 5.5% yield on issue price with the aim of progressively increasing this over the longer term**

TARGET IRR

- 7% –8% on the original issue price in December 2011**

INTERNALLY MANAGED

- Internal management with no fees payable to an external manager (i.e. no fund manager fees, no performance fees, no acquisition fees, etc.)
- Fees earned from the Directorships of Project Entities are payable to BBGI
- Ongoing charges percentage of 1.11% of average undiluted net asset value for the period includes all internal and external recurring costs
- Ongoing charges percentage expected to decrease further by December 2014 as the full effects of the larger portfolio and increased average Net Asset Value take effect

DISCOUNT MANAGEMENT

- Ability to make discretionary share repurchases by way of market purchases or tender offers
- Continuation vote at the Company's annual general meeting in 2015 and every second year thereafter

FINANCIAL DATES

- Year end: 31 December
- Dividends payable: in respect of the six months to 30 June and 31 December
- Investment Basis NAV updates: 30 June and 31 December reviewed by third-party

WEBSITE

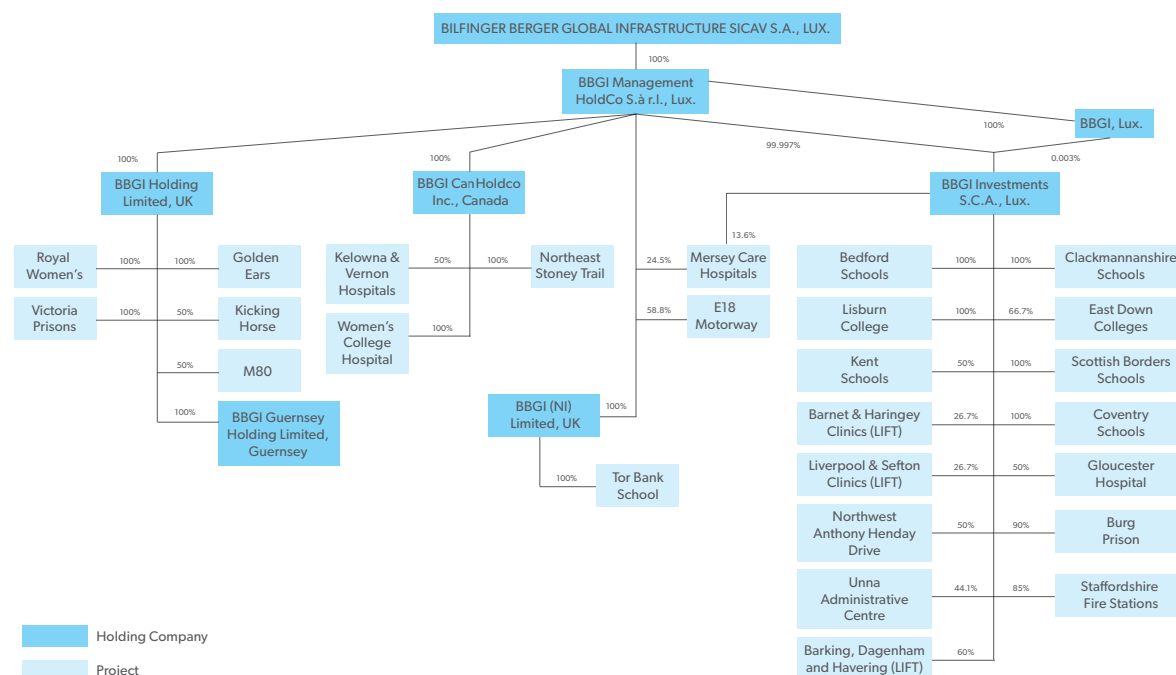
- www.bb-gi.com

NOTE:

* Previously referred to as Net cash on an Investment Basis. Following the amendment to IFRS 10 both the net cash on an IFRS basis and on an Investment Basis are the same so a distinction no longer needs to be made.

** These are targets only and not profit forecasts; there can be no assurance that these targets will be met.

COMPANY STRUCTURE AT 31 DECEMBER 2013





David Richardson
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholder,

Your Company has had a busy and successful year. Full details are set out in the Management Board Report (pages 12 to 36), but I wish to highlight:

- Two successful capital raises in July and December 2013, totalling £230 million.
- Acquisition of new assets and an increase in the percentage shareholding of existing assets, totalling £98.6 million.
- Agreed acquisitions to be completed in calendar year 2014 totalling £106 million.
- An increase in the value of the invested portfolio of 48.0%.
- Payment of a dividend in line with our target of 5.5 pence per share per annum.
- The adoption of IFRS 10 which makes for better understanding of financial performance.

On behalf of shareholders I congratulate the Management team on their success and thank them for their hard work and long hours. In view of the significant increase in the scale of the Company and responsibilities of the management, combined with the need to comply with AIFMD rules, we have instigated a third-party review of management remuneration. Pending this review we have also determined to delay making the proposed amendment of the LTIP to provide for the delivery of awards partly in cash and partly in shares which was approved by shareholders at the Annual General Meeting on 30 April 2013. A decision on the future structure of the LTIP will be made following the completion of the third-party review and will be communicated to shareholders in due course.

As a Luxembourg registered company we have a two-tier Board structure. Essentially the Supervisory Board is analogous to an investment company board and comprises the Non-Executive directors. The Management Board comprises the Executive Directors. The role of the Supervisory Board is legally defined but I seek to manage the Board so that there is suitable oversight and challenge of the Management Board in both the development of strategy and its execution. The mutual respect for the various skills sets has enabled this process to work smoothly but we continue to assess and challenge ourselves to avoid complacency.

I believe that the Company has a clear business purpose, is led by Boards with sufficient independence and skills, provides fair, understandable and balanced reporting of its results and can maintain a sustainable balance of rewards to shareholders and other stakeholders.

The outlook for your Company remains encouraging. 2014 is going to be a year when the acquisitions already made are consolidated and those outstanding should be completed satisfactorily. The current market conditions make further growth at a sensible cost of capital a challenge but the management team is disciplined in its approach and focussed on shareholder value.

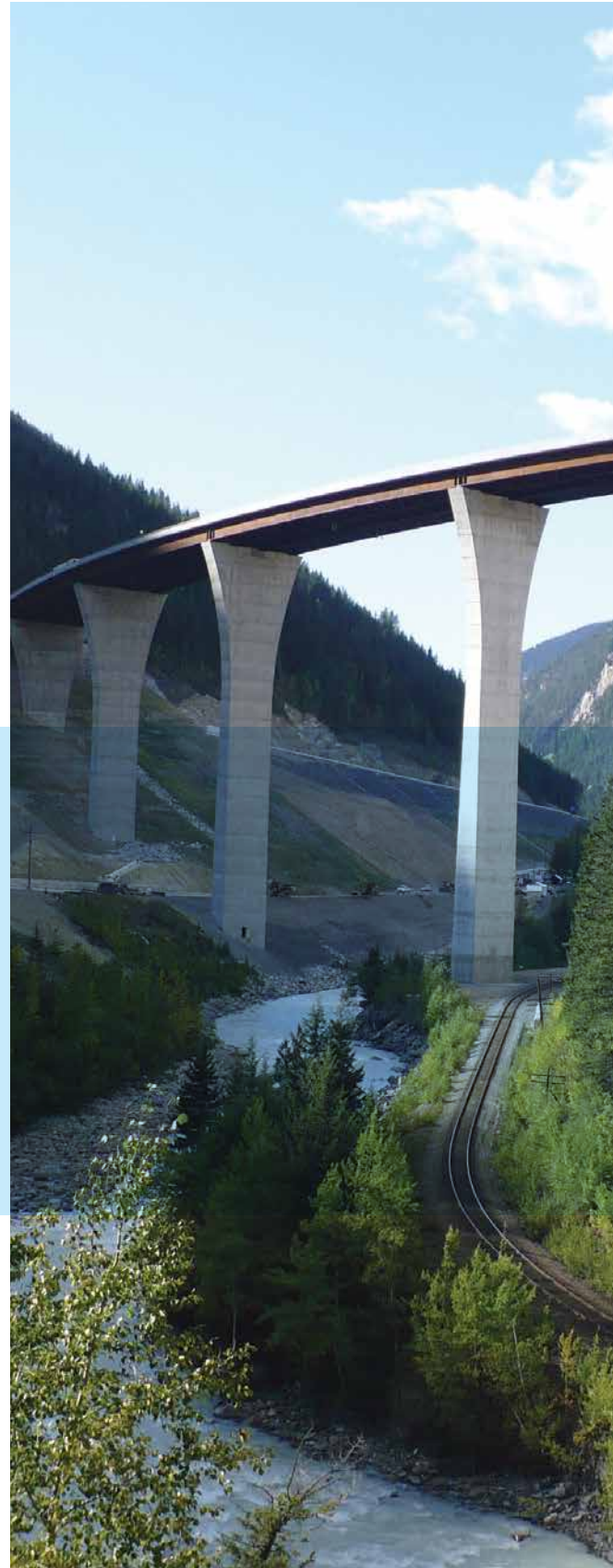
In May 2013, Thomas Töpfer, the Bilfinger nominated director, resigned and I thank him for his wise counsel and support. Michael Denny, the Finance Director, was appointed to the Management Board in April 2013 at which time Arne Speer retired from the Management Board and was appointed to the Board of BBGI Management HoldCo. Both have had very successful years. The combined Boards have reviewed their size and membership and have concluded that no immediate changes are desirable. We will continue to keep this under review.



DAVID RICHARDSON

Chairman

Bilfinger Berger Global Infrastructure SICAV S.A.
25 March 2014



BOARD MEMBERS

Management Overview

The Company has a two-tier governance structure which comprises the Supervisory Board and the Management Board.

During the year, Mr Thomas Töpfer resigned from the Supervisory Board, with effect from 21 May 2013. We thank Mr Töpfer for his service to the Company.

Mr Michael Denny was appointed as a member of the Management Board of the Company with effect from 30 April 2013. With effect from the same date, Mr Arne Speer retired as a member of the Management Board of the Company and was appointed to the Board of BBGI Management HoldCo S.à r.l. Mr Speer continues in his role as Director Asset Management.

SUPERVISORY BOARD

as at 31 December 2013



DAVID RICHARDSON

Chairman

Mr Richardson currently holds a number of non-executive directorships, including Senior Independent Director of Assura Group plc, and non-executive director of The Edrington Group Ltd. He is also Chairman of the Corporate Governance Committee of the Institute of Chartered Accountants in England and Wales. 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, 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 and a Fellow of the Chartered Institute for Securities and Investment, and is a non-executive director of a number of listed investment companies.

MANAGEMENT BOARD

as at 31 December 2013



DUNCAN BALL

Joint CEO of BBGI

Duncan 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. Mr Ball previously worked at the Bilfinger Group before taking on his current role with the Group.

Prior to joining Bilfinger Group, Mr Ball was a senior member of the North American infrastructure team at Babcock & Brown and was instrumental in helping establish Babcock & Brown's 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, Mr Ball led the M&A transactions for a portfolio of infrastructure PPP projects with an enterprise value of over \$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, Mr Ball worked within the investment banking group at both RBC Capital Markets and CIBC World Markets.

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



FRANK SCHRAMM

Joint CEO of BBGI

Frank Schramm has worked in the PPP sector, investment banking and advisory business for over 18 years. Prior to his current role with the Group, he worked at the Bilfinger Group where he led as Co-Managing Director of 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 EUR 4 billion and for acting as shareholder representative in various investments. In addition to that he was responsible for the European development activities.

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

Before joining Bilfinger, Mr Schramm worked at Macquarie Bank in the Investment Banking group from August 2000 until September 2003 where he was responsible for structured finance transactions. Mr Schramm worked at Deutsche Anlagen Leasing (DAL) from 1998 to 2000 and Bilfinger Berger BOT GmbH from 1995 to 1998.



MICHAEL DENNY

Finance Director BBGI

Mr Denny is a resident of Luxembourg and has worked in corporate finance for 14 years. He has been based in Luxembourg for over 10 years and worked in the Private Equity, Real Estate and Infrastructure sectors. Mr Denny joined the Group in February 2012.

Prior to joining BBGI, Mr Denny spent five years at the LBREP Group where he headed up their Luxembourg office. The LBREP 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 regulated vehicles and on many of the holding and special purpose vehicles which 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.

REPORT OF THE MANAGEMENT BOARD

BUSINESS REVIEW

BUSINESS OF THE COMPANY

We are very pleased to present the results for the year ended 31 December 2013.

The Management Board has presented the management report for the consolidated financial statements and the standalone financial statements as a single report.

BBGI 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 CSSF under Part II of the Luxembourg Law of 17 December 2010 on undertakings for collective investment.

The Company's ordinary shares were 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.

HIGHLIGHTS

BBGI's goals for 2013 were to actively manage the portfolio to enhance returns and position the Company for continued selective growth. 2013 was an active year for BBGI and the Group made significant progress towards the realisation of its objectives, which can be summarised as follows:

- A 103.89% increase in the Investment Basis NAV to £449.25 million as at 31 December 2013 (£220.34 million – 31 December 2012). Comparable International Financial Reporting Standards as adopted by the EU (IFRS) NAV of £450.7 million as at 31 December 2013 (£220.9 million as at 31 December 2012 – as restated)
- Investment Basis NAV per share of 105.6 pence as at 31 December 2013 (103.5 pence – 31 December 2012) which represents an increase of 2.04%

- 2013 interim dividend of 2.75 pence per share paid on 4 October 2013 and a further dividend of 2.75 pence per share proposed for the year ended 31 December 2013, giving total distributions of 5.5 pence for the year
- Shares continue to trade at a premium to Investment Basis NAV, and stood at a premium of 11.8% as at 31 December 2013
- Total Shareholder return since listing in December 2011 to 31 December 2013 of 29%
- Successfully completed a £85 million capital raise in July and a £145 million capital raise in December, both of which were significantly oversubscribed
- Completed or announced the acquisition of 22 separate interests in new and existing projects from a variety of parties for total consideration of approximately £205 million. These acquisitions were accretive and made on attractive terms. Seven of the announced acquisitions completed by 31 December 2013
- Ongoing charge percentage decreased to 1.11% at 31 December 2013 (1.44% – 31 December 2012) and is expected to decrease further to below 1% by December 2014 as the full effects of the larger portfolio, increased average Net Asset Value and internal management structure take effect
- Market capitalisation increased to £502.2 million at 31 December 2013 up 118% from £230.8 million at 31 December 2012

GROWTH IN THE PORTFOLIO AND BENEFITS OF THE GROWTH

2013 was a year of significant growth for BBGI as the Company announced the acquisition of 22 separate interests in new and existing projects from a variety of parties for total consideration of approximately £205 million. Despite an increasingly competitive landscape, the Management Board believes that these transactions were concluded on attractive 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
 - Sector focus on availability-based transport projects which the Management Board believes are less complex and easier to operate than social infrastructure assets
- Continue to diversify the counterparty exposure while maintaining an attractive mix of high investment grade, creditworthy counterparties
- Ongoing charge percentage has dropped to 1.11%, which is very competitive within the UK listed infrastructure sector. The decrease was primarily due to the larger asset base for the Company over which its operating costs are spread. The ongoing charge percentage is expected to decrease further by December 2014 as the full effects of the larger portfolio and internal management structure take effect. There is potential for the ongoing charges percentage to decline further in the future should the Company continue to grow
- Providing some exposure to projects in construction, thereby increasing the opportunity for greater NAV growth in the future, as these assets are expected to see a valuation uplift upon becoming operational
- Increasing the issued share capital of the Company, thereby increasing the liquidity of the shares



Acquisition of two Canadian assets

In August 2013, the Company signed an acquisition agreement for a 50% equity and loan note interest in Kelowna & Vernon Hospitals and 100% equity and loan note interest in Northeast Stoney Trail.

The Kelowna & Vernon Hospitals project is a long-term PPP concession contract to 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. These facilities are in the cities of Kelowna and Vernon in the interior of British Columbia, Canada. The project is

availability-based with no volume risk, and has 28.8 years remaining on the concession length.

Northeast Stoney Trail is a long-term PPP concession contract to operate and maintain a 21 km section of new highway, forming part of a larger ring road developed in Calgary, Alberta, Canada. The project is an availability-based road project with no traffic volume risk, and has 25.8 years remaining on the concession length.

The total consideration paid by BBGI for the interests in Kelowna & Vernon Hospitals and Northeast Stoney

Clockwise from top: Ohio River Bridge, Indiana, USA; Primary Health Care facilities, Barnet, Enfield, UK; Marnongneet Correctional Centre, near Melbourne, Australia.

Trail was CAD \$41.3m or approximately £25.6 million, and the assets transferred in November 2013 once certain third-party consents were obtained.

£11.0m. The acquisition is conditional on, inter alia, third-party consents and is expected to be completed in H1 2014.

Acquisition of four German social infrastructure assets

In August the Company also signed an agreement to acquire a 50% equity and loan note interest in four operational social infrastructure PPP Projects in Germany from Hochtief PPP Solutions GmbH, which currently holds 100% of the interest.

Frankfurt Schools project is a 22-year concession to design, build/refurbish and maintain four schools in the City of Frankfurt am Main with the concession expiring in July 2029. The Cologne Schools project is a 25-year concession to design, build and maintain seven schools at five locations in the City of Cologne with the concession expiring in December 2029. Cologne-Rodenkirchen Comprehensive School consists of a comprehensive school serving 1,200 students. The project is a 25-year concession which expires in November 2034. Fürst Wrede Military Base Munich consists of various accommodation, office and training buildings, vehicle depots and gymnasiums in the Munich region, and is a 20-year concession which expires in March 2028.

All of the assets acquired from Hochtief are availability-based with no volume risk. The total consideration to be paid by BBGI is EUR 13.2 million or approximately

Acquisition of an international portfolio of ten social and transport infrastructure assets

On November 15, 2013, the Company announced that it had signed an acquisition agreement with Bilfinger Group ("Bilfinger") in relation to the acquisition of interests in 11 pipeline assets for £204 million (purchase price using F/X rates at the time of acquisition). The signing of the acquisition agreement with Bilfinger followed the announcement on 28 May 2013, which indicated that Bilfinger was planning to divest of its concessions business unit comprising of PPP/PFI projects in Australia, North America and Europe.

In December, the Company was notified by Bilfinger that the third-party shareholder pre-emption rights in relation to the investment capital of one of the pipeline assets, a road project in Australia, had been exercised and as a result the acquisition excluded that asset. Subsequently the price of the remaining pipeline assets was adjusted to approximately £154 million (purchase price using F/X rates at the time of acquisition) pursuant to the valuation. While the Management Board was disappointed to lose this investment opportunity, we take comfort in our disciplined approach to pricing and realise that our valuation was reasonable, given that others are prepared to pay similar prices or more for this asset.

Summary of pipeline assets

| Sector | Project | Country | Interest |
|--------------------------|--|-----------|----------|
| Availability-based Roads | Golden Ears Bridge (remaining interest) ^a | Canada | 50.00% |
| | DBFO-1 Road Service (M1 Westlink) | UK | 75.00% |
| | E18 Motorway ^a | Norway | 58.82% |
| | Ohio River Bridges ^b | US | 33.33% |
| Education | Lagan College | UK | 70.00% |
| | Tor Bank School ^a | UK | 70.00% |
| Health | Mersey Care Mental Health Hospital ^a | UK | 24.50%* |
| | Women's College Hospital ^a | Canada | 100.00% |
| Justice | Northern Territories Prison ^b | Australia | 50.00% |
| | Avon & Somerset Police HQ | UK | 70.00% |

^a Completed and transferred pre year end

^b Completed and transferred post year end

* 24.5% equity interest and 40% subordinated debt interest

Five of the pipeline assets are operational and it is expected that two more will become operational during 2014. All pipeline assets are classified as availability-based under the investment policy of the Company.

In December 2013, the Company completed 5 of the 10 acquisitions from Bilfinger which includes the remaining 50% equity and loan note interest in Golden Ears Bridge, 100% equity and loan note interest in Women's College Hospital, 58.8% equity interest in E18, 24.5% equity and 40.0% loan note interest in Mersey Care Mental Health Hospital and 70% equity and loan note interest in Tor Bank School.

Golden Ears Bridge project, which was already 50% owned by BBGI, is a long-term PPP concession contract to operate and maintain the Golden Ears Bridge near Vancouver, British Columbia, Canada, opening to the public in June 2009. The bridge itself is a 1 km six-lane road that spans the Fraser River. The rest of the scheme consists of more than 3.5 km of structures including ramps, viaducts, minor bridges and underpasses and more than 13 km of mainline roadway. The concession expires in 2038 and is availability-based with no volume risk.

Women's College Hospital Project is a long-term PPP concession contract to design, build, finance and operate the new Women's College Hospital in Toronto, Ontario, Canada. The project is being delivered in two phases. The first phase became operational in May 2013 and partial payments from the health authority started at that time. Full operations are expected in March 2016. The concession expires in 2043 and is availability-based with no volume risk.

The E18 project is a long-term PPP concession contract to operate and maintain a new section of highway between Grimstad and Kristiansand in Norway. The 38km dual carriageway carves through a rugged and extremely beautiful landscape, which opened in August 2009 and is part of the trunk road from Oslo to Kristiansand. It is a key element of the transport corridor between southern Norway and the Continent, as well as an important connection between the two cities. The concession expires in 2034 and is availability-based with no volume risk.

Mersey Care Mental Health Hospital project is the eighth financial close in an existing LIFT project in the Liverpool & Sefton region in which BBGI already holds investment capital. The project consists of a new mental health in-patient facility on the former Walton Hospital site in Liverpool, UK. The former Walton Hospital site will be transformed into a new mental health in-patient facility providing 85 single occupancy bedrooms with en suite bathrooms to facilitate best practices in modern mental health care. Construction completion is expected in December 2014. The concession expires in 2044 and is availability-based with no volume risk.

Tor Bank School is a concession to develop, fund, build, operate and manage a new school for pupils with special education needs in Northern Ireland. The school was completed in October 2012 and is accommodating 164 pupils with severe learning difficulties in the 3–19 age range. The concession expires in 2037 and is availability-based with no volume risk.

The acquisition agreement with Bilfinger is conditional on the receipt of third-party consents and certain project specific conditions. The remaining acquisitions are expected to be completed in H1 2014 once all such consents and clearances have been obtained.

Acquisition of further interest in three UK social infrastructure assets

The Company signed an agreement with Graham Investment Projects Limited ("Graham") in relation to the acquisition of additional equity and subordinated debt interests in three assets, being Lagan College, Tor Bank School and DBFO-1 Road Service (M1 Westlink), all of which are in Northern Ireland. The total cash consideration to be paid for these interests was approximately £9 million. The acquisition of the remaining interest in Tor Bank School from Graham completed in December 2013. Completion of the acquisition from Graham of the equity and loan note interests in Lagan College and M1 Westlink is expected to occur in H1 2014.

Acquisition of further interest in UK LIFT assets

In November 2013 BBGI signed an agreement with Assura Group Limited (“Assura Acquisition Agreement”) in relation to the acquisition of certain equity and subordinated debt interests in two existing projects, being Liverpool & Sefton Clinics and North London Estates Partnerships (formerly known as Barnet & Haringey Clinics), as well as certain equity and subordinated debt interests in one of the pipeline assets, being Mersey Care Mental Health Hospital. The total consideration payable under the Assura Acquisition Agreement is £9.1 million. The Assura Group assets transferred to BBGI in February 2014.

The Liverpool & Sefton Clinics LIFT project is a UK concession to develop, fund, build, operate and manage primary healthcare facilities in Liverpool and Sefton. Under the Assura Acquisition Agreement which completed in February 2014, BBGI acquired 20.0% of the equity interest in the project and 26.1% of the subordinated debt. Upon completion of the acquisition, BBGI controls 46.7% of the equity and 52.8% of the subordinated debt.

The North London Estates Partnership LIFT project is a UK concession to develop, fund, build, operate and manage primary healthcare facilities around Barnet, Enfield and Haringey. In February 2014, BBGI acquired 20.0% of the equity interest in the project and 26.7% of the subordinated debt. BBGI now controls 46.7% of the equity and 53.3% of the subordinated debt.

The Mersey Care Mental Health project involves transforming the former Walton Hospital site in Liverpool into a new 85-bed mental health in-patient facility. Under the existing Sale and Purchase Agreement with Bilfinger, as announced on 15 November 2013, it was proposed that BBGI would acquire 24.5% of the equity in this project (in addition to the 13.6% of equity it already indirectly owns through its holding in Liverpool and Sefton Clinics) and 40.0% of the subordinated debt. Under the Assura Acquisition Agreement, BBGI acquired in February 2014 a further 28.6% of the equity and 30.0% of the subordinated debt. Upon completion of both acquisitions, BBGI will control 66.7% of the equity and 70% of the subordinated debt. The asset



Top photo: Northern Territory Secure Facilities near Darwin, Australia; middle: Caludon Castle School and Community College, Coventry, UK; bottom: Royal Women’s Hospital, Melbourne Australia



is currently in construction, although it is expected to become operational during 2014.

As at 31 December 2013, the Company held approximately £126.3 million in cash or cash equivalent. It is important to note that of this, £106.0 million is earmarked for acquisitions already announced which are waiting to complete. In most cases the Company is entitled to project cash flows from 1 January 2013 until time of completion and has been able to earn additional interest income on funds held to complete announced acquisitions.

Once all of the above transactions are completed, BBGI will have a portfolio consisting of 35 assets. All of these projects are supported by contracted, public sector-backed revenue streams, with inflation-protection characteristics.

RELATIONSHIP WITH BILFINGER GROUP

Bilfinger is an international multi-service group which included the concession business of Bilfinger Project Investments, historically an investor, developer and operator of large public infrastructure projects. Bilfinger announced on 28 May 2013 its intention to divest its concession business unit which comprised PPP/PFI projects in Australia, Europe and North America.

Following the completion of the acquisition of the ten pipeline assets from Bilfinger, it is expected that there will be, at most, two further investment opportunities available for consideration under the pipeline agreement. There can be no assurance that Bilfinger will elect to dispose of these investments, or that it will agree terms for the sale with the Group.

Bilfinger SE has not participated in capital raises and, as a result, the current shareholding of Bilfinger SE in BBGI has been diluted from an original holding of 19.9% to 8.74% at the end of December 2013. In 2012 Bilfinger Project Investments GmbH transferred 5 million shares to a Bilfinger pension fund. The 8.74% does not include those shares held by the Bilfinger pension fund.

As there are limited opportunities to acquire future projects from Bilfinger, it is expected that the

Company will rebrand itself with a new name, distinct from Bilfinger. A shareholder resolution will be tabled at the Annual General Meeting to change the name of the Company to BBGI SICAV S.A. The ticker will remain "BBGI".

FUTURE GROWTH

The Management Board believes that the access to Bilfinger's pipeline has been a reliable and attractive initial growth driver for the Company. This is especially true in the current competitive environment where it is difficult to make accretive investments in auction processes.

However, the Management Board also believes that there are a number of opportunities in the wider market which will enable the Company to continue its growth. This is evidenced in part by the fact that several of the portfolio assets have been acquired from third parties including Assura, Barclays Infrastructure, Graham, Hochtief and Miller, as well as from Bilfinger.

Previously, there were certain third-party developers of PPP/PFI assets who appeared reluctant to sell assets to the Company because of its affiliation with Bilfinger, which was perceived as a competitor to certain vendors/developers. Now that Bilfinger is no longer engaged in the development of PPP/PFI projects, and that its shareholding in the Company has been diluted, the Company anticipates an increase in opportunities to acquire projects from these third-party vendors.

The management team has extensive experience in the PPP/PFI secondary market, having been involved in secondary market transactions with an aggregate investment volume in excess of EUR 7 billion. The Management Board believe that BBGI will be well positioned to originate further investments due to their extensive PPP industry contacts in Australia, Europe and North America. During 2013, of the 22 acquisitions of interests announced or completed by the Company, only 12 came from Bilfinger.

It is also anticipated that the personnel who provide the day-to-day management services for many of the assets in the Existing Portfolio and the pipeline assets will be motivated to help originate acquisition

opportunities for the Company, as these may create future asset management opportunities for them. The Company hopes to leverage this network of over 45 global personnel in Australia, Europe and North America to source investment opportunities without having to increase the Company's level of direct employment. This approach will allow the Company to benefit from the extensive regional knowledge and relationships of these PPP/PFI specialists.

The Management Board has noticed the increased competitive tension in the PPP/PFI secondary market. There is currently more investment capital searching for assets than there is supply, putting pressure on prices. BBGI will continue to follow a path of disciplined growth, reinforced by an internally managed structure. This will mean that BBGI will be selective and surgical in its approach and buy assets on an opportunistic basis.

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 (calculated as at the time of investment). 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.

After completing all of the previously announced acquisitions, five projects will be in construction representing 18% of portfolio value. Of these projects, two projects (7% of portfolio value) are in late-stage construction and are expected to become operational in 2014. Three projects (11% of portfolio value) are in early-stage construction and will become operational in 2015 or 2016.

The construction risk generally has been 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 parent of the construction companies.

The Management Board was excited at the opportunity to acquire assets in construction from Bilfinger as it is less common for projects to be sold midway through the construction cycle. Typically developers wait until a project becomes operational to realise the potential value uplift themselves. We believe that, because of Bilfinger's strategic decision to exit the PPP/PFI concession business entirely, we were presented with a unique opportunity to acquire projects in construction on attractive terms.

BBGI remains optimistic for further increases in NAV in future periods, most particularly once those projects currently in construction within the Company's portfolio move closer 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. It also provides a potential future mitigant to any possible adverse movements in NAV that might arise from changes in macroeconomic factors.

The Company has also expanded its asset management team with individuals with specific PFI construction experience to help manage and mitigate any potential risks. With effect from 1 April 2014 the Company will hire a second Director Asset Management.

Despite the increased construction exposure, the Management Board believes that the ability to meet dividend targets has not been compromised.

As mentioned previously, BBGI expects it may be presented with the opportunity to acquire up to two more assets in the construction phase from Bilfinger in 2014, following Bilfinger's strategic decision to exit the PPP/PFI development business. As a result, the Management Board are proposing to consult with shareholders in relation to the potential to increase the level of construction exposure within

BBGI's investment policy in order to allow the Company to realise these attractive opportunities. Changes to the Investment policy may only be made with the approval of the CSSF and of the shareholders by way of ordinary resolution.

The construction opportunities are considered attractive to the Management Board because they are typically well priced on a risk adjusted basis. Nevertheless each opportunity will be analysed with due diligence on a case-by-case basis. Further information on construction risk can be obtained from the Company's prospectus which is available on the Company's website.

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.

SHARE CAPITAL

The issued share capital of the Company is 425,573,646 ordinary shares with a nominal value of £1 each. All of the ordinary shares issued rank *pari passu*. There are no special voting or other rights attaching to any of the ordinary shares.

VOTING RIGHTS

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

DETAILS OF SUBSTANTIAL SHAREHOLDERS

As at 10 March 2014, 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 | 64,532,041 | 15.16 |
| NEWTON INVESTMENT MANAGEMENT | 50,396,835 | 11.84 |
| SCHRODER INVESTMENT MANAGEMENT | 42,247,039 | 9.93 |
| BILFINGER PROJECT INVESTMENTS GmbH | 37,188,000 | 8.74 |
| INVESTEC WEALTH & INVESTMENT | 32,084,535 | 7.54 |

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
- Make tender offers for the ordinary shares

SHARE REPURCHASES

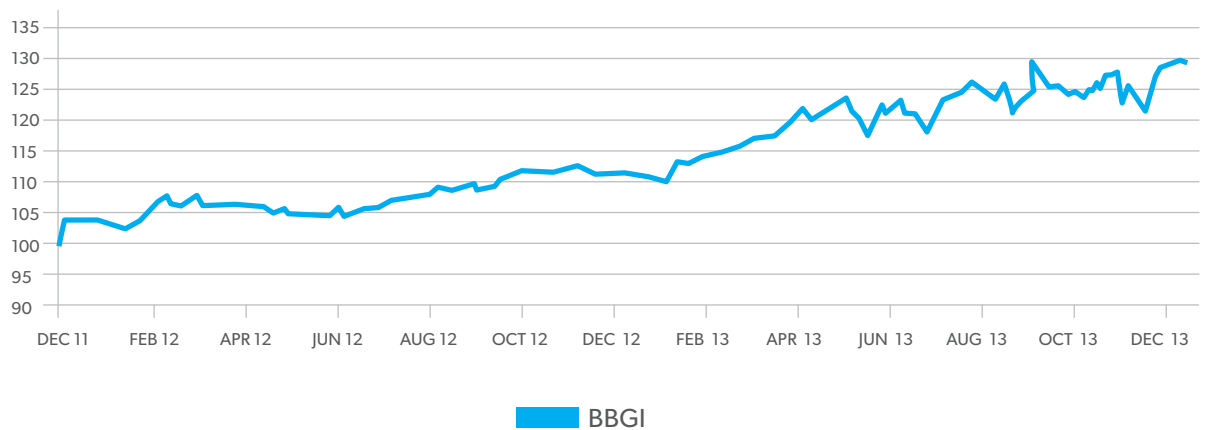
No shares have been bought back in the year. The most recent authority to purchase ordinary shares for cancellation was granted to the Company on 30 April 2013 and expires on the date of the next

Annual General Meeting ("AGM"). The Company is proposing that its authority to buy back shares be renewed at the forthcoming AGM.

SHARE PRICE PERFORMANCE

The Company's share price has performed well and has maintained a 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 £1.18, an increase of 8.9% in 2013. Shares traded at a premium to net asset value throughout the year in a range from £1.0675 to £1.205. Total Shareholder return in 2013 was 15.7%.



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 income, it is intended that distributions will be paid as annual dividends subsequent to shareholder approval at the AGM at the end of April and as interim dividends in October of each year.

The Company's Articles currently restrict the offering of a scrip alternative should the calculated scrip price be greater than the sum of the net asset value per share plus a 5% premium. Subject to the prior approval of the CSSF, the Company is seeking to remove this restriction from its Articles at its EGM to be held on 30 April 2014.

DIVIDENDS

On 31 May 2013, the Company paid a final dividend of 2.75 pence per share for the year ended 31 December 2012. On 4 October 2013, an interim dividend of 2.75 pence per share was paid. In addition to the interim dividend the Company proposes a final dividend of 2.75 pence per share for the year ended 31 December 2013, giving total distributions of 5.5 pence per share for the year.

Overall, the performance of the portfolio is in line with, or has exceeded expectations. Since the project entities were acquired, distributions have been in line with, or have exceeded forecasts.

HEDGING

The Management Board has implemented a policy of hedging forward a portion of its anticipated foreign currency cash flows. In August 2013, the Company rolled forward its four-year hedging plan. The Company seeks to provide protection to the level of Pound Sterling dividends that the Company aims to pay on the ordinary shares, in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. The Company does not currently hedge the future Euro cash flows as it is envisaged that these cash flows will be used to

cover the fund's running costs which are largely Euro denominated. Management are currently seeking to hedge future cash flows related to those assets acquired since 1 December 2013. Future cash flows related to those assets acquired pre 1 December 2013 have been hedged in accordance with the Company's hedging policy. The Company is exposed to foreign exchange movements on future portfolio distributions denominated in AUD, CAD, EUR, NOK and USD.

An in-depth review of hedging strategy is carried out on an annual basis. The Company currently uses forward contracts to hedge against exchange rate exposure.

FINANCING

In July 2012 the Company entered into a three-year £35 million revolving credit facility and letter of credit option with three lenders (The Royal Bank of Scotland plc, National Australia Bank Limited and KfW IPEX-Bank GmbH) to finance acquisitions, to provide letters of credit for outstanding equity obligations or for working capital purposes. The arrangement fee was 1.5% and the margins are 2.25% over LIBOR when loan to value is less than 25% and 2.75% over LIBOR when loan to value is greater than or equal to 25%. The commitment fee is 1.00% of the available commitment per annum.

As of 31 December 2013 £33.6 million was available to be drawn down. The Company has utilised £1.4 million of the facility to provide two letters of credit.

As the size of the Company has increased, the Management Board is currently in discussions with its relationship banks regarding the increase and extension of the Company's £35 million revolving debt facility to approximately £75 million to £80 million with a corresponding extension of the final maturity beyond the current maturity of 2015. Negotiation of detailed terms is expected to be concluded by Q3 2014.

At 31 December 2013 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 the covenant limits.

In accordance with the AIC Code of Corporate Governance Principle 21, the consequences of a material breach of the borrowing covenants are stated below. On and at any time after the occurrence of an event of default which is continuing the agent may, and shall, if so directed by the majority lenders:

- a) Cancel the total commitments
- b) Declare that all or part of the amounts drawn, together with accrued interest, and all other amounts accrued or outstanding under the agreement be immediately due and payable
- c) Declare that all or part of the drawn amounts be payable on demand, at which time they shall immediately become payable on demand by the agent on the instructions of the majority lenders
- d) Declare that cash cover in respect of each letter of credit is immediately due and payable
- e) Declare that cash cover in respect of each letter of credit is payable on demand at which time it shall immediately become due and payable on demand by the agent on the instructions of the majority lenders
- f) Exercise or direct the security agent to exercise any or all of its rights, remedies, powers or discretions under the agreement

Additionally, the Company is able to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions. The Company does not use structural gearing.

Apart from the Royal Women's Hospital, 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 value of this project as a percentage of the fund Net Asset Value is less than 3%. Women's College Hospital has long-term amortizing debt in place, but it is expected that this will be refinanced sometime after construction completion in March 2016 and 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 Women's College Hospital therefore assumes that the project will be refinanced during this period.

As at 31 December 2013, the weighted average PPP project concession length remaining was 24.6 years and the weighted average portfolio debt tenor was 23.2 years. BBGI is not aware of any recourse to the Company for debt financing at the project entity level.

STATUS FOR TAXATION

The Company is not liable for any Luxembourg tax on profits or income, nor are distributions paid by the Company subject to any Luxembourg withholding tax. The Company is, however, liable to a subscription tax of 0.05% per annum of its net asset value, such tax being paid quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issues of Shares. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Company.

RELATIONSHIP WITH CLIENTS

The Management Board has worked hard to maintain a good dialogue with the group's public sector clients and partners. It is engaged in identifying efficiencies and facilitating variations which benefit both shareholders and public sector clients. Overall, the working relationship with partners is considered strong.

Across the entire portfolio, BBGI remains comfortable with the counterparty 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.

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 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.

SUBSEQUENT EVENTS

• Ohio River Bridge

On 30 January 2014 the Company announced that it had completed the acquisition of a 33.33% interest in the Ohio River Bridge PPP Project.

Ohio River Bridge/East End Crossing PPP is a long-term public-private-partnership concession procured by the Indiana Finance Authority for the development, design, construction, financing, operation and maintenance of a cable stayed bridge and associated roadway and facilities across the Ohio River, connecting Clark County, Indiana and Jefferson County, Kentucky. The bridge is in close proximity to Louisville, Kentucky.

The concession term is equal to the construction period of 3.6 years plus 35 years of operations. The project payment mechanisms are comprised of a series of milestone payments to be received both during the construction period and shortly after the achievement of substantial completion and monthly availability payments in the operation period.

The construction work relating to the project is being undertaken by a joint venture between Walsh Construction Company and VINCI Construction Grand Projects JV, both of which are experienced in delivering large transportation infrastructure projects. Construction obligations have been passed down to the design build joint venture through a fixed price, date-certain, design build contract.

The concession expires in 2051 and is availability-based with no volume risk.

The Ohio River Bridge PPP Project was a pipeline asset in the December £145 million capital raise.

• Assura Transaction

On 14 February 2014 the Company announced that it had completed the acquisition of additional interests in three PPP/PFI projects from Assura Group Limited ("Assura"), as previously indicated on 25 November 2013. The interests acquired include equity and subordinated debt interests in Liverpool & Sefton Clinics, North London Estates Partnerships (formerly known as Barnet & Haringey Clinics) and Mersey Care Mental Health Hospital (see previous section). The total consideration was approximately £9 million which was funded from existing cash reserves.

• Northern Territories Secure Facility ("NTSF")

On 10 March 2014 the Company announced that it has completed the acquisition of a 50% equity interest in the Northern Territories Secure Facility.

The Northern Territory Secure Facilities (NTSF) is a new 1,000 bed correctional facility, located on a greenfield site at Holtze, near Darwin, Australia. When complete, the facilities will allow Northern Territory Corrections to engage prisoners into structured daily programs in order to foster rehabilitation and stronger reintegration.

The concession term runs until June 2044. BBGI will receive availability payments during the concession period from the Northern Territory government which is rated Aa1 by Moody's Investor Services.

The construction work relating to the project is being undertaken by a joint venture between Boulderstone Pty (now Lend Lease) and Sitzler Pty Ltd. Construction obligations are designed to be passed down to the joint venture through a fixed price, date-certain, design and build contract. Honeywell Limited will be responsible for the facility management and the Northern Territory government will provide custodial services. The project is expected to become operational in H2 2014.

NTSF was a pipeline asset in the recent £145 million capital raise which completed on 11 December 2013

and the acquisition was funded from the Company's existing cash resources.

- **Revolving credit facility**

Subsequent to 31 December 2013 the Company used a £21m letter of credit under its credit facility to cover future potential PPP equity/sub debt obligations.

INCORPORATION AND ADMINISTRATION

The ordinary shares are created in accordance with Luxembourg law and conform to the Companies Law and 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 Incorporation.

ARTICLES OF INCORPORATION

The Articles of Incorporation were approved and formalised before the 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*. A copy of the Articles is available for inspection at the offices of Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG and at the registered office of the Company during normal business hours.

AMENDMENTS TO THE ARTICLES

The Articles may be amended in accordance with the rules set out in article 32 of the Articles.

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 third-party has reviewed 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 is the same one used for the valuation of the portfolio last year and as part of the Company's mid-year results.

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

MACROECONOMIC ASSUMPTIONS

| END OF PERIOD | 31-MAR-14 | 31-DEC-14 | 31-MAR-15 | 31-DEC-15 | 31-DEC-16 | LONG-TERM |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| UK | | | | | | |
| Indexation (%) | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) | 23.0 | 21.0 | 21.0 | 20.0 | 20.0 | 20.0 |
| CANADA | | | | | | |
| Indexation (%) ⁽¹⁾ | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) ⁽²⁾ | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 |
| GBP/CAD as at 31 December 2013 ⁽³⁾ | 1.764 | 1.764 | 1.764 | 1.764 | 1.764 | 1.764 |
| AUSTRALIA | | | | | | |
| Indexation (%) | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Deposit Interest Rate (%) ⁽⁴⁾ | 4.00/5.00 | 4.00/5.00 | 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 | 30.0 | 30.0 |
| GBP/AUD as at 31 December 2013 ⁽³⁾ | 1.858 | 1.858 | 1.858 | 1.858 | 1.858 | 1.858 |
| GERMANY | | | | | | |
| Indexation (%) | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) ⁽⁵⁾ | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 |
| GBP/EUR as at 31 December 2013 ⁽³⁾ | 1.198 | 1.198 | 1.198 | 1.198 | 1.198 | 1.198 |
| NORWAY | | | | | | |
| Indexation (%) ⁽⁶⁾ | 2.94 | 2.94 | 2.94 | 2.94 | 2.94 | 2.94 |
| Deposit Interest Rate (%) | 1.8 | 1.8 | 2.5 | 2.5 | 4.0 | 4.0 |
| SPC Corporate Tax (%) | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 |
| GBP/NOK as at 31 December 2013 ⁽³⁾ | 10.093 | 10.093 | 10.093 | 10.093 | 10.093 | 10.093 |

⁽¹⁾ All Canadian projects have a 2.0% indexation factor with the exception of NEST and NWAHD which have a slightly different indexation factor which is derived from a basket of regional labour, CPI and commodity indexes

⁽²⁾ Tax rate is 25% in Alberta, 26% in British Columbia and 26.5% in Ontario

⁽³⁾ As published on www.oanda.com

⁽⁴⁾ Cash on Debt Service Reserve Account and Maintenance Service Reserve Account can be invested on six-month basis; other funds are deposited on a shorter term

⁽⁵⁾ Including Solidarity charge, excluding Trade tax which varies between communities

⁽⁶⁾ Indexation of revenue based on basket of four indices

OTHER KEY INPUTS AND ASSUMPTIONS INCLUDE:

- Any deductions or abatements during the operation period are passed down to subcontractors
- Cash flows from and to the Company's subsidiaries and the portfolio investments may be made and 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, that they are in line with the budgets
- 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 twelve month period from 31 December 2012 to 31 December 2013 the Company's Investment Basis NAV increased from £220.34 million to £449.25 million. The increase in NAV per share from 103.5 pence to 105.6 pence or 2.04% is primarily a result of the key drivers listed below:

KEY DRIVERS FOR NAV GROWTH

As part of BBGI's asset management activities, some value optimisations have been identified on projects:

- The UK project entities now take into account the enacted tax rates of 21% from 1 April 2014 up to 31 March 2015 and 20% from 1 April 2015 onwards. This has lowered the projected tax payments.
- BBGI benefits from a comparatively young portfolio with an average concession life of 24.6 years including some project entities in construction. As the Company moves closer to the forecasted dividend payment dates, the time value of those cash flows on a net present value basis increases (unwinding of discount).
- A decrease in discount rates based on both the reduced risks associated with some investments

and a small reduction in the market rate for stable operational projects which mirrors the continued trend of more available capital of PPP infrastructure investors while the supply side has not kept pace with the increased demand. This decrease in discount rates has resulted in a NAV uplift of £4.3 million in 2013.

- Inflation in some projects has been higher than expected and this has led to an increase in projected distributions from these project entities.
- On some transportation projects BBGI has experienced and is expected to experience lower than expected life-cycle expenditure.

FOREIGN EXCHANGE

The foreign exchange rates at 31 December 2013 show a depreciation during the year of the Australian Dollar and the Canadian Dollar against the British Pound. During the same period the Euro appreciated against the British Pound, but as the Canadian and Australia exposure is greater than the Euro exposure, there was a negative impact on the NAV of the portfolio; refer to the section Movement on Investment Basis NAV on page 27. While the Company tries to mitigate the impacts of foreign currency movements on NAV by hedging a portion of the expected dividends for the next four years coming from the portfolio (the Company's policy with respect to exchange rate hedging is referred to on page 21 of this report), it would not be economical to fully immunise the portfolio against any NAV changes due to foreign exchange movements.

| | F/X RATES AS OF 31 DECEMBER 2012 | F/X RATES AS OF 31 DECEMBER 2013 |
|---------|-------------------------------------|-------------------------------------|
| GBP/AUD | 1.558 | 1.858 |
| GBP/CAD | 1.611 | 1.764 |
| GBP/EUR | 1.223 | 1.198 |
| GBP/NOK | * | 10.093 |

* The Company acquired E18, a Norwegian project, in December 2013. Prior to this the Company had no exposure to the Norwegian Krone.

The Company believes that some F/X exposure is inevitable in 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. Another benefit associated with a global portfolio is a broader and more diverse counterparty exposure profile and no single exposure to one specific PPP/PFI market and sovereign risk.

The Management Board has spent considerable time discussing its hedging policy and believes it remains appropriate and cost-effective to continue with its four-year rolling hedge policy.

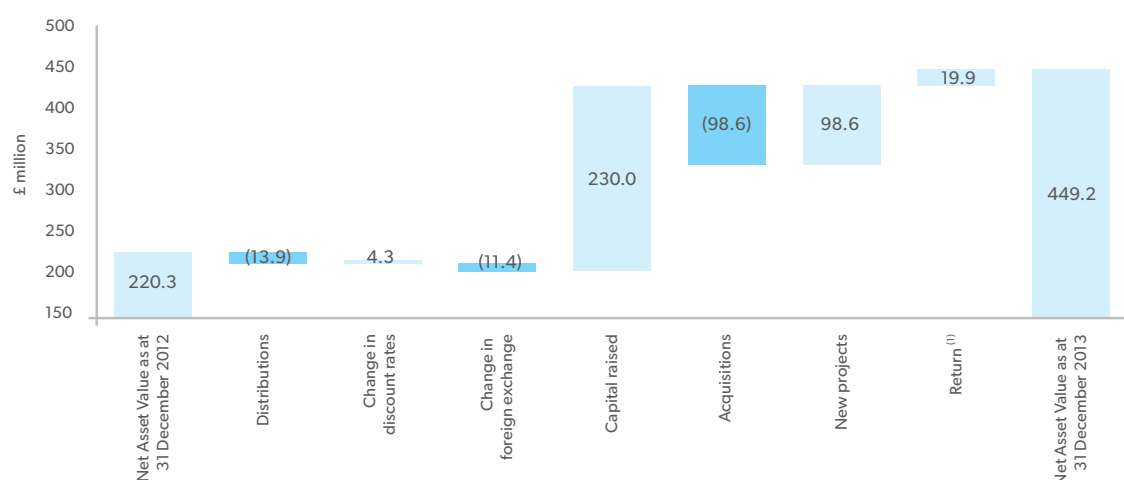
There will be periods where the global nature of the BBGI portfolio produces positive F/X impacts on valuation and other times when the reverse is true. Overall, the Management Board believes that with the current hedging program in place, the global nature of the portfolio produces benefits (geographic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

DISCOUNT RATES

The discount rates used for the individual assets range between 8.00% and 10.50%, and the weighted average basis is approximately 8.39%, which compares to average discount rate of 8.51% used at 31 December 2012. The decrease in discount rates reflects primarily the move of some assets into the stable operational phase and the accompanying reduction in discount rates for those projects, and secondly the continued trend of an increased competitive pressure on secondary market prices since the valuation in December 2012. More investment capital, both in the listed and unlisted infrastructure secondary market, is chasing PPP/PFI assets and additionally, where auctions are used, these have become more professional and competitive. BBGI was able to avoid any such processes and has sourced all assets either from the pipeline agreement with Bilfinger, buying co-shareholder stakes or negotiated transactions.

The discount rate used for individual project entities is based on our knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

Investment Basis NAV movements in the 12 months to 31 December 2013



**INVESTMENT BASIS NAV MOVEMENT
31 DECEMBER 2012 TO 31 DECEMBER 2013**

£ MILLION

| | |
|---|--------|
| Net Asset Value at 31 December 2012 | 220.3 |
| Distributions | (13.9) |
| Change in discount rate | 4.3 |
| Change in foreign exchange | (11.4) |
| 2013 capital gross raise proceeds | 230.0 |
| Decrease in cash relating to acquisition of new assets ² | (98.6) |
| New Projects | 98.6 |
| Return ¹ | 19.9 |
| Net Asset Valuation | 449.2 |

¹ Return includes among others changes due to the benefit of further reduction in tax rates in the UK, inflation being higher than the assumptions on some projects, augmentation income, other portfolio optimisations and unwinding of the discount

² The acquisition price under investment basis uses the hedged Pound Sterling cost of all acquisitions denominated in local currency. Under IFRS the acquisition cost is recorded at the exchange rate at the date of completion.

DISCOUNT RATES SENSITIVITY

The following chart table shows the sensitivity of the Net Asset Value due to a change in the discount rate.

| DISCOUNT RATE SENSITIVITY¹ | CHANGE IN NET ASSET VALUE 31 DECEMBER 2013 |
|--|---|
| Increase by 1% to 9.39% | £(29.7) million, i.e. (6.6)% |
| Decrease by 1% to 7.39% | £34.9 million, i.e. 7.8% |

¹ Based on the average discount rate of 8.39%

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 above.

| INFLATION SENSITIVITY | CHANGE IN NET ASSET VALUE 31 DECEMBER 2013 |
|------------------------------|---|
| Increase by 1% ¹ | £27.4 million, i.e. 6.1% |
| Decrease by 1% ¹ | £(25.8) million, i.e. (5.7)% |

¹ Compared to the assumptions as set out in the macroeconomic assumptions above

FOREIGN EXCHANGE SENSITIVITY

| FOREIGN EXCHANGE SENSITIVITY | CHANGE IN NET ASSET VALUE 31 DECEMBER 2013 |
|-------------------------------------|---|
| Increase by 10% ¹ | £(16.8) million, i.e. (3.7)% |
| Decrease by 10% ¹ | £20.5 million, i.e. 4.6% |

¹ Sensitivity in comparison to the assumptions as set out in the macroeconomic assumptions above, derived by applying a 10% increase or decrease to the rate GBP/foreign currency

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.

| DEPOSIT RATE SENSITIVITY | CHANGE IN NET ASSET VALUE 31 DECEMBER 2013 |
|---------------------------------|---|
| Increase by 1% ¹ | £8.5 million, i.e. 1.9% |
| Decrease by 1% ¹ | £(8.4) million, i.e. (1.9)% |

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

The Management Board and the Supervisory Board have approved the net asset value calculation on an Investment Basis as at 31 December 2013. During the period, the reported net asset value per share increased from 103.5 pence to 105.6 pence, an increase of 2.04%.

FINANCIAL RESULTS

During the year ended 31 December 2013, the Company early-adopted the changes to the accounting standards affecting Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). These revised accounting standards allow the Company (an Investment Entity) to prepare IFRS financial statements, which do not consolidate certain subsidiaries, in a similar manner to the Company's current pro forma Investment basis tables which to date have been included in the Financial Results section of this Report of the Management Board. These amendments are effective from 1 January 2014 and were endorsed by the EU on 21 November 2013, with early adoption permitted. The Company has opted for early adoption of these amended standards for the year ended 31 December 2013. The Company and its advisors believe that these amended standards will improve the stakeholders' understanding of the financial performance of the Group.

At 31 December 2013, the Group had 16 projects, out of a total of 26 projects which it was deemed to control by virtue of having the ability to govern, directly or indirectly, the financial and operating policies of the project entities. In previous reporting periods under IFRS, the results of these project entities (subsidiaries) would have been required to be consolidated in the Group's consolidated financial statements on a line-by-line basis.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 27, BBGI no longer consolidates 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. Therefore, all investments in PPP assets are now accounted for on the same consistent basis. The results of the Group following the adoption of these amended standards now approximate those results that are presented on an Investment basis. All comparative information for the year ended 31 December 2012 has been restated.

PERFORMANCE

Cash received from the portfolio of investments during the reporting period was by way of distributions including dividends, interest payments, capital and principal repayments amounting to £17.3 million. After deducting cash outflow for Group-level corporate costs the net cash receipts for the period were £13.5 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.

Left below: The M80 motorway between Stepps and Haggs in Scotland.
Right below: Liverpool and Seton Clinics, UK.



SUMMARY NET CORPORATE CASH FLOW

| | YEAR ENDED 31 DECEMBER 2013 | YEAR ENDED 31 DECEMBER 2012 |
|---|--------------------------------|--------------------------------|
| | £ MILLION | £ MILLION |
| Cash received from investments | | |
| Dividends received | 4.9 | 5.6 |
| Capital receipts ¹ | 12.4 | 14.9 |
| Total | 17.3 | 20.5 |
| Cash outflow from corporate expenses ² | (3.6) | (2.3) |
| Cash outflow from finance cost (net) | (0.2) | - |
| Net cash¹ | 13.5 | 18.2 |

¹ In 2012 the Company received certain cash flows relating to distributions for the year 2011 on acquisitions announced in 2011 but which completed in 2012. This had a resulting positive effect on the cash generated in 2012. Similarly the Company is entitled to certain distributions on acquisitions that were announced in 2013. These distributions will not be released until completion has occurred and therefore will be reflected in the 2014 cash flow. The decrease in the net cash in the table above is primarily due to these timing effects.

² Certain expenses such as bonus payments, audit and other professional fees, non-recoverable VAT are paid in the year subsequent to their accrual. The cash outflow for 2012 corporate expenses was exceptionally low due to the limited operational period in 2011, and as a result a lower than normal level of payables was carried forward into 2012.

The 2013 amount for Cash outflow from corporate expenses excludes the £1.5 million of acquisition costs relating to the enlarged portfolio. These costs were excluded in order to ensure that the net cash above reflects the performance of the existing portfolio.

GROUP-LEVEL CORPORATE COST ANALYSIS

The table below is prepared on an accrual basis.

| | YEAR ENDED 31 DECEMBER 2013 | YEAR ENDED 31 DECEMBER 2012 |
|--|--------------------------------|--------------------------------|
| | £ MILLION | £ MILLION |
| Finance cost | 0.5 | 0.4 |
| Staff costs ¹ | 2.0 | 1.6 |
| Professional fees | 0.7 | 0.7 |
| Acquisition-related costs ² | 1.9 | 0.2 |
| Other expenses ³ | 1.0 | 0.7 |
| Non-recoverable VAT | 0.3 | 0.1 |
| Taxes | 0.3 | 0.1 |
| Corporate costs | 6.7 | 3.8 |

¹ The Fund is internally managed with no fees payable to external managers. Staff costs in 2012 were lower than 2013 as the Company reached full employment during 2012.

² The acquisition-related costs are made up of due diligence, legal, and other costs directly related to the acquisitions made during the year and on the Pipeline Assets that are not yet completed.

³ Other expenses are made up of support services (IT, treasury and accounting, UK office support) and office running costs.

ONGOING CHARGES

The ongoing charges percentage 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. Management expect the ongoing charges to decrease further by 31 December 2014 which represents both an efficient and highly competitive cost structure.

| | YEAR ENDED 31 DECEMBER 2013 | YEAR ENDED 31 DECEMBER 2012 |
|---|--------------------------------|--------------------------------|
| | £ MILLION | £ MILLION |
| Annualised ongoing charges ¹ | 3.3 | 3.1 |
| Average undiluted net asset value in the period | 298.1 | 214.3 |
| Ongoing charges (%)² | 1.11% | 1.44% |

¹ Certain non-recurring costs have been excluded from the ongoing charges, most notably acquisition-related costs of £2.2 million (inclusive of VAT of £0.3 million), taxes of £0.3 million and finance costs of £0.5 million.

² Ongoing charges (%) were 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 on investments. The ongoing charges include an accrual for the Short-Term Incentive Plan ("STIP") and the Long-Term Incentive Plan ("LTIP").

AIFMD ON ONGOING CHARGES

Although the effects of AIFMD are not yet fully known Management expect the associated costs to have a negative impact on the Ongoing charges percentage of up to +5 basis points.

INVESTMENT BASIS NAV

The Investment Basis NAV includes the investments at fair value of £324.1 million. The fair value of these investments is based on the discounted value of their expected future cash flows. For further details refer to the Valuation section of the report of the Management Board.

The analysis below compares the Investment Basis NAV against the net asset value on an IFRS basis. The significant reduction in reconciling adjustments compared to previous reporting periods is as a direct result of the adoption of the amendment to IFRS 10.

UNAUDITED PRO FORMA BALANCE SHEET RECONCILIATION

| | 31 December 2013 | | | 31 December 2012 | | |
|---|------------------|-------------|-------------------|------------------|-------------|-------------------|
| | Investment Basis | Adjustments | Consolidated IFRS | Investment Basis | Adjustments | Consolidated IFRS |
| | £ million | £ million | £ million | £ million | £ million | £ million |
| Investments at fair value ¹ | 324.1 | - | 324.1 | 219 | (0.9) | 218.1 |
| Adjustments to investments | 0.7 | - | 0.7 | 0.7 | - | 0.7 |
| Other assets and liabilities (net) | (1.9) | 0.2 | (1.7) | (1.4) | 0.2 | (1.2) |
| Net cash/ (borrowings) ^{1,2} | 126.3 | - | 126.3 | 2.0 | 1.5 | 3.5 |
| Fair value of derivative financial instruments ³ | - | 1.3 | 1.3 | - | (0.2) | (0.2) |
| Net assets to equity holders of the parent | 449.2 | 1.5 | 450.7 | 220.3 | 0.6 | 220.9 |

¹ Under the Investment Basis a receivable and subsequent payable were recorded as two separate line items, the receivable as part of the Investment at fair value and the related payment obligation as a liability. Under IFRS the payable and the receivable should not be recognised.

² In 2012 under IFRS, loan issuance cost are presented as a reduction from borrowings.

³ Under IFRS the forward currency contracts are presented at fair value.

THREE-YEAR COMPARATIVE OF INVESTMENT BASIS NAV

| | 2013 | 2012 | 2011 |
|--|--------|--------|--------|
| Investment Basis NAV (£ millions) | 449.25 | 220.34 | 207.56 |
| Investment Basis NAV per share (pence) | 105.6 | 103.5 | 97.9 |

UNAUDITED PRO FORMA INCOME STATEMENT RECONCILIATION

| | 31 December 2013 | | |
|---|-------------------------------|--------------------------|--------------------------------|
| | Investment Basis £ million | Adjustments £ million | Consolidated IFRS £ million |
| Fair value movements and other income | 25.4 | - | 25.4 |
| Difference between actual acquisition price and hedged acquisition price ¹ | (0.7) | 0.7 | - |
| Corporate expenses, net finance income and foreign exchange loss ² | (4.8) | (1.8) | (6.6) |
| Investment Basis return/Net profit | 19.9 | (1.1) | 18.8 |

¹ The acquisition price under investment basis uses the hedged Pound Sterling cost of all acquisitions denominated in local currency. Under IFRS the acquisition cost is recorded at the exchange rate at the date of completion.

² This difference is predominantly due to the fact that under IFRS the forward currency contracts are presented at fair value.



Above: One of 10 new fire stations in Stoke-on-Trent and Staffordshire.
Left: Scottish Borders Schools, UK

MARKET DEVELOPMENT

The investment climate for PPP/PFI assets which meet the Company's acquisition strategy continues to be very competitive. The Management Board believes there will likely be more potential acquirers and potentially fewer investments coming to market in 2014 which will continue to put increased pressure on pricing. Additionally, there will be a number of larger portfolios offered which will be sold via a professional auction process which tend to drive the prices further upwards.

While BBGI should benefit as increased pressure on pricing may warrant an increase in valuation of the existing portfolio, it also creates an environment where the potential to overpay for new assets increases dramatically. In this increasingly competitive environment, vendors are requiring prospective purchasers to price in life-cycle savings, aggressive tax structures, portfolio efficiencies and other upsides. The result is that the margin for error has decreased significantly and many of the potential acquisitions we expect to see in 2014 may not be pursued because of the risk that they would not be accretive to shareholder value.

In this competitive landscape, we believe the benefits of our internal management structure will become more and more apparent. As BBGI has no external manager, there are no fees paid based on the size of

the portfolio and no acquisition fees, and as a result, we will not be persuaded to grow unless the growth is beneficial to shareholders. The motivation of the Management Board is directly aligned with those of the shareholders. We will not pursue growth for growth's sake and will not be encouraged to make wayward investment decisions due to the allure of increased management fees or acquisition fees. We will remain disciplined and will make acquisitions on a selective opportunistic basis.

Despite the increasingly competitive market in 2013, the Management Board completed or announced the acquisition of 22 separate interests in new and existing projects from a variety of parties for total consideration of approximately £205 million. These acquisitions were done on favourable terms and were accretive. In 2013 we avoided broad auction processes and instead tended to focus on one-off opportunities where we had an existing relationship, a pipeline agreement with Bilfinger or a competitive advantage. By avoiding such auctions, BBGI also avoided broken bid costs.

While the Management Board was disappointed to be pre-empted on the purchase of one of the road assets in Australia, we take comfort in our disciplined approach to pricing and realise that our valuation was not excessive given that others were prepared to pay similar prices or more for the asset.

A key component of our growth strategy in 2013 was 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. In this regard, during 2013 we acquired or have agreed to acquire interests in: one asset in Australia, four assets in Canada, one asset in the US, one asset in Norway and four assets in Germany as well as interests in seven projects in the UK. With an established beachhead in these markets, we believe going forward we may benefit from certain synergies and may find the opportunities not as heavily competed as in the UK.

Another key component of our growth strategy will be to consider projects still in the construction stage. While there are typically fewer opportunities to acquire projects still in construction, as compared to operational PPP/PFI projects, we believe the pricing on construction projects is quite 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.

The construction risk generally has been 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 parent of the construction companies.

The Management Board expect it will be able to acquire 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.

We expect we may have some selective opportunities to acquire further construction assets in 2014 and we will analyse these carefully whilst at all times noting the need to balance the expected increased capital returns from taking additional but well-controlled construction risk while also maintaining our dividend policy. Further information on construction risk can be obtained from the Company's prospectus which is available on the Company's website.

We are committed to maintaining our pricing discipline in 2014. We do not expect to repeat the same level of transactions or investment volume as 2013, unless market conditions change and become more favourable.

We will continue to focus on our core markets in Australia, Canada, US, UK, and Germany but will also look to expand in other creditworthy European countries.

UK

The UK PPP/PFI market is considered one of the most mature and robust in the world. Over 700 PFI projects delivering investments of over £54 billion have been signed since 1992. As a result we expect it will

continue to be the largest source of secondary market transactions in principle.

The secondary market in the UK still appears to be the most active market globally, although more equity investors are chasing a similar or reduced number of transactions. This appears to have resulted in a trend of lower discount rates for stable mature secondary projects.

We anticipate a couple of large portfolios that will be offered for sale in 2014 which will attract a lot of attention. 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.

Canada & USA

Over the years Canada's PPP market landscape has evolved considerably and has established Canada as one of the world's most stable and significant PPP markets in both volume and capital size of transactions.

The Canadian secondary market is expected to be active in 2014 as projects developed over the last couple of years come into operations. During the period 2009–2011, 39 PPP deals reached financial close, culminating in a combined capital investment of approximately CAD 21.7 billion. With six projects in this growing market, BBGI is a well-known market participant and has very good exposure to deal flow.

The US represents a potentially vast infrastructure market with figures of US\$2.32 trillion quoted as the level of infrastructure required over the next five years.

The US market is generally considered to be not one homogeneous market, but a collection of individual state markets with individual legislative and budgetary systems. Having completed its first investment in the US in January, 2014 BBGI is familiar with the nuances of this market and will look to expand its presence should attractive investment opportunities become available.

Continental Europe

The market differs from country to country quite significantly. In Germany the market is still intermittent

and only a limited number of new projects will be tendered this year, predominantly in the transport sector.

France (although slower than expected), the Netherlands, and Belgium still continue on the path to procure infrastructure projects via the PPP route and some secondary transactions are expected in 2014. The Netherlands and France are two markets where BBGI will increase its focus in 2014.

BBGI currently does not focus on Southern and Eastern Europe, given the weakened credit ratings of these countries.

Australia

Australia is also considered a strong market for PPP investment as it enjoys a stable economy and a growing popularity of the PPP model among different states. BBGI expects that the market activity levels will remain muted and may provide only a handful of opportunities in 2014.

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.

INVESTMENT OPPORTUNITY

The Management Board believes that an investment in BBGI provides shareholders with the following benefits:

- Exposure to high-quality PPP infrastructure assets with the following attributes:
 - Long-term stable cash flows from assets that are mainly operational (or near operational) and backed by public sector or government-backed counterparties
 - Strong yield characteristics and attractive inflation protection characteristics
 - A portfolio which is diversified by sectors with a focus on availability-based transport projects
 - Spread across a number of high-quality creditworthy countries
- High degree of project control, with at least a 50% ownership in respect of approximately 96% by value of the project entity within the portfolio
- Availability-based road projects and a range of social infrastructure projects
- Potential for value enhancement opportunities and acquisition of further stakes
- Alignment of interest between the Company, the management team and shareholders through an internal management structure
- 1.11% ongoing charge percentage which is very competitive within the UK listed infrastructure sector. This is primarily due to the internal management structure; no net asset value based management fees, no acquisition fees and no performance fees charged; director fees earned from the project entities are also for the benefit of BBGI and are not going to a third-party.
- Experienced PPP/PFI management team
- Continuation vote in 2015 and every two years thereafter

INVESTMENT PORTFOLIO

As at 31 December 2013, BBGI's assets consisted of interests in 26 low-risk, predominantly operational availability-based PPP/PFI infrastructure assets. The assets, in the transport, health, education, justice and emergency services sectors, are located in Europe, Canada and Australia.

| | AUSTRALIA | CANADA | UNITED KINGDOM | CONTINENTAL EUROPE |
|-----------|------------------------|--------------------------------|---|-------------------------------------|
| ROADS | Royal Women's Hospital | Kicking Horse Canyon | M80 Motorway | Burg Prison, Germany |
| JUSTICE | Victoria Prisons | Golden Ears Bridge | Liverpool & Sefton Clinics (LIFT) | Unna Administrative Centre, Germany |
| EDUCATION | | Northwest Anthony Henday Drive | Barnet & Haringey Clinics (LIFT) | E18 Motorway, Norway |
| HEALTH | | Northeast Stoney Trail | Barking & Havering Clinics (LIFT) | |
| OTHER | | Women's College Hospital | Mersey Care Mental Health Hospital (LIFT) | |
| | | Kelowna & Vernon Hospitals | Gloucester Royal Hospital | |
| | | | Staffordshire Fire and Rescue Service | |
| | | | Clackmannanshire Schools | |
| | | | Coventry Schools | |
| | | | Scottish Borders Schools | |
| | | | Kent Schools | |
| | | | Lisburn Institute | |
| | | | East Down Institute | |
| | | | Bedford Schools | |
| | | | Tor Bank Schools | |

PORTFOLIO SUMMARY

At year end, the Company's portfolio consisted of interests in 26 projects as follows:

| | EQUITY STAKE |
|--|---------------------|
| Availability Roads | |
| Golden Ears Bridge, Canada | 100.0% |
| Northwest Anthony Henday Drive, Canada | 50.0% |
| Northeast Stoney Trail, Canada | 100.0% |
| Kicking Horse Canyon, Canada | 50.0% |
| M80 Motorway, UK | 50.0% |
| E18 Motorway, Norway | 58.8% |
| Healthcare | |
| Royal Women's Hospital, Australia | 100.0% |
| Liverpool & Sefton Clinics, UK | 26.7% |
| Gloucester Royal Hospital, UK | 50.0% |
| Barnet & Haringey Clinics, UK | 26.7% |
| Barking & Havering Clinics, UK | 60.0% |
| Kelowna & Vernon Hospitals | 50.0% |
| Women's College Hospital, Canada | 100.0% |
| Mersey Care Mental Health Hospital, UK* | 38.1% |
| Education | |
| Clackmannanshire Schools, UK | 100.0% |
| Scottish Borders Schools, UK | 100.0% |
| Kent Schools, UK | 50.0% |
| Bedford Schools, UK | 100.0% |
| Coventry Schools, UK | 100.0% |
| East Down Colleges, UK | 66.7% |
| Lisburn College, UK | 100.0% |
| Tor Bank School, UK | 100.0% |
| Justice | |
| Victoria Prisons, Australia | 100.0% |
| Burg Prison, Germany | 90.0% |
| Other | |
| Stoke on Trent & Staffordshire Fire and Rescue Service, UK | 85.0% |
| Unna Administrative Centre** | 44.1% |

* 38.1% equity and 40.0% sub debt

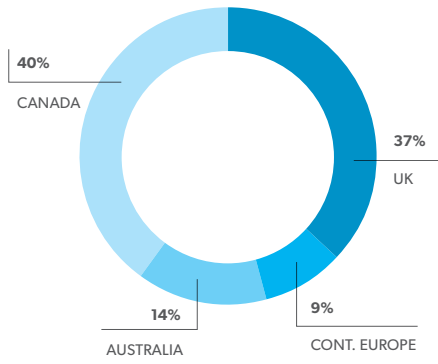
** Entitled to 100% of the cash flow

All of the projects are in operation except for Mersey Care Mental Health Hospital, expected to reach completion end of 2014 and Women's College Hospital, expected to be fully operational in March 2016. These two assets represent approximately 7.6% of the portfolio by value.

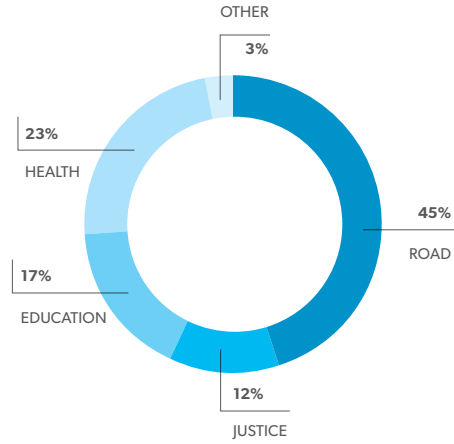
The concessions granted to project entities in the portfolio are predominantly granted by a variety of public sector clients including but not limited to central government departments; local, provincial and state governments; and corporations set up by the public sector. All project entities in the portfolio are located in countries which are all rated Aa1/AAA for the UK and Aaa/AAA for Australia, Canada, Norway and Germany by Moody's and Standard & Poor's.

EXISTING PORTFOLIO

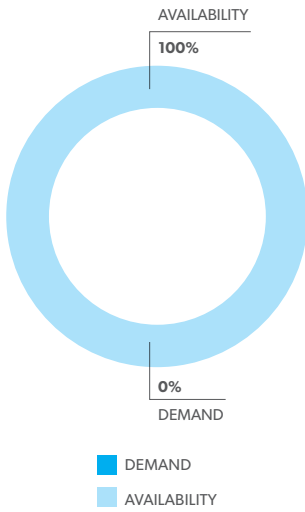
GEOGRAPHY



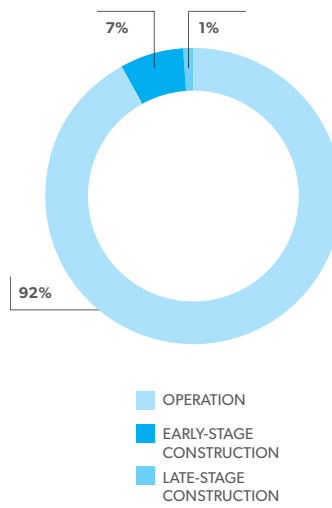
SECTOR



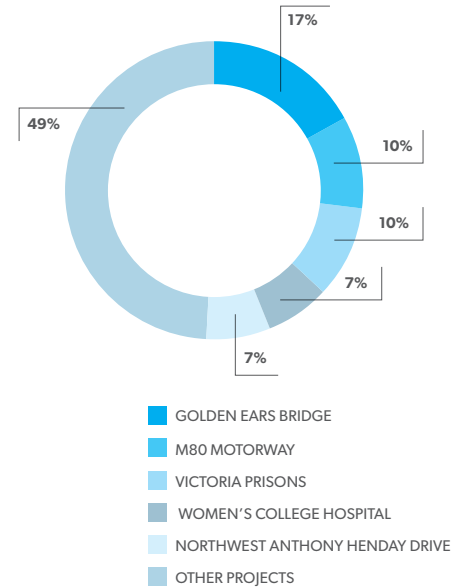
REVENUE TYPE



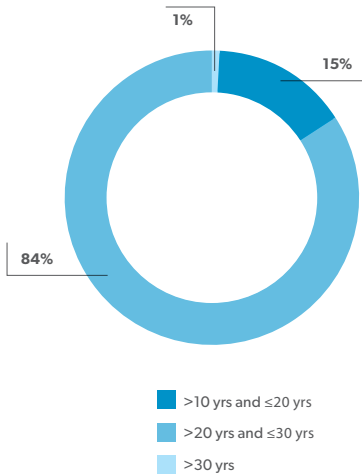
PROJECT STATUS



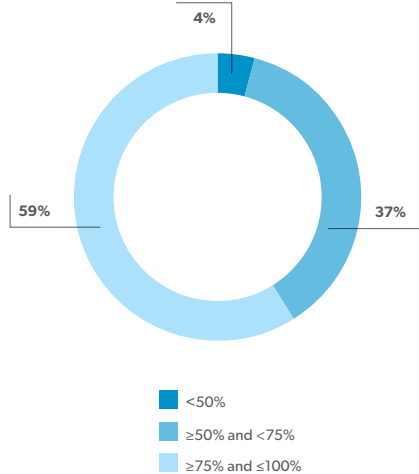
TOP 5 PROJECTS EXISTING PORTFOLIO



CONCESSION LENGTH

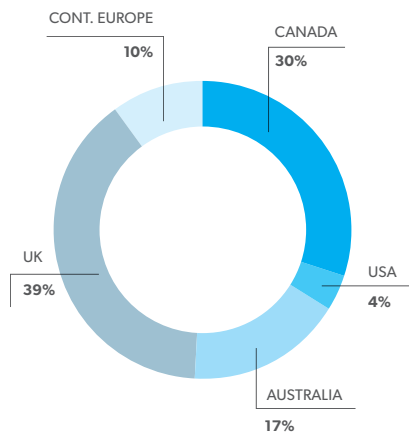


PROJECT STAKE

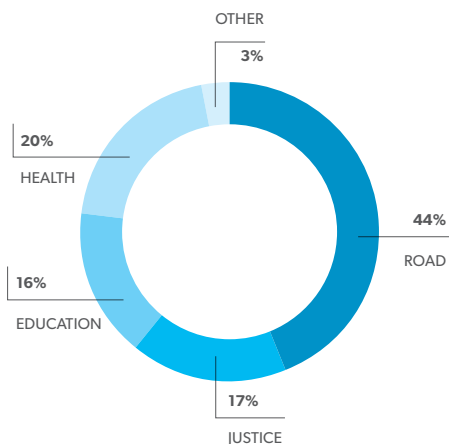


PRO FORMA ENLARGED PORTFOLIO¹

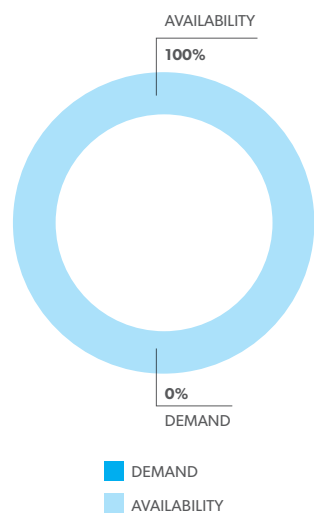
GEOGRAPHY



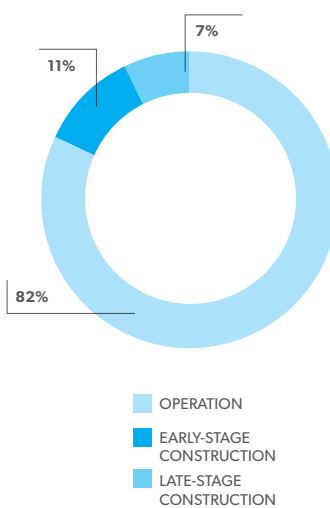
SECTOR



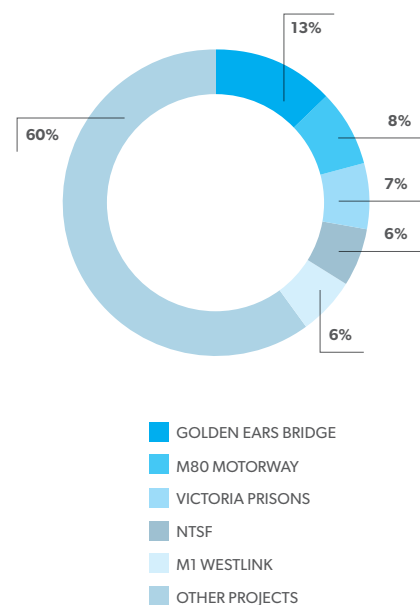
REVENUE TYPE



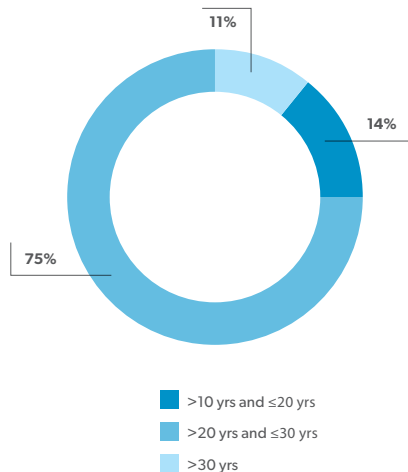
PROJECT STATUS



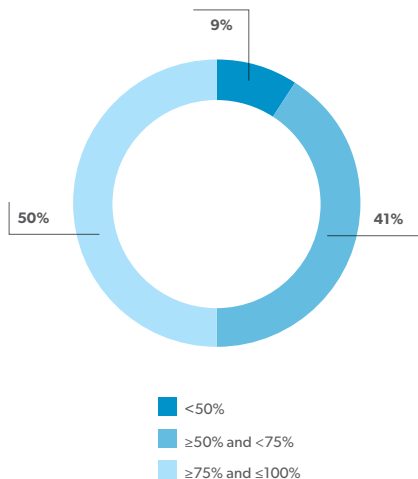
TOP 5 PROJECTS PRO FORMA



CONCESSION LENGTH



PROJECT STAKE



¹ The Pro Forma BBGI Portfolio assumes the post year end completion of those announced acquisitions but not yet completed at year end 31 December 2013. It includes the uncompleted transactions with Bilfinger, the four assets from Hochtief PPP Solutions GmbH, the Assura Acquisition and the further interests in the assets from Graham. It excludes any acquisitions announced post year end 31 December 2013.

TEN LARGEST PROJECTS – PRO FORMA AVAILABILITY ROADS

Pro forma in this context includes the existing portfolio of projects at 31 December 2013 plus those acquisitions announced but not yet completed at 31 December 2013.



GOLDEN EARS BRIDGE, CANADA

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 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 has brought close to CAD 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 STEPPS TO HAGGS, SCOTLAND, UK

The section of road between Stepps and Haggs was 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. During peak hours, the road had suffered heavy congestion, delays and a poor level of service.

This project comprised the construction of 18km 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 scheme now provides a significant reduction in congestion for road users, improved journey times and greater reliability.



M1 WESTLINK, UK

The project consists of the design, construction upgrade, finance and operation of the existing M1 Westlink road scheme in Belfast.

As a result of the project, road users are now able to travel freely along the M1 Westlink in both directions without having to stop at any junctions. This has reduced congestion and provides considerable improvements in journey times. The project commenced in April 2006 and required a significant amount of construction work to upgrade key sections of the existing network. This consisted of approximately 60 km of motorway and a short section of linking dual carriageway through the heart of Belfast.



NORTHWEST ANTHONY HENDAY DRIVE, CANADA

This portion of the Edmonton Ring Road in Alberta runs 21 km from Yellowhead Trail to Manning Drive. It is the single largest completed PPP transportation investment to date for the Province of Alberta and has improved safety and travel time for both residents and businesses. The project is completely free flow and includes eight interchanges, five flyovers and two rail crossings, for a total of 27 bridge structures.

With the opening of this leg, travellers have access to a total of 69 km of free flow on Anthony Henday Drive. The new construction benefits more than 30,000 motorists who use this ring road daily, as well as the transportation industry, as this is a vital route for shipping and receiving goods.



E18 MOTORWAY, NORWAY

In August 2009 the E18 Highway was opened by the King of Norway. The 38 km dual carriageway carves through a very rugged and extremely beautiful landscape. A total of seven tunnels and six major bridges were completed as part of the contract. This new section of highway between Grimstad and Kristiansand in Norway is part of the trunk road from Oslo to Kristiansand. It is a key element of the transport corridor between southern Norway and the Continent, as well as an important connection between the two cities.



OHIO RIVER BRIDGE – EAST END CROSSING, USA

Ohio River Bridge/East End Crossing PPP is a long-term public-private-partnership concession procured by the Indiana Finance Authority for the development, design, construction, financing, operation and maintenance of a cable stayed bridge and associated roadway and facilities across the Ohio River, connecting Clark County, Indiana and Jefferson County, Kentucky. The bridge is in close proximity to Louisville, Kentucky.

The concession term is equal to the construction period plus 35 years of operations. The project payment mechanism comprises a series of milestone payments to be received both during the construction period and shortly after the achievement of substantial completion and monthly availability payments in the operation period.

JUSTICE



VICTORIA PRISONS, AUSTRALIA

The Metropolitan Remand Centre near Melbourne accommodates up to 600 male prisoners and is the State's major intensive treatment facility for male prisoners. It offers treatment programs aimed to promote rehabilitation, and reduce repeat offending, and to prepare prisoners for transition back into the community.

The second, smaller facility is the Marnngoneet Correctional Centre which houses 300 male prisoners and is also located in greater Melbourne. Both prisons started operation in 2006.

In 2013, two significant augmentation orders were undertaken to expand the prisoner capacity.



NORTHERN TERRITORIES PRISONS, AUSTRALIA

The Northern Territory Secure Facilities (NTSF) is a new correctional facility, located on a greenfield site at Holtze, near Darwin. When complete, the facilities will allow Northern Territory Corrections to engage prisoners into structured daily programs in order to foster rehabilitation and stronger reintegration.

The facility is currently under construction with completion expected in the second half of 2014.

HEALTH



WOMEN'S COLLEGE HOSPITAL, CANADA

The project consists of the design, build, finance and maintain a hospital in Toronto. The new replacement hospital development will be 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 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 is being delivered in two phases. The first phase became operational in May 2013 and partial payments from the authority started at that time. The second phase is under construction and is expected to become operational in March 2016.



KELOWNA & VERNON HOSPITALS, CANADA

The Kelowna & Vernon Hospitals project is a long-term PPP concession contract to design, construct, operate and maintain a new Patient Care Tower, a new University of British Columbia Okanagan Clinical Academic Campus and car park at Kelowna & Vernon Hospitals, and a new Patient Care Tower at Vernon Jubilee Hospital. The facilities are in the cities of Kelowna and Vernon in the interior of British Columbia, 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 predominantly been developed under the PPP/PFI or similar procurement models. The Company will principally invest 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 continue to arise in areas of the world 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 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 letter of credits, funds raised from the issue of new capital in the Company or a combination of all 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 immediately post-acquisition)). 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. The Company does not use structural gearing.

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 portfolio are denominated in Australian Dollars, Canadian Dollars, Euro and Norwegian Krone 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. The Management will continue to review the hedging strategy on an annual basis. Refer to the section on Hedging on page 21 of this report.

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 Management and Supervisory Board.

Amendments to and compliance with the investment policy

Changes to the investment policy may only be made with the approval of the *Commission de Surveillance du Sector Financier* ("CSSF") and of the shareholders by way of ordinary resolution in accordance with 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 2014 and beyond, the Company will 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 will target an initial annualised yield of 5.5% per annum on the IPO issue price of its ordinary shares. The Company will 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 initial issue price of its ordinary shares to be achieved over the longer term via active management to enhance the value of existing investments, and by acquisition of further investments, the prudent use of gearing, and growing the Company with the aim of reducing the ongoing charge ratio.

RISK AND RISK MANAGEMENT

The Management Board and the Supervisory Board consider 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 considers this risk register on at least a quarterly basis. The Supervisory Board also reviews the key risks affecting the Company at each scheduled board meeting, by reference to a risk register developed and monitored in conjunction with the Management Board. If a new risk develops or the likelihood of a risk occurring increases, where appropriate, 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 on at least an annual basis.

The Management Board set out the material risks relating to the Company's portfolio as at 6 December 2011 in the Company's IPO prospectus, which is available from the Company's website. General areas of risk and the processes are set out below.

The risk register applies a rating system to each risk. The impact of risk on the business (3 – high, 2 – medium and 1 – low) and the likelihood of the risk occurring (3 – high, 2 – medium and 1 – low) are assigned to each risk. Subsequently it is assessed if effective risk mitigation is in place and the effectiveness of the control (1 – high, 2 – medium and 3 – low).

The three numbers are added up and if the score is between 7 and 9, the risk is considered major; if between 5 and 6, moderate; and if between 3 and 4, low. The risk register is a dynamic document and is updated as and when new risks are identified or a change in one of the factors arises.

| AREAS OF RISK | RISK FACTOR |
|----------------------------------|---|
| Economic, external and financial | <ul style="list-style-type: none"> • Currency fluctuation, inflation rate and interest rate movement and general economic impact • Political and regulatory – changes in law, policies, directives and practice • Tax and accounting – changes in law, policies and practice • Liquidity and finance – no or limited access to debt or equity financing • Interest rates |
| Operational/asset related | <ul style="list-style-type: none"> • Underperformance or performance failures of the project entity, subcontractor or service providers • Termination of projects • Financial modelling • Bribery, fraud, corruption • Refinancing risk |
| Strategic and management | <ul style="list-style-type: none"> • Share price discount or premium to NAV • Poor project selection – overpaying for assets • Due diligence not assessing risks adequately • Concentration risk – over-reliance on one jurisdiction, public client or service provider • 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 and interest rates.

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 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 CAD and AUD for a period of four years in order to mitigate some of this risk. The hedging for NOK, EUR and USD will be considered, and if deemed necessary, implemented in the first half of 2014.

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 inter alia be due

to 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 framework. 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, 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 debt facility has a floating rate which is not hedged. The Company's performance may be affected by changes in the 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 cost, 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. Specialist advisors are usually retained by the project entities to assist in such forecasting of life-cycle 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 life-cycle 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, notably default by the project entity, 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 from 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 acts. 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 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 Women's College Hospital where the bond expires in 2018 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 Facility asset has a refinancing risk in 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 5.5% target dividend yield on the IPO issue price and a 7% to 8% IRR based on long-term stable and contracted government-backed revenue streams which are inflation linked. The Company's portfolio value is prepared semi-annually by the Management Board in good faith, independently reviewed by a competent valuer and 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 and other conditions beyond the control of the Company, and 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 are often subject to restrictions on transfer and may, therefore, be difficult to value. This could lead to an overpayment for investments in an acquisition process. The Company has internal processes in place which seek to minimise these risks through regular review of the peer group, discussions with advisors and regular

external confirmation of the portfolio value and the annual audit process.

The due diligence process undertaken during an acquisition process may not reveal all facts and circumstances that may be relevant in connection with an investment. The Company seeks to mitigate where possible this risk by a structured due diligence process, typically with the support of external advisors, market knowledge, site visits and 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. An overview of operational subcontractors is provided in the section Counterparty Exposure below.

Bilfinger is the day-to-day 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 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 is currently invested in the UK, Canada, Australia, Germany, Norway and the US and 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 available to shareholders at the Company's annual general meeting in 2015, and at the annual general meeting held every two years thereafter. The vote will require more than 50% of the total voting rights cast on the resolution to be in favour in order for the Company to continue in its current format.

The success of the Company will depend inter alia upon the skill and expertise of the Management Board and the individuals employed by BBGI Management HoldCo in identifying, selecting, acquiring and managing the investments. There is also no certainty that key investment professionals will continue to work for the Group for 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.

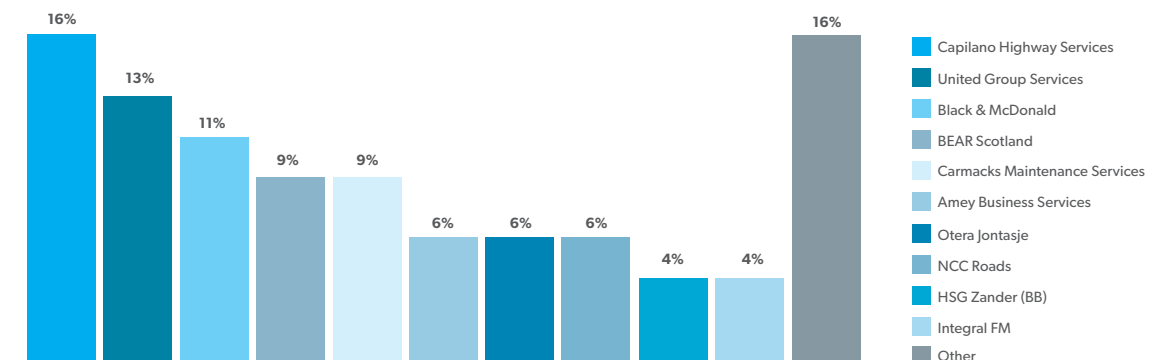
Counterparty exposure

Within BBGI's portfolio, all the PFI/PPP clients are public sector or public sector-backed entities.

Across its investments, BBGI has a diversified mix of service providers who are subcontracted to deliver the facility management services.

BBGI regularly reviews the Company's exposure to these operators. Also the Company monitors its financial exposure to financial institutions through its bank deposit accounts, term deposits and interest rate swaps. The review processes have not identified any significant counterparty concerns.

OPERATORS



GOVERNANCE

INTRODUCTION

The Company is internally managed with a two-tier governance structure comprising a Supervisory Board and a Management Board, with the responsibilities of each as stated below.

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.

INTERNAL CONTROLS

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

The process is based on a risk-based approach to internal control through a risk register which identifies the key mitigants and controls on which the Management Board relies to minimise those risks. The matrix is regularly reviewed and updated and the Supervisory Board is provided with regular reports highlighting all material changes to the risk ratings and the action which has been, or is being, taken.

By their nature these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

At each meeting the Supervisory Board also monitors the Company's investment performance in comparison to its stated objective and reviews its activities to ensure that the Management Board is adhering to the investment policy and guidelines. Further, at each meeting, the Supervisory Board receives reports from the UK Company Secretary in respect of compliance matters.

The Company has considered the need for an internal audit function during the reporting period and has concluded that its systems, procedures and internal review processes, and the work of the external

auditors, being the auditors of the Company and the project entities, provide sufficient assurance that a sound system of internal control, that safeguards the Company's assets, is maintained. A Company-specific internal audit function was therefore considered unnecessary. Note that the Company will engage an internal auditor in 2014 as part of its ongoing obligations under the Law of 12 July 2013 on Alternative Investment Fund Managers.

The Company recognises control systems can only manage (not eliminate) the risk of failure to achieve business objectives, and to provide reasonable (not absolute) assurance against material misstatement or loss.

The Management Board has agreed clearly defined investment criteria, returns targets and risk appetite, and reports on these issues, including operating performance, cash projections, and investment valuations, are submitted to the Supervisory Board at each quarterly meeting.

AIC

The Company is a member of the Association of Investment Companies (the "AIC") and has carefully considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") and follows the AIC's Corporate Governance Guide for Investment Companies (the "AIC Guide"). On 22 January 2013, the Financial Reporting Council provided the AIC with an updated endorsement letter to cover the February 2013 edition of the AIC Code. The endorsement confirms that the AIC Code fully meets, for investment company boards, their obligations in relation to the UK Corporate Governance Code and paragraph LR 9.8.6 of the Listing Rules.

The revised UK Corporate Governance Code applies to reporting periods beginning on or after 1 October 2012. The Company applied said updated AIC Code and Guide for the 2013 reporting period. The Company has worked throughout the year with IPES (UK) Ltd in order to ensure it is in full compliance with the updated AIC Code.

RELATIONS WITH SHAREHOLDERS – AIC CODE PRINCIPLE 19

The Company places great importance on communication with its shareholders and welcomes their views. All members of the Supervisory and Management Boards are available at all reasonable times to meet with principal shareholders and key sector analysts.

Feedback from investor meetings is provided by the Management Board and the Company's Joint Brokers to the Supervisory Board at the quarterly meetings. All relevant market commentary on the Company is also provided to the Supervisory Board.

It is the Company's intention to continue to meet with shareholders periodically to facilitate open two-way communication on the development of the Company.

The Company reports formally to shareholders twice a year and the results of Shareholder General Meetings are announced by the Company on the day of the relevant meeting. Additionally, Interim Management Statements and other current information on the Company provided through the Company's website pages assist in keeping shareholders informed. At Shareholder Meetings, the registrar monitors the voting of shareholders and proxy voting is taken into consideration when votes are cast at such meetings.

Shareholders may contact the members of the Management Board at the registered office of the Company, which address can be found on page 142 of the Annual Report or on the Company's website at www.bb-gi.com.

DISCLOSURE UNDER PRINCIPLE 5 OF THE AIC CODE

Management Board

The Management Board is responsible for the day-to-day management of the Company, including administration, preparation of semi-annual valuations, the statutory accounts, 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 also responsible for undertaking the discretionary investment management of the Company's assets and those of the rest of the Group.

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

The Management Board members are appointed and dismissed by the Supervisory Board on an annual basis, not by the shareholders, and therefore this does not meet the requirements of Principles 3 or 4, which require the shareholders of the Company to vote on the appointment/reappointment of Directors. However, as the Management Board carries out the role of an investment manager, the Supervisory Board deems it appropriate that the Management Board members are appointed and dismissed by the Supervisory Board on an annual basis. The members of the Supervisory Board are elected and dismissed by the shareholders and as such the Company considers that this meets the requirements of Principles 3 and 4.

Supervisory Board

The Supervisory Board consists of three members who are all Non-Executive Directors. In accordance with Principle 2 of the AIC Code, all of the Non-Executive Directors are 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, reappointment 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 a sufficient 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 third-party service providers. 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 nine times including four unscheduled meetings. Attendance of individual Supervisory Board members can be found on page 56.

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.

Performance evaluation of Supervisory Board

The Supervisory Board evaluates its performance and considers the term and independence of each member on an annual basis. The Board believes that the mix of skills meet the requirements of the Company. The annual evaluation for the year ended 31 December 2013 has been completed. The evaluation performed comprised completion of a hard copy form followed by collation of all comments into a summary. The Board considered the results of this evaluation process and it was agreed that the current composition of both the Supervisory Board and its Audit Committee reflected a suitable mix of skills and experience, and that each was functioning effectively. For the evaluation of the Chairman, the Senior Independent Director discussed the results of the questionnaire with the Chairman prior to further distribution to, and discussion with, the remaining members.

Performance evaluation of Management Board

As stated on page 65, 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 as members of the Management Board on 5 October 2011; their appointments were renewed for the first time with effect from 5 October 2012. Mr Denny was first appointed to the Management Board with effect from 30 April 2013 and, as such, his appointment has not yet been formally considered for renewal.

During the year under review, the Supervisory Board conducted an evaluation of the performance of the Management Board and its members. It concluded that both the Management Board collectively, and its members individually, were operating effectively and efficiently, and 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 2013. Mr Denny's appointment will be considered for renewal prior to 30 April 2014.

Re-election of Supervisory Board members

In accordance with the Articles of Incorporation, 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 on page 8 and 9 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, appointing the members of the Management Board, supervising and monitoring the appointment and performance of the Company's third-party service providers (and those of its subsidiaries) and providing general supervisory oversight to the operations of the Group as a whole.

The Supervisory Board will continue to consider constantly the Company's strategy with regard to market conditions and feedback from both the Management Board and shareholders. The investment strategy, which is set out in the Company's prospectus and this annual report, is reviewed regularly with the Management Board.

MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

| Name | Function | Independence | Age | Original appointment | Renewal to be considered |
|--------------------------|---|--------------|-----|----------------------|--------------------------|
| SUPERVISORY BOARD | | | | | |
| David Richardson | Chairman, Supervisory Board | Independent | 62 | 3 October 2011 | 30 April 2014 |
| Colin Maltby | Supervisory Board | Independent | 63 | 3 October 2011 | 30 April 2014 |
| Howard Myles | Supervisory Board, Chairman of Audit Committee | Independent | 64 | 3 October 2011 | 30 April 2014 |
| MANAGEMENT BOARD | | | | | |
| Frank Schramm | Management Board | | 45 | 5 October 2011 | 5 October 2014 |
| Duncan Ball | Management Board | | 48 | 5 October 2011 | 5 October 2014 |
| Michael Denny | Management Board | | 36 | 30 April 2013 | 30 April 2014 |

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.

Attendance at meetings during the financial period ending 31 December 2013

Attendance by the members of each Board for both scheduled and unscheduled meetings is indicated in the table below.

| Name | Scheduled Meetings attended | Unscheduled meetings attended* |
|--------------------------|-----------------------------|--------------------------------|
| SUPERVISORY BOARD | 5 | 4 |
| David Richardson | 5 | 4 |
| Colin Maltby | 5 | 3 |
| Howard Myles | 5 | 3 |
| Thomas Töpfer** | 3 | n/a |
| AUDIT COMMITTEE | 2 | 0 |
| Howard Myles | 2 | - |
| David Richardson | 2 | - |
| Colin Maltby | 2 | - |
| MANAGEMENT BOARD | 9 | 8 |
| Frank Schramm | 9 | 8 |
| Duncan Ball | 9 | 5 |
| Michael Denny*** | 6 | 8 |
| Arne Speer**** | 3 | n/a |

* From time to time there are unscheduled meetings of both the Supervisory Board and Management Board, most of which are short notice meetings to approve documents previously discussed or of a technical nature. Due to the generally short notice of these meetings, not all members are able to attend.

** Mr Töpfer resigned from the Supervisory Board, with effect from 21 May 2013. Mr Töpfer attended all scheduled meetings of the Supervisory Board up to the date of his resignation. There were no unscheduled meetings during this period.

*** Mr Denny attended all scheduled and unscheduled meetings in the period post his appointment to the Management Board.

**** Mr Speer attended all scheduled meetings in the period prior to his replacement on the Management Board. There were no unscheduled meetings during this period.

Other listed company directorships

David Richardson (Chairman)

Serco Group plc (resigned with effect 15 May 2013)
Assura Group Limited

Howard Myles

The World Trust Fund
Aberdeen Private Equity Fund Limited
Baker Steel Resources Trust Limited
BlackRock Hedge Selector Limited
JP Morgan Brazil Investment Trust plc
Small Companies Dividend Trust plc

Colin Maltby

HarbourVest Senior Loans Europe Limited
BACIT Limited (formerly known as Battle Against Cancer Investment Trust Limited)
Ocean Wilson Holdings Limited
BlackRock Absolute Return Strategies Limited (delisted on 17 January 2013)

COMMITTEES OF THE SUPERVISORY BOARD

AUDIT COMMITTEE

The Audit Committee has been in operation throughout the year in accordance with the AIC Code. The Committee operates within clearly defined terms of reference including all matters indicated by Disclosure and Transparency Rule 7.1 and UK Corporate Governance Code and comprises the three independent Non-Executive Directors who are members of the Supervisory Board: Howard Myles is the Chairman of the Committee, with Colin Maltby and David Richardson the other members. Refer to pages 8 and 9 for biographical details of the current Audit Committee members.

The terms of reference of the Audit Committee are available from the Company Secretary upon request.

The Audit Committee is responsible for:

- 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 a resolution to be put to the shareholders for their approval at the Annual General Meeting, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external Auditor
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- Reviewing the Group's Annual and Interim Reports and Financial Statements
- 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

The Audit Committee is required to report its findings to the 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 the Audit Committee meetings at which the annual and interim accounts are considered.

Meetings

The Audit Committee is required to meet not less than two times a year and at such other times as the Audit Committee Chairman may require. Any member of the Audit Committee may request that a meeting be convened by the Company Secretary. The external Auditor may request that a meeting be convened if it is deemed necessary. Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Annual General Meeting

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

OTHER COMMITTEES

There are no other constituted Committees of the Board. The Supervisory Board considers its size to be such that it would be unnecessarily burdensome to establish separate Management Engagement, Nominations and Remuneration Committees, and therefore the functions of these Committees are carried out by the Supervisory Board as a whole, which is responsible for 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 these Committees.

The Supervisory Board, in its capacity as Remuneration Committee, met five times during the period under review.

The Supervisory Board, acting as Nominations Committee, met twice in the year to 31 December 2013.

At each scheduled meeting during the reporting period, the Supervisory Board, as Management Engagement Committee, and with the Management Board, considered the performance and ongoing appointment of the Company's third-party service providers. Over the year, it has concluded that the ongoing appointments of these third-party service providers continue to be in the best interests of the Company as a whole.

REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD

During the year the board members were paid the following fees:

| SUPERVISORY BOARD | £ |
|-------------------|--------|
| David Richardson | 46,250 |
| Colin Maltby | 36,875 |
| Howard Myles | 36,875 |
| Thomas Töpfer | 11,703 |

The aggregate remuneration of the members of the Supervisory Board in their capacity as such was £131,703.

It was proposed in the relevant prospectus that the members of the Supervisory Board be paid an *ex gratia* payment of £20,000 each for their services in relation to the July Issue and the December Issue with such remuneration being deferred pending the approval of shareholders to increase the cap to £300,000. These additional fees have been accrued in the financial results of the Company for the year ended 31 December 2013.

None of the members on the Management Board receive a fee for acting in their capacity as directors of the Management Board.

Board members and other interests

Frank Schramm, Duncan Ball and Michael Denny, who are members on the Management Board, are also BBGI Management HoldCo managers. Apart from Mr Schramm and Mr Ball, none of the other members have Service Contracts. Michael Denny is an employee of BBGI Management HoldCo.

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

There are no family relations between the members of the Management Board and the Supervisory Board.

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 or the Bilfinger group
- (ii) have not had material business relationships with the Company
- (iii) have not received additional remuneration from the Company
- (iv) do not have family ties with any of the Company's advisors, 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
- (vii) and have not served on the board for more than nine years.

Bilfinger Group's right to appoint a Director

In December 2013 Bilfinger's holding of ordinary shares fell below 10% of the issued Ordinary Share capital of the Company. As a result of this reduced holding, and pursuant to the terms of the shareholding and brand agreement between Bilfinger and the Company, Bilfinger has now lost its entitlement to appoint a representative to the Supervisory Board.

SHAREHOLDINGS OF MEMBERS OF MANAGEMENT/SUPERVISORY BOARD

| <i>In thousands of shares</i> | 31 December 2013 | % of issued share capital | 31 December 2012 |
|-------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| David Richardson | 152 | 0.04 | 82 |
| Colin Maltby | 100 | 0.02 | 30 |
| Thomas Töpfer | * | - | 41 |
| Frank Schramm | 172 | 0.04 | 77 |
| Duncan Ball | 172 | 0.04 | 77 |
| Michael Denny | 35 | 0.01 | 0 |
| Arne Speer | ** | - | 36 |
| | 631 | - | 343 |

* During the period Mr Thomas Töpfer resigned from the Supervisory Board with effect from 21 May 2013.

** Mr Michael Denny was appointed as a member of the Management Board of the Company with effect from 30 April 2013. With effect from the same date, Mr Arne Speer retired as a member of the Management Board.

Remuneration of the Management

The Supervisory Board and the Management Board believe that an appropriate remuneration programme for the Management Board plays an important role in achieving short-and long-term business objectives that ultimately drives business success in alignment with long-term shareholder goals.

The level and structure of the remuneration, compensation and any other benefits to which the Supervisory Board, the Management Board and other management team members that are employed by BBGI Management HoldCo or other members of the Group are entitled are reviewed by the Supervisory Board (acting as the Company's Remuneration Committee) on an annual basis. The Supervisory Board makes recommendations in respect of the remuneration programme to the Management Board who implement these.

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 and with the execution of the Company's investment policy and fulfilment of the Company's investment objectives

- Establish performance goals that, if met, are expected to improve long-term Shareholder value
- Link compensation to performance goals and provide meaningful rewards for achieving them

The remuneration programme is reviewed annually and appropriate benchmarking with comparable businesses to that of the Company is undertaken with the intention of ensuring that the remuneration programme remains competitive in order to achieve the objectives above.

Under the current remuneration programme, all employees of BBGI Management HoldCo (which include the members of the Management Board, Mr Schramm, Mr Ball and Mr Denny) are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Supervisory Board. In addition, certain senior executives (including Mr Schramm and Mr Ball) are also entitled to participate in a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP").

Service contracts

BBGI Management HoldCo S.à r.l. has entered into service contracts with both Mr Schramm and Mr Ball (each such contract being a "Service Contract"). The Service Contracts for Mr Schramm and Mr Ball are on

identical terms and conditions save that the payments to Mr Schramm are in Euros and those to Mr Ball are in Canadian Dollars and are each terminable by BBGI Management HoldCo with immediate effect for “cause” or “without cause”, subject to payment of 24 months’ pay and benefits, or can be terminated by the relevant individual by giving twelve months’ written notice to BBGI Management HoldCo.

Mr Schramm and Mr Ball are each entitled to an annual base salary payable monthly in arrears of EUR 259,375 per annum and CAD 366,123 per annum respectively which is reviewed annually by the Supervisory Board. The salaries are reviewed with effect from 1 July each year. In 2013, both Mr Schramm and Mr Ball received a salary increase equating to 3.75% of their base salary. Mr Schramm received an increase of EUR 9,375 and Mr Ball an increase of CAD 13,233.

Short-Term Incentive Plan (STIP)

Under the STIP, Mr Ball and Mr Schramm are entitled to an annual award ranging from 0% to 80% of their annual base salary, subject to the achievement of predetermined performance objectives set by the Supervisory Board at the beginning of the relevant financial year. The maximum amount payable under the STIP is 80% of the relevant executive’s base salary, and the target performance is 48% of an executive’s annual base salary.

Payments under the STIP will be payable in cash or near cash instruments and will be made by the relevant member of the Group that employs the relevant executive (i.e. BBGI Management HoldCo in the case of Mr Schramm and Mr Ball). 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 the payment under the STIP for the relevant year.

On termination where the individual resigns or is terminated for “cause”, the individual will be paid on the normal STIP payment date a sum based on actual contributions towards performance objectives and then prorated based on the individual’s service during the applicable STIP year. If the individual is terminated

“without cause”, they will receive a sum on termination based on the performance objectives being deemed to have been met and then prorated based on the individual’s service during the applicable STIP year. In addition, where termination is “without cause”, the individual will receive a payment equivalent to twice the target annual STIP payment based on achievement of performance objectives.

In May 2013, Mr Schramm received a bonus of EUR 187,500 and Mr Ball CAD 264,667.50 in respect of the period from 1 January 2012 to 31 December 2012.

The bonus payment for Mr Schramm in respect of the financial year ending on 31 December 2012 was not paid in cash but by way of DAX warrants that BBGI Management HoldCo acquired (for the cash price equal to the bonus figures referred to above) and assigned to Mr Schramm.

Both Mr Schramm and Mr Ball will receive a bonus of EUR 203,750 and CAD 287,605 respectively for the year ending 31 December 2013. Bonuses will be paid in May 2014.

Long-Term Incentive Plan (LTIP)

Under the LTIP, Mr Ball and Mr Schramm may be awarded a percentage of the executive’s salary, depending on the performance of the Company, measured by the total shareholder return over each rolling three-year Return Period.

Subject to the achievement of predetermined targets, Mr Ball and Mr Schramm are each entitled to an annual award ranging from a target of CAD 176,445 and EUR 125,000 to a maximum of CAD 352,890 and EUR 250,000 respectively. The target award will be determined by reference to a threshold hurdle of a total shareholder return of 16.5% over the three-year return period starting from 21 December 2011. The maximum award requires a total shareholder return of approximately 28% over the three-year period.

Awards under the LTIP will be made at the beginning of each return period but will only accrue at the end of the return period. Continued employment is a normal

condition of the award. Payments under the LTIP will be payable in cash or near cash instruments after the end of the return period, once the determination has been made by the Supervisory Board, and will be made by the member of the Group that employs the relevant executive (i.e. BBGI Management HoldCo in the case of Mr Schramm and Mr Ball).

On termination where the individual resigns or is terminated for "cause", all LTIPs unpaid to the relevant individual by the termination date will be forfeited. If the individual is terminated "without cause", a payment will be made at the normal LTIP payment dates in respect of any outstanding LTIP calculated on the basis of target total shareholder return being deemed to have been met and the LTIP sum then prorated to reflect actual service to termination plus deemed service for a further 24 months during the relevant LTIP term.

No long-term incentive payment was due for the year 2013.

In view of the significant increase in scale and responsibility of the management we have instigated a third-party review of management remuneration which will include the LTIP. As a result, we have determined to delay making the proposed amendment of the LTIP to provide for the delivery of awards partly in cash and partly in shares which was approved by shareholders at the Annual General Meeting on 30 April 2013. A decision on the future structure of the LTIP will be made following the completion of the third-party review and will be communicated to shareholders at this time.

An accrual equating to the target award for Mr Schramm, EUR 125,000, and Mr Ball, CAD 176,445, has been recorded in the financial statements as of 31 December 2013.

No loan has been granted to, nor any guarantee provided for the benefit of, any manager by BBGI Management HoldCo.

There are no family relationships between Mr Schramm and Mr Ball.

Neither Mr Schramm nor Mr Ball will acquire or have options over any shares in BBGI Management HoldCo, 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 or accrued by the Company to provide pension, retirement or similar benefits.

Employment contract

BBGI Management HoldCo has entered into a contract of employment with Mr Denny, which is terminable on three months' written notice by either party.

Mr Denny is entitled to an annual base salary payable monthly in arrears of EUR 145,549 per annum which is reviewed annually by the Supervisory Board. In addition, Mr Denny is entitled to be considered for a discretionary bonus. The maximum amount payable under this bonus is EUR 50,000, and the target performance is EUR 40,000.

Mr Denny received a prorated bonus of EUR 36,667 for his period of employment during the year ending 2012. This bonus was paid in May 2013. Mr Denny also received a one-off EUR 20,000 payment in respect of the year ending 31 December 2012 as an incentive to join the Group and leave his previous employment which was paid in March 2013. In December 2013 Mr Denny received a one-off project-related bonus of EUR 50,000. Mr Denny will receive a bonus of EUR 40,000 for the year ended 31 December 2013. Payment will be made in May 2014.

The bonus payments for Mr Denny in respect of the financial year ending on 31 December 2012 were not paid in cash but by way of DAX warrants that BBGI Management HoldCo acquired (for the cash price equal to the bonus figures referred to above) and assigned to Mr Denny.

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

AIFMD

The Company will be subject to the EU Alternative Investment Funds Manager's Directive ("AIFMD"). Implementation of the AIFMD in national legislation will occur in July 2014. The Company will apply to the CSSF for authorisation as an authorised Alternative Investment Fund Manager ("AIFM"). Under the law of 12 July 2013 on Alternative Investment Fund Managers, the Company, being the AIFM, will be subject to increased regulatory supervision from the CSSF. Among other requirements the Company is required to have a dedicated Risk Management function which is both functionally and hierarchically separate from the functions of the operating units, including the function of portfolio management. In addition the Company is required to have a Compliance function and an Internal Audit function. Management are currently implementing measures to ensure the Company is compliant with the obligations of the law on 12 July 2013 by 22 July 2014. The recurring cost of compliance with the AIFMD is currently being assessed, but is not expected to exceed £120,000 per annum.

INVESTOR COMMUNICATIONS

The Management Board and the Supervisory Board are keen to maintain and develop engagement with shareholders. Regular and comprehensive feedback from investors is received via the Management Board and the Corporate Brokers. The Management Board have made themselves available to major shareholders, collectively and on a one-on-one basis, for discussion of key issues and expectations around Company performance.

The Management Board and the Supervisory Board regularly review the level and quality of the information which the Company published both on the Company website and in reports and presentations. Our intention is to remain at the forefront of disclosure and transparency for our asset class.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has taken out Directors' and Officers' Liability Insurance on behalf of the Directors of the Management Board and the Supervisory Board at the expense of the Company.

ENVIRONMENTAL AND SOCIAL GOVERNANCE ("ESG")

As part of their corporate social responsibility, the Management Board and the Supervisory Board 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.

In respect of further investments, as part of the due diligence process, the Company will analyse the environmental, social and ethical policies of potential new acquisitions and, where possible, the adherence to those policies by key contractors and service providers. In addition, the Company will undertake an analysis of governance procedures at the relevant project entity with the intention of ensuring that the Company has appropriate Board representation and influence at the project entity level.

Once the Company has acquired an investment in a project entity, BBGI Management HoldCo undertakes regular reviews of the environmental, social 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 are also monitored across the Company's portfolio and any serious breaches of health and safety are reported to the Management Board who in turn report to the Supervisory Board.

BOARD DIVERSITY

The Supervisory Board and the Management Board have considered their diversity, as recommended by the AIC Code, along with the “Women on Boards” report of February 2011 (the “Davies Report”) as supplemented in April 2013. They concur with the Davies Report 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.

The Company is still early in its life and no new appointments have been made to the Supervisory Board since its shares were first listed and admitted to trading on the London Stock Exchange. The Supervisory Board and the Management Board believe that their present composition embodies an appropriate diversity of perspectives and relevant skills, qualifications and experience. As the Company matures, it may become relevant to seek a greater diversity by length of service,

gender, ethnicity, nationality or other criteria. However, the Supervisory Board and Management Board 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 Directors on merit with relevant and complementary skills to help the Company maximise value for shareholders.

DONATIONS

The Company made no political or charitable donations during the reporting period.

MATERIAL CONTRACTS

No contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the year ended 31 December 2013.

AUDIT COMMITTEE REPORT

The Audit Committee met twice in the year to 31 December 2013 and considered, inter alia:

- The 2012 annual and 2013 semi-annual accounts
- The Reports of the Auditors
- Auditors' terms of appointment and remuneration (including overseeing the independence of the Auditors 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 auditors' plan for the following financial year
- Reviewing the appropriateness of the Company's accounting policies
- Reviewing the risk register of the Company
- Ensuring the adequacy of the internal control systems and standards

The most significant risk in the Company's accounts is whether its investments are fairly valued and this issue is considered carefully when the Committee reviews the Company's annual and interim accounts. The Management Board are available during the Audit Committee review process to provide detailed explanations of the rationale used for the valuation of each investment. The external auditor is invited to attend the Audit Committee meetings at which the annual and interim accounts are considered in order to present the conclusion of their work. The Committee concluded that the valuation process had been properly carried out and that the investments have been fairly valued.

The Committee annually reviews the performance of KPMG Luxembourg S.à r.l., the Company's external auditors. In doing so the Committee considers a range of factors including the quality of service, the auditors' specialist expertise and the level of audit fee. The Committee remains satisfied with their effectiveness and therefore has not considered it necessary, to date, to require the auditors to tender for the audit work. There are no contractual obligations restricting the choice of external auditor. The reappointment of the external auditors is subject to shareholder approval at the Annual General Meeting.

The Committee has reviewed the provision of non-audit services and believes them to be cost-effective and not an impediment to the external auditors' objectivity and independence.

As a result of its work during the period, the Audit Committee has concluded 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 that the external auditor is reappointed.

Finally, the Audit Committee has concluded 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

25 March 2014

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 them:

- i) to 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; and
- ii) to give a true and fair view of the development and performance of the business and the position of the Group as well as a true and fair description of the principal risks and uncertainties the Group may encounter.

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 judgment 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
- Safeguarding the assets of the Group and hence for 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, 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, 25 March 2014



DUNCAN BALL
Co-CEO



FRANK SCHRAMM
Co-CEO



MICHAEL DENNY
Director

INDEPENDENT AUDITOR'S OPINION

To the Shareholders of
BILFINGER BERGER GLOBAL INFRASTRUCTURE SICAV S.A.
6 E, route de Trèves
L-2633 Senningerberg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements and separate financial statements

We have audited the accompanying consolidated financial statements of Bilfinger Berger Global Infrastructure SICAV S.A. (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements 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 2013 and the statements 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 Boards' 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 Bilfinger Berger Global Infrastructure SICAV S.A. as of 31 December 2013, 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 Bilfinger Berger Global Infrastructure SICAV S.A. as of 31 December 2013, 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 Report of the Directors, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and the separate financial statement and includes the information required by the law with the respect to the Corporate Governance Statement.

Luxembourg, 25 March 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Frauke Oddone

CONSOLIDATED INCOME STATEMENT

| | Note | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|-------|-----------------------------------|-----------------------------------|
| <i>In thousands of Pounds Sterling</i> | | | |
| Continuing operations | | | |
| Fair value changes on investments at fair value through profit or loss (FVPL investments) | 8 | 9,896 | 12,348 |
| Interest income from FVPL investments | 8 | 10,306 | 5,532 |
| Dividend income from FVPL investments | 8 | 5,227 | 5,784 |
| Operating income | | 25,429 | 23,664 |
| Administration expenses | 5 | (4,302) | (3,292) |
| Other operating expenses | 6 | (2,998) | (561) |
| Operating expenses | | (7,300) | (3,853) |
| Results from operating activities | | 18,129 | 19,811 |
| Finance cost | 13,14 | (499) | (508) |
| Finance income | 7 | 1,500 | 391 |
| Net finance result | | 1,001 | (117) |
| Profit before tax | | 19,130 | 19,694 |
| Tax expense | 10 | (310) | (630) |
| Profit from continuing operations | | 18,820 | 19,064 |
| Profit from continuing operations attributable to owners of the Company | | 18,820 | 19,064 |
| Earnings per share | | | |
| Basic earnings per share (pence) | 12 | 7.25 | 8.98 |
| Diluted earnings per share (pence) | 12 | 7.25 | 8.98 |

(as restated – see Note 2)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|-------------|--|--|
| <i>In thousands of Pounds Sterling</i> | | | |
| Profit for the year | | 18,820 | 19,064 |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation differences – foreign operations | 11 | (597) | - |
| Other comprehensive loss for the year | | (597) | - |
| Total comprehensive income for the year attributable to the owners of the Company | | 18,223 | 19,064 |

(as restated – see Note 2)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 31 December 2013 | 31 December 2012 |
|--|-------------|-----------------------------|-----------------------------|
| <i>In thousands of Pounds Sterling</i> | | | |
| Assets | | | |
| Property plant and equipment | | 70 | 19 |
| Investments at fair value through profit or loss | 8 | 324,051 | 218,116 |
| Derivative financial instruments | 14 | 1,262 | - |
| Other non-current assets | 13 | 415 | - |
| Non-current assets | | 325,798 | 218,135 |
| Trade and other receivables | 17 | 1,307 | 1,192 |
| Other current assets | | 57 | 79 |
| Cash and cash equivalents | 9 | 126,321 | 14,412 |
| Current assets | | 127,685 | 15,683 |
| Total assets | | 453,483 | 233,818 |
| Equity | | | |
| Share capital | 11 | 434,322 | 208,807 |
| Translation reserves | 11 | (597) | - |
| Retained earnings | | 17,005 | 12,083 |
| Equity attributable to owners of the Company | | 450,730 | 220,890 |
| Liabilities | | | |
| Loans and borrowings | 13 | - | 10,871 |
| Derivative financial instruments | 14 | - | 224 |
| Non-current liabilities | | - | 11,095 |
| Trade payables | | 88 | 457 |
| Other payables | | 2,584 | 1,187 |
| Provisions | | - | 22 |
| Tax liabilities | 10 | 81 | 167 |
| Current liabilities | | 2,753 | 1,833 |
| Total liabilities | | 2,753 | 12,928 |
| Total equity and liabilities | | 453,483 | 233,818 |
| Net asset value attributable to the owners of the Company | | 450,730 | 220,890 |
| Net asset value per ordinary share (pence) | | 105.91 | 103.71 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>In thousands of Pounds Sterling</i> | Note | Share capital | Translation reserve | Retained earnings | Total equity |
|---|-------------|----------------------|----------------------------|--------------------------|---------------------|
| Balance at 1 January 2012 | | 207,760 | - | (196) | 207,564 |
| Total comprehensive income for the year ended 31 December 2012 | | | | | |
| Profit for the year (as restated – see Note 2) | | - | - | 19,064 | 19,064 |
| Total comprehensive income for the year (as restated – see Note 2) | | 207,760 | - | 18,868 | 226,628 |
| Transactions with owners of the Company, recognised directly in equity | | | | | |
| Cash dividends | 11 | - | - | (5,738) | (5,738) |
| Scrip dividends | 11 | 1,047 | - | (1,047) | - |
| Balance at 31 December 2012 (as restated – see Note 2) | | 208,807 | - | 12,083 | 220,890 |
| Total comprehensive income for the year ended 31 December 2013 | | | | | |
| Profit for the year | | - | - | 18,820 | 18,820 |
| Other comprehensive income | | - | (597) | - | (597) |
| Total comprehensive income for the year | | - | (597) | 18,820 | 18,223 |
| Transactions with owners of the Company, recognised directly in equity | | | | | |
| Cash dividends | 11 | - | - | (13,898) | (13,898) |
| Issuance of additional share capital – net | 11 | 225,515 | - | - | 225,515 |
| Balance at 31 December 2013 | | 434,322 | (597) | 17,005 | 450,730 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|------|-----------------------------------|-----------------------------------|
| <i>In thousands of Pounds Sterling</i> | | | |
| Cash flows from operating activities | | | |
| Profit/(Loss) for the year | 12 | 18,820 | 19,064 |
| Adjustments for: | | | |
| - Depreciation | | 9 | 5 |
| - Net finance cost (income) excluding fair value movements in derivative financial instruments | | 332 | (107) |
| - Change in fair value of investments recorded at fair value through profit or loss | 8 | (9,896) | (12,348) |
| - Interest income from FVPL investments | 8 | (10,306) | (5,532) |
| - Dividend income from FVPL investments | 8 | (5,227) | (5,784) |
| - Change in fair value of derivative financial instruments | 7 | (1,333) | 224 |
| - Income tax expense | 10 | 310 | 630 |
| - Translations reserves | | (597) | - |
| | | (7,888) | (3,848) |
| Changes in: | | | |
| - Trade and other receivables | | (115) | (418) |
| - Other assets | | 98 | (79) |
| - Trade and other payables | | 921 | 1,439 |
| Cash generated from operating activities | | (6,984) | (2,907) |
| Interest paid | | (299) | (166) |
| Interest received | | 99 | 391 |
| Taxes paid | | (396) | (471) |
| Net cash flows from operating activities | | (7,580) | (3,153) |
| Cash flows from investing activities | | | |
| Acquisition of investments at fair value through profit or loss | 8 | (97,852) | (217,349) |
| Distributions received from investments at fair value through profit or loss | 8 | 17,346 | 22,123 |
| Acquisition of other equipment | | (60) | (24) |
| Net cash flows from investing activities | | (80,566) | (195,250) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of loans and borrowings | 13 | - | 11,562 |
| Loan issuance cost | | - | (809) |
| Repayment of borrowings | 13 | (11,562) | - |
| Dividends paid | 11 | (13,898) | (5,738) |
| Proceeds from issue of ordinary shares – net of transaction cost | 11 | 225,515 | - |
| Net cash flows from financing activities | | 200,055 | 5,015 |
| Net increase (decrease) in cash and cash equivalents | | 111,909 | (193,388) |
| Cash and cash equivalents at 1 January | | 14,412 | 207,800 |
| Cash and cash equivalents at 31 December | 9 | 126,321 | 14,412 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. REPORTING ENTITY

Bilfinger Berger Global Infrastructure SICAV S.A. (the “Company” or the “Group” if referred to together with its subsidiaries) is an investment company domiciled in Luxembourg that was incorporated on 3 October 2011 under the law of 17 December 2010 concerning undertakings for collective investment. The address of the Company’s registered office is the EBBC, 6 E route de Trèves, L-2633 Senningerberg, Luxembourg. The Company is admitted to the official list of the UK Listing Authority (premium listing, investment company) and to trading on the main market of the London Stock Exchange.

The Company is a closed-ended investment company that seeks to invest in a diversified portfolio of operational (or near operational) Public Private Partnership (PPP)/ Private Finance Initiative (PFI) infrastructure assets or similar assets.

The Group employed 11 employees as of 31 December 2013 (9 as of 31 December 2012).

Reporting period

The Company’s reporting period runs from 1 January to 31 December, every year. The Company’s (“the Group’s” if referred together with its consolidated subsidiaries) consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows includes comparative figures as at 31 December 2012 (as restated – see Note 2).

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

Certain modifications have been made to the 31 December 2012 comparative information. Such modification was necessary to align the comparative information with the current consolidated financial statements and to allow a better comparison with the 31 December 2013 amounts (see Note 2).

2. BASIS OF PREPARATION

Statement of compliance

The consolidated 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).

Due to changes in accounting policy, specifically the adoption of the new and amended IFRS 10 (see below), all items presented in the consolidated income statement and consolidated comprehensive income are considered “capital” in nature. As such, no further disclosure is required, as there are no longer items deemed “revenue” in nature.

These consolidated financial statements were approved by the Management Board and Supervisory Board on 25 March 2014.

Changes in accounting policy

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

- Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) (see (a)) – early adopted
- IFRS 10 Consolidated Financial Statements (2011) – early adopted
- IFRS 11 Joint Arrangements – early adopted
- IFRS 13 Fair Value Measurements (see (b))
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (c))
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)
- Annual improvements to IFRS 2009 – 2011

The adoption of the above-mentioned standards does not have any significant impact on the consolidated financial statements of the Group, other than those referred to below :

a) Amendments to IFRS 10, IFRS 12 and IAS 27 (2012)

The Group has early-adopted *Investments Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012) (the amendments)* with a date of initial application 1 January 2013. This standard requires entities which qualify as Investment Entities to not consolidate certain subsidiaries even if it obtains or has control over that subsidiary. Instead, the standard requires an Investment Entity to measure investments on certain subsidiaries at fair value through profit or loss in accordance with the provisions of IAS 39 (*Financial Instruments: Recognition and Measurement*). The Group meets the definition of an Investment Entity and therefore no longer consolidates on a line-by-line basis its interests in subsidiaries directly linked to PPP/PFI operations. The Group presents these subsidiaries as investments at fair value through profit or loss (or FVPL Investments) in the consolidated statement of financial position as a single line item. Any fluctuation in the fair values of FVPL Investments is reflected in the consolidated income statement as profit or loss.

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 provides services that relate to the Company's investment activities which are required to be consolidated on a line-by-line basis. These subsidiaries (consolidated on a line-by-line basis) are as follows:

- BBGI Management HoldCo S.à r.l. ("MHC")
- BBGI S.à r.l. ("GP")
- BBGI Investments S.C.A. ("Lux HoldCo")
- BBGI Holding Limited ("UK HoldCo")
- BBGI CanHoldCo Inc. (incorporated in 2013 – see Note 16)
- BBGI Guernsey Holding Limited (incorporated in 2013 – see Note 16)
- BBGI (NI) Limited (incorporated in 2013 – see Note 16)

The following table summarizes the adjustments made to the 31 December 2012 consolidated statement of financial position, consolidated income statement and consolidated comprehensive income as a result of the early adoption of the above-mentioned standards:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Adjustments to the consolidated income statement

| | Year ended 31 December 2012 | Adjustments | Year ended 31 December 2012 (as restated) |
|--|--------------------------------|-------------|---|
| <i>In thousands of Pounds Sterling</i> | | | |
| Continuing operations | | | |
| Revenue | 33,708 | (33,708) | - |
| Cost of services | (28,900) | 28,900 | - |
| Gross profit | 4,808 | (4,808) | - |
| Fair value changes on investments at fair value through profit or loss | 10,361 | 1,987 | 12,348 |
| Interest income on FVPL investments | - | 5,532 | 5,532 |
| Dividend income on FVPL investments | - | 5,784 | 5,784 |
| Negative goodwill | 10,465 | (10,465) | - |
| Administration expenses | (3,292) | - | (3,292) |
| Other operating income | 129 | (129) | - |
| Other operating expenses | (845) | 1,406 | 561 |
| Results from operating activities | 21,626 | (693) | 20,933 |
| Finance cost | (29,742) | 29,234 | (508) |
| Finance income | 35,488 | (35,097) | 391 |
| Net finance result | 5,746 | (5,863) | (117) |
| Profit/(Loss) before tax | 27,372 | (7,678) | 19,694 |
| Tax expense | (5,265) | 4,635 | (630) |
| Profit from continuing operations attributable to: | 22,107 | (3,043) | 19,064 |
| Owners of the Company | 21,896 | (2,832) | 19,064 |
| Non-controlling interests | 211 | (211) | - |
| Earnings per share (pence) | 10.32 | (1.34) | 8.98 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Adjustments to the consolidated statement of comprehensive income

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2012 | Adjustments | Year ended 31 December 2012 (as restated) |
|---|--------------------------------|-------------|---|
| Profit for the year | 22,107 | (3,043) | 19,064 |
| Other comprehensive income | | | |
| Foreign currency translation differences – foreign operations | (2,266) | 2,266 | - |
| Effective portion of changes in fair value of cash flow hedges | (22,397) | 22,397 | - |
| Income tax on other comprehensive income | 6,037 | (6,037) | - |
| Other comprehensive income/(loss) for the year, net of tax | (18,626) | 18,626 | - |
| Total comprehensive income for the year | 3,481 | 15,583 | 19,064 |
| Comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | 3,763 | 15,301 | 19,064 |
| Non-controlling interests | (282) | 282 | - |
| Total comprehensive income for the year | 3,481 | 15,583 | 19,064 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| Adjustments to the consolidated statement of financial position* | | | |
|---|-----------------------------|--------------------|-----------------------------|
| | 31 December 2012 | Adjustments | 31 December 2012 |
| <i>In thousands of Pounds Sterling</i> | | | |
| | | | (as restated) |
| Assets | | | |
| Property plant and equipment | 19 | - | 19 |
| Intangible assets and goodwill | 19,133 | (19,133) | - |
| Investments at fair value through profit or loss | 49,615 | 168,501 | 218,116 |
| Receivables from service concession agreements | 720,235 | (720,235) | - |
| Trade and other receivables | 58,428 | (58,428) | - |
| Deferred tax assets | 46,550 | (46,550) | - |
| Other non-current assets | 8,171 | (8,171) | - |
| Non-current assets | 902,151 | (684,016) | 218,135 |
| Receivables from service concession agreements | 61,047 | (61,047) | - |
| Trade and other receivables | 10,102 | (8,910) | 1,192 |
| Other current assets | 570 | (491) | 79 |
| Cash and cash equivalents | 62,103 | (47,691) | 14,412 |
| Current assets | 133,822 | (118,139) | 15,683 |
| Total assets | 1,035,973 | (802,155) | 233,818 |
| Equity | | | |
| Share capital | 208,807 | - | 208,807 |
| Translation reserves | (2,266) | 2,266 | - |
| Hedging reserve | (15,866) | 15,866 | - |
| Other reserves | 982 | (982) | - |
| Retained earnings | 14,916 | (2,833) | 12,083 |
| Equity attributable to owners of the Company | 206,573 | 14,317 | 220,890 |
| Non-controlling interests | 4,978 | (4,978) | - |
| Total equity | 211,551 | 9,339 | 220,890 |
| Liabilities | | | |
| Loans and borrowings | 625,242 | (614,371) | 10,871 |
| Other payables | 3,105 | (3,105) | - |
| Derivative financial instruments | 84,964 | (84,740) | 224 |
| Deferred tax liabilities | 64,518 | (64,518) | - |
| Non-current liabilities | 777,829 | (766,734) | 11,095 |
| Loans and borrowings | 25,588 | (25,588) | - |
| Trade payables | 7,863 | (7,406) | 457 |
| Other payables | 7,253 | (6,066) | 1,187 |
| Deferred income/revenue | 3,542 | (3,542) | - |
| Provisions | 187 | (165) | 22 |
| Tax liabilities | 2,160 | (1,993) | 167 |
| Current liabilities | 46,593 | (44,760) | 1,833 |
| Total liabilities | 824,422 | (811,494) | 12,928 |
| Total equity and liabilities | 1,035,973 | (802,155) | 233,818 |
| Net asset value attributable to the owners of the Company | 206,573 | 14,317 | 220,890 |
| Net asset value per share (pence) | 96.99 | 6.72 | 103.71 |

*There are no adjustments needed for the financial position of the Group as of 1 January 2012 as no projects were acquired before 1 January 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The main drivers for the change in the consolidated net assets, the consolidated profit and consolidated comprehensive income are as follows:

- 1) Previously, the (a) loan and borrowings (b) receivables from concession agreements and (c) other assets and liabilities at the level of the PPP/PFI subsidiaries (subsidiary SPCs) were valued at amortized cost and were included in the consolidated statement of financial position. These individual components are now valued at fair value and are included as part of FVPL investments. Also the results of operations of the subsidiary SPCs, which are primarily composed of (a) revenue from PPP/PFI operations, (b) interest income on service concession receivables, (c) financing costs on loans entered at the subsidiary SPC level, and (d) costs incurred in running the PPP/PFI operations, were previously consolidated on a line-by-line basis in the consolidated income statement. These individual components are no longer included in the restated consolidated income statement and the restated consolidated statement of comprehensive income.
- 2) The fair value of derivative financial instruments used at the subsidiary SPC level were previously included in the consolidated statement of financial position as a single line item. Under the new standard, the discounted value of future interest payments at the project level are included in the fair value of FVPL investments.
- 3) The deferred tax assets/liabilities that were (a) recorded at the level of the subsidiary SPCs, and (b) were recognised at the level of the Company are now excluded from the consolidated statement of financial position and consolidated income statement. Any taxes which are forecasted to be paid during the concession life of each project are already reflected in the discounted cash flows used to fair value the FVPL Investments.
- 4) The goodwill and negative goodwill recognised as a result of acquisition of the acquisition of the subsidiary SPCs are no longer recognised, as all investments in the subsidiary SPCs are measured at fair value under the new standard. The Group is no longer required to allocate the price paid to acquire a subsidiary SPC to the individual assets and liabilities of such SPC, with the remaining unallocated acquisition amount recorded as goodwill or negative goodwill. Under the new standard, the price paid is considered as the fair value of the subsidiary SPC at the date of acquisition.

b) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also requires and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Accordingly the Group has included additional disclosures in this regard (see Note 15).

c) Presentation of items of other comprehensive income

As a result of amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated income statement and comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Basis of measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency.

Use of estimates and judgements

The preparation of consolidated 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 Group'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.

The Company as an Investment entity

The management have 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
- b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates performance of substantially all of its investments on a fair value basis

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

- a) it has more than one investment
- b) it has more than one investor
- c) it has investors that are not related parties of the entity
- d) it has ownership interests in the form of equity or similar interests

Fair valuation of financial assets and financial liabilities

The Group accounts for its investments in SPCs at fair value through profit or loss.

Fair values for such investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, certain assumptions are made which are based on market rates. The management also uses certain macroeconomic assumptions which include indexation rates, deposit interest rates, corporate tax rates and foreign currency exchange to determine the cash flows that would be received from the SPCs. The management believes that the macroeconomic assumptions and discount rates used are representative of the current market conditions/rates for similar PPP/PFI projects.

The fair value of other financial assets, other than current assets, and liabilities has been determined by discounting future cash flows at an appropriate discount rate and with reference to recent market transactions. Further information on assumptions and estimation uncertainties are disclosed in Note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 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 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, except for the changes in accounting policies as disclosed in Note 2.

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 remeasured 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 at Pounds Sterling at the average exchange rates during the year, if such does not significantly deviate from the exchange rates at the date the transaction is entered into.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 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 trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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 15.

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 31 (1) and IAS 28 (1) of a venture capital organization 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 15.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 the 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 which the right to receive payment is established. This is the date on which the shareholders approve the payment of a dividend. Dividend income from FVPL investments is recognised in the consolidated income statement as a separate line item.

FINANCE INCOME AND FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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.

Interest income from FVPL investments is recognised in the consolidated income statement as a separate line item.

OPERATING EXPENSES

All operating expenses are recognised in profit and loss on an accrual 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, payable quarterly and assessed on the last day of each quarter.

Income tax on the subsidiaries' profits for the period 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 period, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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.

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 period of these consolidated financial statements. Management has set out below only those which may have an impact on the financial statements in future periods.

IFRS 9, *Financial instruments* (No stated effective date): This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IAS 32, *Financial Instruments: Presentation* (effective 1 January 2014): This standard clarifies the requirements for offsetting financial assets and financial liabilities.

Amendments to IAS 39, *Financial Instruments: Recognition and Measurement* (effective 1 January 2014): The amendment clarifies that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

Amendments to IFRS 7, *Financial Statements: Disclosures*; IFRS 9, *Financial Instruments*; and IAS 39 *Financial Instruments: Recognition and Measurement* (No stated effective date): The amendments require additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 *Financial instruments*.

The following are the annual improvements to various IFRS already adopted by IASB but not yet endorsed by the EU (effective 1 July 2014), and may have an impact in the financial statements in the future periods:

- IFRS 8, *Operating Segments*: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments. The amendment also clarifies that the reconciliations of segment assets are only required if segment assets are reported regularly
- IFRS 13, *Fair Value Measurement*: Clarifies that IFRS 13, *Fair Value Measurement* and the amendments to IFRS 9, *Financial Instruments* and IAS 39, *Financial Instruments: Recognition and Measurement* did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.
- IAS 24, *Related Party Disclosures*: Clarifies how payments to entities providing management services are to be disclosed in the financial statements.

The Group is currently assessing the impact of the adoption of the above new or amended standards on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 four 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) Mainland Europe and UK, (2) Australia, (3) North America, and (4) Holding activities. These reportable segments are the basis on which the Group reports information to its Management Board.

Segment information for the year ended 31 December 2013 is presented below:

| <i>In thousands of Pounds Sterling</i> | Mainland Europe and UK | Australia | North America | Holding Activities | Total Group |
|--|-----------------------------------|------------------|--------------------------|-------------------------------|------------------------|
| Income from FVPL investments | 20,427 | (1,236) | 6,238 | - | 25,429 |
| Administration expenses | - | - | - | (4,302) | (4,302) |
| Other operating expenses – (net) | - | - | - | (2,998) | (2,998) |
| Results from operating activities | 20,427 | (1,236) | 6,238 | (7,300) | 18,129 |
| Finance cost | - | - | - | (499) | (499) |
| Finance income | - | - | - | 1,500 | 1,500 |
| Tax expense | - | - | - | (310) | (310) |
| Profit or loss from continuing operations | 20,427 | (1,236) | 6,238 | (6,609) | 18,820 |

| <i>In thousands of Pounds Sterling</i> | Mainland Europe and UK | Australia | North America | Holding Activities | Total Group |
|--|-----------------------------------|------------------|--------------------------|-------------------------------|------------------------|
| Investments at fair value through profit or loss | 149,838 | 44,022 | 130,191 | - | 324,051 |
| Remaining non-current assets | - | - | - | 1,747 | 1,747 |
| Current assets | - | - | - | 127,685 | 127,685 |
| Total assets | 149,838 | 44,022 | 130,191 | 129,432 | 453,483 |
| Current liabilities | - | - | - | 2,753 | 2,753 |
| Total liabilities | - | - | - | 2,753 | 2,753 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Segment information for the year ended 31 December 2012 (as restated – see Note 2) is presented below:

| <i>In thousands of Pounds Sterling</i> | Mainland Europe and UK | Australia | North America | Holding Activities | Total Group |
|--|-----------------------------------|------------------|--------------------------|-------------------------------|------------------------|
| Income from FVPL investments | 18,699 | 1,618 | 3,347 | - | 23,664 |
| Administration expenses | - | - | - | (3,292) | (3,292) |
| Other operating expenses – (net) | - | - | - | (561) | (561) |
| Results from operating activities | 18,699 | 1,618 | 3,347 | (3,853) | 19,811 |
| Finance cost | - | - | - | (508) | (508) |
| Finance income | - | - | - | 391 | 391 |
| Tax expense | - | - | - | (630) | (630) |
| Profit or loss from continuing operations | 18,699 | 1,618 | 3,347 | (4,600) | 19,064 |

| <i>In thousands of Pounds Sterling</i> | Mainland Europe and UK | Australia | North America | Holding Activities | Total Group |
|---|-----------------------------------|------------------|--------------------------|-------------------------------|------------------------|
| Investments at fair value through profit or loss | 116,324 | 48,342 | 53,450 | - | 218,116 |
| Remaining non-current assets | - | - | - | 19 | 19 |
| Current assets | - | - | - | 15,683 | 15,683 |
| Total assets | 116,324 | 48,342 | 53,450 | 15,702 | 233,818 |
| Non-current liabilities | - | - | - | 11,095 | 11,095 |
| Current liabilities | - | - | - | 1,833 | 1,833 |
| Total liabilities | - | - | - | 12,928 | 12,928 |

The Holding activities of the Group include the activities of the Group which are not specifically related to a certain project or regions. 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 in a similar way to the basis of accounting used for third parties. The accounting method used for the amounts presented for the segments are similar and comparable with that of the Company and the other segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

5. ADMINISTRATION EXPENSES

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|--|--|---|
| Personnel expenses | 2,005 | 1,469 |
| Legal and professional fees | 2,288 | 1,818 |
| Other expenses | 9 | 5 |
| | 4,302 | 3,292 |

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

The audit and audit-related fees, which are included in the legal and professional fees and share issuance expenses (see Note 11) respectively, amounted to £386,000 during 2013 (2012: £181,000).

6. OTHER OPERATING EXPENSES

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|--|--|---|
| Acquisition-related costs | 1,860 | 154 |
| Foreign currency translation loss | 1,138 | 407 |
| | 2,998 | 561 |

7. FINANCE INCOME

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|---|--|---|
| Changes in fair values of foreign currency forwards (see Note 14) | 1,333 | - |
| Interest income from bank deposits | 167 | 391 |
| | 1,500 | 391 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The movements of investments at fair value through profit or loss are as follows:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 (as restated – see Note 2) |
|--|-------------------------|--|
| Balance at 1 January | 218,116 | - |
| Investments at fair value through profit or loss from acquisitions of subsidiaries and direct acquisitions | 97,852 | 217,349 |
| Fair value changes on FVPL investments | 9,896 | 12,348 |
| Interest income from FVPL investments | 10,306 | 5,532 |
| Dividend income from FVPL investments | 5,227 | 5,784 |
| Distributions received | (17,346) | (22,123) |
| Short-term receivable reclassification | - | (774) |
| | 324,051 | 218,116 |

Distributions received from FVPL investments are made after (a) approval of external lenders on financial models have been obtained or (b) financial models are tested for compliance with certain ratios or (c) financial models have been submitted to the external lenders of the SPCs.

As of 31 December 2013, the FVPL investments include loan note interest in unconsolidated subsidiaries. The interest earned on such loans during the year ended 31 December 2013 amounted to £10,306,000 (2012: 5,532,000)

During 2013 the Company acquired new and additional interests (debt and equity) on 7 PPP/PFI projects for a total acquisition price of £97,852,000. Details of the acquisition are as follows:

Acquisition of Canadian entities under the Pipeline agreement (November 2013 Acquisitions)

On 13 November 2013, the Group completed the acquisition of a 50% equity and loan note interest in Kelowna & Vernon Hospitals (through acquisition of Bilfinger Project Investments KVH Holdings Inc.) and 100% equity and loan note interest in Northeast Stoney Trail (through acquisition of Stoney Trail Group Holdings Inc.).

The Kelowna & Vernon Hospitals project is a long-term PPP concession contract to 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. The project is availability-based with no volume risk, and has 28.8 years remaining on the concession length.

Northeast Stoney Trail is a long-term PPP concession contract to operate and maintain a 21 km section of new highway, forming part of a larger ring road developed in Calgary, Alberta, Canada. The project is an availability-based road project with no traffic volume risk, and has 25.8 years remaining on the concession length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Acquisition of various entities under the Pipeline agreement (December 2013 Acquisitions)

On 12 and 18 December, the Group acquired 100% equity and loan note interest in Women's College Hospital (through the acquisition of WCP Holdings Inc.) and the remaining 50% equity and loan note interest in Golden Ears Bridge (through the acquisition of 50% interest in Golden Crossing Holdings Inc.).

Golden Ears Bridge project is a long-term PPP concession contract to operate and maintain the Golden Ears Bridge near Vancouver, British Columbia, Canada, which opened to the public in June 2009. The bridge itself is a 1 km six-lane road that spans the Fraser River. The rest of the scheme consists of more than 3.5 km of structures including ramps, viaducts, minor bridges and underpasses and more than 13 km of mainline roadway. The concession expires in 2038 and is availability-based with no volume risk.

Women's College Hospital Project is a long-term PPP concession contract to design, build, finance and operate the new Women's College Hospital in Toronto, Ontario, Canada. The project is being delivered in two phases. The first phase became operational in May 2013 and partial payments from the health authority started at that time. Full operations are expected March 2016. The concession expires in 2043 and is availability-based with no volume risk.

On 20 December 2013, the Group acquired (a) 58.8% equity interest in E18 project (through the acquisition of Adger OPS Finanssselskap AS) and (b) 24.5% equity and 40.0% loan note interest in Mersey Care Hospitals project (through acquisition of Mersey Care Development Company 1 Limited).

The E18 project is a long-term PPP concession contract to operate and maintain a new section of highway between Grimstad and Kristiansand in Norway. The 38km dual carriageway, which opened in August 2009, is part of the trunk road from Oslo to Kristiansand that carves through a rugged and extremely beautiful landscape. It is a key element of the transport corridor between southern Norway and the Continent, as well as an important connection between the two cities. The concession expires in 2034 and is availability-based with no volume risk.

Mersey Care Mental Health Hospital project is the eighth financial close in an existing LIFT project in the Liverpool & Sefton region in which BBGI already holds investment capital. The project consists of a new mental health in-patient facility on the former Walton Hospital site in Liverpool, UK. The former Walton Hospital site will be transformed into a new mental health in-patient facility providing 85 single-occupancy bedrooms with en suite bathrooms to facilitate best practices in modern mental health care. Construction completion is expected in December 2014. The concession expires in 2044 and is availability-based with no volume risk.

On 23 December 2013 the Group acquired a 100% equity and loan interest in Tor Bank School (through acquisition of Tor Bank School Education Partnership (Holdings) Limited).

Tor Bank School is a concession to develop, fund, build, operate and manage a new school for pupils with special education needs in Northern Ireland. The school was completed in October 2012 and is accommodating 164 pupils with severe learning difficulties in the 3–19 age range. The concession expires in 2037 and is availability-based with no volume risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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

| SPCs | Project Name | Country of Incorporation | Effective Ownership Interest | Date Acquired |
|--|---|--------------------------|------------------------------|-----------------------------|
| Golden Crossing Holdings Inc.* | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Trans-park Highway Holding Inc.* | Kicking Horse Canyon | Canada | 50.0% | 6 Feb 2012 |
| Kent Education Partnership Holdings Ltd.* | Kent Schools | UK | 50.0% | 28 Mar 2012 |
| NorthwestConnect Holdings Inc.* | Northwest Anthony Henday Drive | Canada | 50.0% | 28 Mar 2012 |
| GB Consortium 1 Ltd.* | Barnet and Haringey Clinics and Liverpool & Sefton Clinics (LIFT) | UK | 26.7% (both) | 28 Mar 2012 |
| Healthcare Providers (Gloucester) Ltd.* | Gloucester Hospital | UK | 50.0% | 28 Mar 2012 |
| Kreishaus Unna Holding GmbH* | Unna Administrative Centre | Germany | 44.1% | 26 Sep 2012 |
| Highway Management M80 Investment Limited* | M80 | UK | 50.1% | 17 Dec 2012 and 27 Dec 2012 |
| Mersey Care Development Company 1 Limited* | Mersey Care Hospitals | UK | 38.1% | 20 Dec 2013 |
| Adger OPS Finansselskap AS* | E18 | Norway | 58.8% | 20 Dec 2013 |
| Tor Bank School Education Partnership (Holdings) Limited* | Tor Bank | UK | 100.0% | 23 Dec 2013 |
| Bedford Education Partnership Holdings Limited* | Bedford Schools | UK | 100.0% | 28 Mar 2012 |
| Lisburn Education Partnership Holdings Limited* | Lisburn College | UK | 100.0% | 28 Mar 2012 and 09 Aug 2012 |
| Clackmannanshire Schools Education Partnership (Holdings) Limited* | Clackmannanshire Schools | UK | 100.0% | 28 Mar 2012 |
| Primaria (Barking & Havering) Limited* | Barking Dagenham and Havering (LIFT) | UK | 60.0% | 16 Nov 2012 |
| East Down Education Partnership (Holdings) Limited* | East Down Colleges | UK | 66.7% | 28 Mar 2012 and 25 Jul 2012 |
| Scottish Borders Education Partnership (Holdings) Limited* | Scottish Borders Schools | UK | 100.0% | 28 Mar 2012 and 25 Jul 2012 |
| Coventry Education Partnership Holdings Limited* | Coventry Schools | UK | 100.0% | 28 Mar 2012 |
| PJB Beteiligungs – GmbH* | Burg Prison | Germany | 90.0% | 28 Mar 2012 |
| Fire Support (SSFR) Holdings Limited* | Staffordshire Fire Stations | UK | 85.0% | 28 Mar 2012 |
| RW Health Partnership Holdings Pty Limited* | Royal Women's Hospital | Australia | 100.0% | 20 Feb 2012 |
| Victoria Correctional Infrastructure Partnership Pty Ltd. | Victoria Prisons | Australia | 100.0% | 01 Mar 2012 |
| Bilfinger Project Investments KVH Holdings Inc.* | Kelowna and Vernon Hospitals | Canada | 50.0% | 13 Nov 2013 |
| WCP Holdings Inc.* | Women's College Hospital | Canada | 100.0% | 18 Dec 2013 |
| Stoney Trail Group Holdings Inc.* | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |

*including their respective subsidiary/ies

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9. CASH AND CASH EQUIVALENTS

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 (as restated – see Note 2) |
|--|-------------------------|---|
| Bank deposits/balances | 51,579 | 14,412 |
| Term deposits | 74,742 | - |
| | 126,321 | 14,412 |

The term deposits were composed of short-term investments with maturity of less than three months.

10. TAXES

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

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|--|--|--|
| Current tax expense | 310 | 630 |
| Total tax expense | 310 | 630 |

The composition of the tax payable is as follows:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 (as restated – see Note 2) |
|--|-------------------------|---|
| Current tax | | |
| Corporation tax – current year | 81 | 167 |
| Total current tax liability | 81 | 167 |

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

| <i>In thousands of Pounds Sterling</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|--|--|--|
| Profit before tax | 19,130 | 19,694 |
| Tax using the Luxembourg domestic tax rate (29.22%) | 5,590 | 5,755 |
| Difference between domestic tax rate and applicable tax rate | 136 | 105 |
| Tax exempt income | (5,416) | (5,230) |
| Tax charge for the year | 310 | 630 |

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The Company is exempt from paying income and/or capital gains taxes in Luxembourg. It is however liable from an annual subscription tax of 0.05% of its total net assets (see Note 3).

There are no unrecognised taxable temporary differences. The Group has tax losses carried forward amounting to £1,957,000 in which no deferred tax asset is recognised.

11. CAPITAL AND RESERVES

Share capital

The changes in the Company's share capital are as follows:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 |
|---|-------------------------|-------------------------|
| Share capital as of 1 January | 208,807 | 207,760 |
| Issuance of shares through placing, open offer and offer for subscription | 230,000 | - |
| Share issuance expenses | (4,485) | - |
| Share capital issued through scrip dividend | - | 1,047 |
| | 434,322 | 208,807 |

The changes in the number of ordinary shares issued by the Company are as follows:

| <i>In thousands of Pounds Sterling</i> | Ordinary shares | |
|--|-------------------------|-------------------------|
| | 31 December 2013 | 31 December 2012 |
| On issue at beginning of the year | 212,985 | 212,000 |
| Shares issued during the year through placing, open offer and offer for subscription | 212,589 | - |
| Shares issued through scrip dividends | - | 985 |
| | 425,574 | 212,985 |

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.

On 12 July 2013 the Company announced the results of its placing, open offer and offer for subscription of ordinary shares. The Company raised £85,000,000 (before expenses) through the issue of 79,439,252 shares at a price of £1.07 per share. Expenses incurred in the issuance of the additional ordinary shares amounted to £1,889,000 – this expense has been deducted from share capital recognised. The amount raised was £83,111,000, net of share issue expenses.

On 06 December 2013 the Company announced the results of its placing, open offer and offer for subscription of ordinary shares. The Company raised £145,000,000 (before expenses) through the issue of 133,149,679

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shares at a price of £1.089 per share. Expenses incurred in the issuance of the additional ordinary shares amounted to £2,596,000 – this expense has been deducted from share capital recognised. The amount raised was £142,404,000, net of share issue expenses.

During the 2012 the Company issued an additional 984,715 shares as a result of a scrip dividend declared.

Translation reserve

The translation reserve comprises all 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 2013:

| | 31 December 2013 |
|--|-------------------------|
| <i>In thousands of Pounds Sterling except as otherwise stated</i> | |
| Final dividend of 2.75 pence per qualifying ordinary share – for the year ended 31 December 2012 | 5,857 |
| Interim dividend of 2.75 pence per qualifying ordinary share – for period ended 30 June 2013 | 8,041 |
| | 13,898 |

The following dividends were declared and paid by the Company during the year ended 31 December 2012:

| | 31 December 2012 |
|--|-------------------------|
| <i>In thousands of Pounds Sterling except as otherwise stated</i> | |
| Final dividend of 0.45 pence per qualifying ordinary share – for period ended 31 December 2011 | 954 |
| Interim dividend of 2.75 pence per qualifying ordinary share – for period ended 30 June 2012 | 4,784 |
| Scrip dividends | 1,047 |
| | 6,785 |

During 2012 the Company declared payment of an interim dividend amounting to £5,830,000 for the six-month period ended 30 June 2012, with the option of electing for a scrip alternative. As a result of the above, a total of 984,715 shares were issued for a price of 106.35 pence per share. The remaining amount of £4,784,000 was paid in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Net Asset Value

The consolidated net asset value and net asset value per share as of 31 December 2013, 2012 and 2011 are as follows:

| <i>In thousands of Pounds Sterling/shares</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) | Year ended 31 December 2011 |
|---|--|---|--|
| Net asset value attributable to the owners of the Company | 450,730 | 220,890 | 207,564 |
| Net asset value per ordinary share (pence) | 105.91 | 103.71 | 97.91 |

12. 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.

| <i>In thousands of Pounds Sterling/shares</i> | Year ended 31 December 2013 | Year ended 31 December 2012 (as restated – see Note 2) |
|--|--|---|
| Profit attributable to ordinary shareholders | 18,820 | 19,064 |
| Weighted average number of ordinary shares in issue | 259,667 | 212,246 |
| Basic and diluted earnings per share (in pence) | 7.25 | 8.98 |

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

| <i>In thousands of shares</i> | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--|--|
| Shares outstanding as at 1 January | 212,985 | 212,000 |
| Effects of shares issued through placing, open offer and offer for subscription (weighted average) | 46,682 | - |
| Effect of Scrip dividends issued | - | 246 |
| Weighted average – outstanding shares | 259,667 | 212,246 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

13. LOANS AND BORROWINGS

In July 2012 the Company entered into a three year £35 million revolving credit facility and letter of credit option with three lenders (The Royal Bank of Scotland plc, National Australia Bank Limited and KfW IPEX-Bank GmbH) to finance acquisitions and to provide letters of credit for outstanding equity obligations or for working capital purposes. The arrangement fee was 1.5% and the margins are 2.25% over LIBOR when loan to value is less than 25% and 2.75% over LIBOR when loan to value is greater than or equal to 25%. The commitment fee is 1.00% of the undrawn balance per annum.

As of 31 December 2012, the Company had drawn £11,562,000 under the credit facility. The Company repaid all the outstanding cash drawn amounts related to the above-mentioned loan in July 2013. At 31 December 2013 and 2012 the Company utilised £1.4 million of the facility to cover two letters of credit. The Company is still entitled to obtain funding from the above-mentioned credit facility until July 2015.

The unamortized debt issuance cost related to the above-mentioned credit facility amounts to £415,000 as of 31 December 2013 (2012: 691,000). As of 31 December 2013, the unamortized amount is shown as other non-current assets in the consolidated statement of financial position (2012: netted against the amount withdrawn from the credit facility).

The finance cost incurred in relation to the above-mentioned loans for the year ended 31 December 2013 amounted to £499,000 (2012: £242,000).

Pledges and Collaterals

The Group pledged all the current and future assets held within MHC, Lux HoldCo, UK HoldCo, GP and the Company in relation to the revolving credit facility.

14. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

- 1) impairment or reduction in the amounts recoverable from receivables and other current and non-current asset
- 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:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 (as restated – see Note 2) |
|--|-------------------------|---|
| Derivative financial instruments (asset) | 1,262 | - |
| Trade and other receivables | 1,307 | 1,192 |
| Cash and cash equivalents | 126,321 | 14,412 |
| | 128,890 | 15,604 |

The maximum exposures to credit risk on receivables that are neither overdue nor impaired as of 31 December 2013 amounts to £1,307,000 (2012: £1,192,000) and are mainly in relation to operations in Mainland Europe and the UK.

As of 31 December 2013, the Group is also exposed to credit risk on the receivable component of FVPL investments amounting to £121,820,000 (2012: £90,585,000).

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

The Group establishes 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 collectible and no significant amounts are considered as overdue or impaired.

Cash and cash equivalents

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 maintained with banks.

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 long-term projects. 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 Company has a £35,000,000 credit facility with three participating banks to finance further asset acquisitions and working capital needs. As of 31 December 2013, £33.6 million was available to be drawn down. The Company has utilised £1.4 million of the facility to cover two letters of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

At 31 December 2013 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 the covenant limits.

Additionally, the Company has the ability to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions. The Company does not use structural gearing.

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

| | 31 December 2013 | | | 31 December 2012 (as restated – see Note 2) | | |
|---|------------------|------------------------|--------------------|--|------------------------|--------------------|
| | Carrying amount | Contractual cash flows | Less than one year | Carrying amount | Contractual cash flows | Less than one year |
| <i>In thousands of Pounds Sterling</i> | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Loans and borrowings | - | - | - | 10,871 | 11,798 | 11,798 |
| Trade payables | 88 | 88 | 88 | 457 | 457 | 457 |
| Other payables | 2,584 | 2,584 | 2,584 | 1,187 | 1,187 | 1,187 |
| | 2,672 | 2,672 | 2,672 | 12,515 | 13,442 | 13,442 |

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 return.

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 denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Pounds Sterling (£), Canadian Dollars (CAD), Australian Dollars (AUD), Euro (EUR), Norwegian Kroner (NOK) and US Dollars (USD).

At any point the Group enters into forward currency contracts to fix the foreign exchange rates in respect of certain 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.

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for the year ended 31 December 2013

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 some 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 spent considerable time discussing its hedging policy and believes it remains 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, reduced competition outside of UK, 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:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | | | | |
|--|-------------------------|------------|------------|------------|------------|
| | CAD | EUR | AUD | NOK | USD |
| Investments at fair value through profit or loss | 130,191 | 9,700 | 44,022 | 20,849 | - |
| Trade and other receivables | - | 533 | - | - | - |
| Cash and cash equivalents | 991 | 953 | 26,657 | 5 | 18,095 |
| Trade payables | - | (88) | - | - | - |
| Other payables | - | (2,157) | - | - | - |
| | 131,182 | 8,941 | 70,679 | 20,854 | 18,095 |

| <i>In thousands of Pounds Sterling</i> | 31 December 2012 (as restated – see Note 2) | | |
|--|--|------------|------------|
| | CAD | EUR | AUD |
| Investments at fair value through profit or loss | 53,450 | 9,805 | 48,342 |
| Trade and other receivables | - | 418 | - |
| Cash and cash equivalents | 194 | 1,561 | - |
| Trade payables | - | (457) | - |
| Other payables | - | (1,188) | - |
| | 53,644 | 10,139 | 48,342 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The significant exchange rates applied during the year ended 31 December 2013 and 31 December 2012 are as follows:

| | 31 December 2013 | |
|-------|------------------|---------------|
| | Average GBP | Spot rate GBP |
| CAD 1 | 0.621 | 0.567 |
| EUR 1 | 0.849 | 0.835 |
| AUD 1 | 0.620 | 0.538 |
| NOK 1 | 0.109 | 0.099 |
| USD 1 | 0.640 | 0.607 |

| | 31 December 2012 | |
|-------|------------------|---------------|
| | Average GBP | Spot rate GBP |
| CAD 1 | 0.631 | 0.621 |
| EUR 1 | 0.804 | 0.818 |
| AUD 1 | 0.650 | 0.642 |

A strengthening (weakening) of Pounds Sterling against the CAD, EUR, AUD, NOK and USD, as applicable at 31 December 2013 and 2012 would have (decreased) increased respectively the equity and profit or loss by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular, interest rates, remains constant and ignores any impact of forecasted revenues, hedging instruments and other related costs.

| <i>Effects in thousands of Pounds Sterling</i> | GBP Strengthening (100 bp) | | GBP Weakening (100 bp) | |
|--|----------------------------|----------------|------------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2013 | | | | |
| CAD 1 | (1,312) | (10) | 1,312 | 10 |
| EUR 1 | (89) | (89) | 89 | 89 |
| AUD 1 | (707) | (707) | 707 | 707 |
| NOK 1 | (209) | (209) | 209 | 209 |
| USD 1 | (181) | (181) | 181 | 181 |

| <i>Effects in thousands of Pounds Sterling</i> | GBP Strengthening (100 bp) | | GBP Weakening (100 bp) | |
|--|----------------------------|----------------|------------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2012 (as restated – see Note 2) | | | | |
| CAD 1 | (536) | (2) | 536 | 2 |
| EUR 1 | (101) | (101) | 101 | 101 |
| AUD 1 | (484) | (484) | 484 | 484 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Interest rate risk

The Group adopts a policy of ensuring that significant loans and borrowings with variable interest rates are hedged in order to properly manage the Group's exposure to changes in interest rates.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and is not significantly exposed to variable interest rates. For the year ended 31 December 2013, the only variable interest rate exposure of the Group is on the cash and cash equivalents maintained with the banks. Therefore a change in market interest rates on the cash and cash equivalents at the reporting date would not significantly affect profit or loss.

Changes in interest rates also impact the discount rate used by the Group in valuing investments at fair value through profit and loss (see Note 15).

Investment risk

The valuation of FVPL investments depends on the ability of the Group to realize cash distributions from SPCs. The distributions to be received from the SPC 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 while seeking to minimise the cost of capital. The Company, at a Group level, views the share capital (see Note 11) and the revolving credit facility (see Note 13) 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 or issue new shares. The Company targets a minimum 5.5% dividend yield based on the issue price of the Company's ordinary shares at the time of the IPO. 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.

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for the year ended 31 December 2013

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES NOT DESIGNATED AS CASH FLOW HEDGE

The Group 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. During the year ended 31 December 2013, the Group recognised a derivative financial asset of £1,262,000 and gain on fair value adjustment on such arrangement amounting to £1,333,000. During 2012, the Group recognised a derivative financial liability of £224,000 and incurred a loss on fair valuation of such derivative financial instrument amounting to £266,000 (included in finance cost).

15. FAIR VALUE MEASUREMENTS

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

| | 31 December 2013 | | | | |
|---|-----------------------------------|-----------------------|-----------------------------|-----------------------|------------|
| | Fair value through profit or loss | Loans and receivables | Other financial liabilities | Total carrying amount | Fair value |
| <i>In thousands of Pounds Sterling</i> | | | | | |
| Assets | | | | | |
| Investment at fair value through profit or loss | 324,051 | - | - | 324,051 | 324,051 |
| Trade and other receivables | - | 1,307 | - | 1,307 | 1,307 |
| Cash and cash equivalents | 126,321 | - | - | 126,321 | 126,321 |
| Derivative financial instruments | 1,262 | - | - | 1,262 | 1,262 |
| | 451,634 | 1,307 | - | 452,941 | 452,941 |
| Liabilities | | | | | |
| Trade payables | - | - | 88 | 88 | 88 |
| Other payables | - | - | 2,584 | 2,584 | 2,584 |
| | - | - | 2,672 | 2,672 | 2,672 |

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for the year ended 31 December 2013

31 December 2012 (as restated – see Note 2)

| | Fair value through profit or loss | Loans and receivables | Other financial liabilities | Total carrying amount | Fair value |
|---|--|--------------------------------------|--|--------------------------------------|-----------------------|
| <i>In thousands of Pounds Sterling</i> | | | | | |
| Assets | | | | | |
| Investment at fair value through profit or loss | 218,116 | - | - | 218,116 | 218,116 |
| Trade and other receivables | - | 1,192 | - | 1,192 | 1,192 |
| Cash and cash equivalents | 14,412 | - | - | 14,412 | 14,412 |
| | 232,528 | 1,192 | - | 233,720 | 233,720 |
| Liabilities | | | | | |
| Loans and borrowings | - | - | 10,871 | 10,871 | 11,562 |
| Derivative financial liabilities | 224 | - | - | 224 | 224 |
| Trade payables | - | - | 457 | 457 | 457 |
| Other payables | - | - | 1,187 | 1,187 | 1,187 |
| | 224 | - | 12,515 | 12,739 | 13,430 |

INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The valuation of investments at fair value through profit or loss is carried out on a six-month basis as at 30 June and 31 December each year. An independent third-party valuer has reviewed this valuation.

The valuation is determined using 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 is the same one used for the valuation of the portfolio of the Company at 31 December 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The Group uses certain macroeconomic assumptions for the cash flows which include indexation rates, deposit interest rates, corporate tax rates and foreign currency exchange Assumptions on the indexation rates, deposit interest rates and tax rates are below:

Macroeconomic assumptions

| End of period | 31 Mar 2014 | 31 Dec 2014 | 31 Mar 2015 | 31 Dec 2015 | 31 Dec 2016 | Long-term |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| UK | | | | | | |
| Indexation (%) | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) | 23.0 | 21.0 | 21.0 | 20.0 | 20.0 | 20.0 |
| Canada | | | | | | |
| Indexation (%) ⁽¹⁾ | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 | 2.00/2.35 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) ⁽²⁾ | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 | 25.0/26.0/26.5 |
| Australia | | | | | | |
| Indexation (%) | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Deposit Interest Rate (%) ⁽³⁾ | 4.00/5.00 | 4.00/5.00 | 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 | 30.0 | 30.0 |
| Germany | | | | | | |
| Indexation (%) | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Deposit Interest Rate (%) | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| SPC Corporate Tax (%) ⁽⁴⁾ | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 |
| Norway | | | | | | |
| Indexation (%) ⁽⁵⁾ | 2.94 | 2.94 | 2.94 | 2.94 | 2.94 | 2.94 |
| Deposit Interest Rate (%) | 1.8 | 1.8 | 2.5 | 2.5 | 4.0 | 4.0 |
| SPC Corporate Tax (%) | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 |

⁽¹⁾ All Canadian projects have a 2.0% indexation factor with the exception of NEST and NWAHD which has a slightly different indexation factor which is derived from a basket of regional labour, CPI and commodity indexes

⁽²⁾ Tax rate is 25% in Alberta, 26% in British Columbia and 26.5% in Ontario

⁽³⁾ Cash on Debt Service Reserve Account and Maintenance Service Reserve Account can be invested on six-month basis; other funds are deposited on a shorter term

⁽⁴⁾ Including Solidarity charge, excluding Trade tax which varies between communities

⁽⁵⁾ Indexation of revenue based on basket of four indices

DISCOUNT RATE SENSITIVITY

The discount rates used for the valuation of individual assets range between 8.00% and 10.50% which, on a weighted average basis, is approximately 8.39%. The discount rate used for individual project entities is based on the Management Board's knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

A 1% increase or decrease in discount rates used in the valuation of fair value through profit and loss investments would impact equity and profit or loss (after considering deferred tax impact) as follows:

| <i>Effects in thousands of Pounds Sterling</i> | Decrease by 1% | | Increase by 1% | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2013 | 34,900 | 34,900 | (29,713) | (29,713) |
| 31 December 2012 (as restated – see Note 2) | 23,830 | 23,830 | (20,269) | (20,269) |

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 above.

| <i>Effects in thousands of Pounds Sterling</i> | Increase by 1% | | Decrease by 1% | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2013 | 27,359 | 27,359 | (25,762) | (25,762) |
| 31 December 2012 (as restated – see Note 2) | 17,991 | 17,991 | (16,215) | (16,215) |

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.

| <i>Effects in thousands of Pounds Sterling</i> | Increase by 1% | | Decrease by 1% | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2013 | 8,496 | 8,496 | (8,431) | (8,431) |
| 31 December 2012 (as restated – see Note 2) | 6,871 | 6,871 | (6,893) | (6,893) |

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 estimated forward exchange rates are determined by counterparty banks.

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 fair value of these assets and liabilities, for the purpose of fair value disclosure, are classified under level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 in different levels as of 31 December 2013:

| <i>In thousands of Pounds Sterling</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Investment at fair value through profit or loss | - | - | 324,051 | 324,051 |
| Derivative financial asset or (liability) | - | 1,262 | - | 1,262 |

The following table shows the grouping of assets (liabilities) recognised at fair value in different levels as of 31 December 2012 (as restated – see Note 2):

| <i>In thousands of Pounds Sterling</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| Investment at fair value through profit or loss | - | - | 218,116 | 218,116 |
| Derivative financial asset or (liability) | - | (224) | - | (224) |

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in level 3 of the fair value hierarchy:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | 31 December 2012 (as restated – see Note 2) |
|--|-------------------------|--|
| Balance at 1 January | 218,116 | - |
| Investments at fair value through profit or loss from acquisitions of subsidiaries and direct acquisitions | 97,852 | 217,349 |
| Fair value changes on FVPL investments | 9,896 | 12,348 |
| Interest income on FVPL investments | 10,306 | 5,532 |
| Dividend income on FVPL investments | 5,227 | 5,784 |
| Distributions received | (17,346) | (22,123) |
| Short-term receivable reclassification | - | (774) |
| | 324,051 | 218,116 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The impact of unrealized foreign exchange gain or loss on the investments at fair value through profit or loss for the year ended 31 December 2013 amounted to £11.4 million (2012: £0.4 million).

The fair value of investments at fair value through profit or loss is 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 reported fair values of such assets.

16. SUBSIDIARIES

During the year ended 31 December 2013, the Company had the following consolidated subsidiaries which are included in the consolidated financial statements.

| | Country of Incorporation | Effective Ownership Interest | Date Acquired/ Established |
|---|---------------------------------|-------------------------------------|-----------------------------------|
| Bilfinger Berger Global Infrastructure SICAV S.A. | Luxembourg | Ultimate Parent | 03 Oct 2011 |
| BBGI Management HoldCo S.à r. l. | Luxembourg | 100% | 20 Oct 2011 |
| BBGI Holding Limited | UK | 100% | 6 Feb 2012 |
| BBGI S.à r. l. | Luxembourg | 100% | 28 Mar 2012 |
| BBGI Investments S.C.A. | Luxembourg | 100% | 28 Mar 2012 |
| BBGI CanHoldCo Inc. | Canada | 100% | 12 Jun 2013 |
| BBGI Guernsey Holding Limited | Guernsey | 100% | 12 Dec 2013 |
| BBGI (NI) Limited | UK | 100% | 06 Dec 2013 |

The Company's subsidiaries which are not consolidated, given that the Company is an Investment Entity, are as follows:

| SPCs | Project Name | Country of Incorporation | Effective Ownership Interest | Date Acquired |
|----------------------------------|---------------------|---------------------------------|-------------------------------------|----------------------------|
| Golden Crossing Holdings Inc. | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Golden Crossing Finance Inc. | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Golden Crossing Investments Inc. | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Golden Crossing Inc. | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| SPCs | Project Name | Country of Incorporation | Effective Ownership Interest | Date Acquired |
|---|--------------------------------------|--------------------------|------------------------------|-----------------------------|
| Global Infrastructure Limited Partnership | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Golden Crossing General Partnership | Golden Ears Bridge | Canada | 100.0% | 7 Feb 2012 and 18 Dec 2013 |
| Adger OPS Finanssselskap AS | E18 | Norway | 58.8% | 20 Dec 2013 |
| Adger OPS Vegselskap AS | E18 | Norway | 100.0% | 20 Dec 2013 |
| Tor Bank School Education Partnership (Holdings) Limited | Tor Bank | UK | 100.0% | 23 Dec 2013 |
| Tor Bank School Education Partnership Limited | Tor Bank | UK | 100.0% | 23 Dec 2013 |
| Bedford Education Partnership Holdings Limited | Bedford Schools | UK | 100.0% | 28 Mar 2012 |
| Bedford Education Partnership Limited | Bedford Schools | UK | 100.0% | 28 Mar 2012 |
| Lisburn Education Partnership (Holdings) Limited | Lisburn College | UK | 100.0% | 28 Mar 2012 and 09 Aug 2012 |
| Lisburn Education Partnership Limited | Lisburn College | UK | 100.0% | 28 Mar 2012 and 09 Aug 2012 |
| Clackmannanshire Schools Education Partnership (Holdings) Limited | Clackmannanshire Schools | UK | 100.0% | 28 Mar 2012 |
| Clackmannanshire Schools Education Partnership Limited | Clackmannanshire Schools | UK | 100.0% | 28 Mar 2012 |
| Primaria (Barking & Havering) Limited | Barking Dagenham and Havering (LIFT) | UK | 60.0% | 16 Nov 2012 |
| Barking Dagenham Havering Community Ventures Limited | Barking Dagenham and Havering (LIFT) | UK | 100.0% | 16 Nov 2012 |
| Barking & Havering LIFT (Midco) Limited | Barking Dagenham and Havering (LIFT) | UK | 100.0% | 16 Nov 2012 |
| Barking & Havering LIFT Company (No.1) Limited | Barking Dagenham and Havering (LIFT) | UK | 100.0% | 16 Nov 2012 |
| East Down Education Partnership (Holdings) Limited | East Down Colleges | UK | 66.7% | 28 Mar 2012 and 25 Jul 2012 |
| East Down Education Partnership Limited | East Down Colleges | UK | 100.0% | 28 Mar 2012 and 25 Jul 2012 |
| Scottish Borders Education Partnership (Holdings) Limited | Scottish Borders Schools | UK | 100.0% | 28 Mar 2012 and 25 Jul 2012 |
| Scottish Borders Education Partnership Limited | Scottish Borders Schools | UK | 100.0% | 28 Mar 2012 and 25 Jul 2012 |
| Coventry Education Partnership Holdings Limited | Coventry Schools | UK | 100.0% | 28 Mar 2012 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| SPCs | Project Name | Country of Incorporation | Effective Ownership Interest | Date Acquired |
|---|-----------------------------|--------------------------|------------------------------|-----------------------------|
| Coventry Education Partnership Limited | Coventry Schools | UK | 100.0% | 28 Mar 2012 |
| PJB Beteiligungs – GmbH | Burg Prison | Germany | 90.0% | 28 Mar 2012 |
| Projektgesellschaft Justizvollzug Burg GmbH & Co. KG | Burg Prison | Germany | 100.0% | 28 Mar 2012 |
| PJB Management GmbH | Burg Prison | Germany | 100.0% | 28 Mar 2012 |
| Fire Support (SSFR) Holdings Limited | Staffordshire Fire Stations | UK | 85.0% | 28 Mar 2012 |
| Fire Support (SSFR) Limited | Staffordshire Fire Stations | UK | 100.0% | 28 Mar 2012 |
| Highway Management M80 Topco Limited | M80 | UK | 100.0% | 17 Dec 2012 and 27 Dec 2012 |
| RW Health Partnership Holdings Pty Limited | Royal Women’s Hospital | Australia | 100.0% | 20 Feb 2012 |
| RWH Health Partnership Pty Limited | Royal Women’s Hospital | Australia | 100.0% | 20 Feb 2012 |
| RWH Finance Pty Limited | Royal Women’s Hospital | Australia | 100.0% | 20 Feb 2012 |
| Victoria Correctional Infrastructure Partnership Pty Ltd. | Victoria Prisons | Australia | 100.0% | 01 Mar 2012 |
| BBGI KVH Holdings Inc. | Kelowna and Vernon | Canada | 100.0% | 13 Nov 2013 |
| BBGI KVH Inc. | Kelowna and Vernon | Canada | 100.0% | 13 Nov 2013 |
| WCP Holdings Inc. | Women’s College Hospital | Canada | 100.0% | 18 Dec 2013 |
| WCP Inc. | Women’s College Hospital | Canada | 100.0% | 18 Dec 2013 |
| WCP Investments KVH Inc. | Women’s College Hospital | Canada | 100.0% | 18 Dec 2013 |
| Women’s College Partnership | Women’s College Hospital | Canada | 100.0% | 18 Dec 2013 |
| Stoney Trail Group Holdings Inc. | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |
| Stoney Trail LP Inc. | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |
| Stoney Trail Investments Inc. | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |
| Stoney Trail Inc. | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |
| Stoney Trail Global Limited Partnership | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |
| Stoney Trail General Partnership | Northeast Stoney Trail | Canada | 100.0% | 13 Nov 2013 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

17. 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 £131,703 (2012: £140,000) There are no outstanding amounts due as of 31 December 2013 and 2012.

The Chairman of the Supervisory Board currently receives a fee of £45,000 per annum, and other members of the Supervisory Board each currently receive a fee of £30,000 per annum (with the exception of the Chairman of the Audit Committee and the Senior Independent Director who each receive an additional fee of £2,500 per annum).

It was proposed in the prospectuses issued at the time that the members of the Supervisory Board be paid an ex gratia payment of £20,000 each for their services in relation to the July Issue and the December Issue. A total of £60,000 was accrued and expensed in the consolidated income statement.

DIRECTORS' SHAREHOLDING IN THE COMPANY

| | 31 December 2012 | 31 December 2011 |
|-------------------------------|------------------|------------------|
| <i>In thousands of shares</i> | | |
| David Richardson | 152 | 82 |
| Colin Maltby | 100 | 30 |
| Thomas Töpfer | * | 41 |
| Frank Schramm | 172 | 77 |
| Duncan Ball | 172 | 77 |
| Michael Denny | 35 | - |
| Arne Speer | ** | 36 |
| | 631 | 343 |

* During the period Mr Thomas Töpfer resigned from the Supervisory Board with effect from 21 May 2013.

** Mr Michael Denny was appointed as a member of the Management Board of the Company with effect from 30 April 2013. With effect from the same date, Mr Arne Speer retired as a member of the Management Board.

REMUNERATION OF THE MANAGEMENT TEAM

Under the current remuneration programme, all employees of BBGI Management HoldCo (which include the members of the Management Board, Frank Schramm, Duncan Ball and Michael Denny) are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Supervisory Board. In addition, certain senior executives (including Mr Schramm and Mr Ball) are also entitled to participate in a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

SERVICE CONTRACTS

BBGI Management HoldCo has entered into service contracts with both Mr Schramm and Mr Ball (each such contract being a "Service Contract"). The Service Contracts for Mr Schramm and Mr Ball are on identical terms and conditions save that the payments to Mr Schramm are in Euros and those to Mr Ball are in Canadian Dollars and are each terminable by BBGI Management HoldCo with immediate effect for "cause" or "without cause" (subject to payment of 24 months' pay and benefits) or can be terminated by the relevant individual by giving twelve months' written notice to BBGI Management HoldCo.

Mr Schramm and Mr Ball are each entitled to an annual base salary payable monthly in arrears of EUR 259,375 (2012: EUR 250,000) per annum and CAD 366,123 (2012: CAD 352,890) per annum respectively which is reviewed annually by the Supervisory Board. The salaries are reviewed with effect from 1 July each year. In 2013 both Mr Schramm and Mr Ball each received a salary increase equating to 3.75% of their base salary. Mr Schramm received an increase of EUR 9,375 and Mr Ball an increase of CAD 13,233.

SHORT-TERM INCENTIVE PLAN (STIP)

Under the STIP, Mr Ball and Mr Schramm are entitled to an annual award ranging from 0% to 80% of their annual base salary, subject to the achievement of predetermined performance objectives set by the Supervisory Board at the beginning of the relevant financial year. The maximum amount payable under the STIP is 80% of the relevant executive's base salary, and the target performance is 48% of an executive's annual base salary.

In May 2013 Mr Schramm received a bonus of EUR 187,500 and Mr Ball CAD 264,667.50 in respect of the period from 1 January 2012 to 31 December 2012.

Both Mr Schramm and Mr Ball will receive a bonus of EUR 203,750 and CAD 287,605 respectively for the year ending 31 December 2013. Bonuses will be paid in May 2014.

LONG-TERM INCENTIVE PLAN (LTIP)

Under the LTIP, Mr Ball and Mr Schramm may be awarded a percentage of executive's salary, depending on the performance of the Company, measured by the total shareholder return over each rolling three-year Return Period.

Subject to the achievement of predetermined targets, Mr Ball and Mr Schramm are each entitled to an annual award ranging from a target of CAD 176,445 and EUR 125,000 to a maximum of CAD 352,890 and EUR 250,000 respectively. The target award will be determined by reference to a threshold hurdle of a total shareholder return of 16.5% over the three-year return period starting from 21 December 2011. The maximum award requires a total shareholder return of approximately 28% over the three-year period.

An accrual equating to the target award for Mr Schramm, EUR 125,000, and Mr Ball, CAD 176,445, has been recorded in the financial statements as 31 December 2013.

As at the date of these financial statements, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

EMPLOYMENT CONTRACT

BBGI Management HoldCo has entered into a contract of employment with Mr Denny, which is terminable on three months' written notice by either party.

Mr Denny is entitled to an annual base salary payable monthly in arrears of EUR 145,549 per annum which is reviewed annually by the Supervisory Board. In addition, Mr Denny is entitled to be considered for a discretionary bonus. The maximum amount payable under this bonus is EUR 50,000, and the target performance is EUR 40,000.

Mr Denny received a prorated bonus of EUR 36,667 for his period of employment during the year ending 2012. This bonus was paid in May 2013. Mr Denny also received a one-off EUR 20,000 payment in respect of the year ending 31 December 2012 as an incentive to join the Group and leave his previous employment which was paid in March 2013. In December 2013 Mr Denny received a one-off project-related bonus of EUR 50,000. Mr Denny will receive a bonus of EUR 40,000 for the year ended 31 December 2013. Payment will be made in May 2014.

The bonus payments for Mr Denny in respect of the financial year ending on 31 December 2012 were not paid in cash but by way of DAX warrants that BBGI Management HoldCo acquired (for the cash price equal to the bonus figures referred to above) and assigned to Mr Denny.

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

CONSULTANCY AGREEMENT WITH DUNCAN BALL

The Company engaged Mr Ball in a consultancy capacity. Under this engagement Mr Ball provided additional services to the Company outside of the scope of services provided under his 'Service Contract'. Under the provisions of the contract that started in May 2012, Mr Ball will receive a fixed fee of CAD 36,000 per annum for the provision of such services. There are no outstanding amounts from the contract as of 31 December 2013 (2012:nil). The consultancy agreement was terminated on 1 January 2014.

RECEIVABLE COMPONENT OF FVPL INVESTMENTS

As of 31 December 2013, the receivable component of FVPL investments amounted to £121,820,000 (2012: £90,585,000). The fixed interest charged on the receivables ranges from 8.38% to 13.5% per annum (see also Note 8). The receivables have expected repayment dates from 2024 to 2045.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include a short-term receivable from a particular project amounting to £774,000 (2012:774,000). The remaining amount pertains to third-party receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

18. COMMITMENTS AND CONTINGENCIES

ACQUISITION AGREEMENT WITH BILFINGER

On 15 November 2013, The Company announced that it signed an acquisition agreement with Bilfinger Group ("Bilfinger") in relation to the acquisition of interests in 11 pipeline assets for £204 million (purchase price using foreign exchange rates at the time of acquisition). In December, the Company was notified by the Bilfinger Group that the third-party shareholder pre-emption rights in relation to the investment capital of one of the pipeline assets, a road project in Australia, had been exercised and as a result the acquisition excluded that asset. Subsequently the price of the remaining pipeline assets was adjusted to approximately £154 million (purchase price using foreign exchange rates at the time of acquisition) pursuant to the valuation.

As of 31 December 2013, five out of the remaining ten pipeline assets under the acquisition agreement were already acquired – see Note 8.

No fees are payable by the Company to BPI under the Pipeline Agreement.

ACQUISITION OF FOUR PPP/PFI PROJECTS IN GERMANY

During August 2013, the Company signed an agreement to acquire a 50% equity and loan note interest in four operational social infrastructure PPP projects in Germany from Hochtief PPP Solutions GmbH, which currently holds 100% interest. The projects are:

- Frankfurt Schools
- Cologne Schools
- Cologne-Rodenkirchen Comprehensive School
- Furst Wrede Military Base

All of the projects are availability-based with no volume risk. The total consideration to be paid, upon completion, is EUR 13.2 million or approximately £11.0 million. The acquisition is conditional on, inter alia, third-party consents and is expected to be completed during first quarter of 2014.

BBGI Management Holdco S.à r. l. currently has an office operating lease agreement until 2022. The Company currently pays EUR 12,000 per month on such operating lease.

ACQUISITION OF ADDITIONAL INTEREST FROM GRAHAM

The Company signed an agreement with Graham Investment Projects Limited ("Graham") in relation to the acquisition of additional equity and subordinated debt interests in three assets, being Lagan College, Tor Bank School and DBFO-1 Road Service (M1 Westlink), all of which are in Northern Ireland. The total cash consideration to be paid for these interests was approximately £9 million. The acquisition of the remaining interest in Tor Bank School from Graham completed in December 2013.

The Group has not entered into, and is not aware of, any other significant commitments and contingencies as of 31 December 2013 aside from those already disclosed in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

19. SUBSEQUENT EVENTS

On 30 January 2014 the Group announced that it has completed the acquisition of a 33.33% interest in the Ohio River Bridge project through the acquisition of 100% interest in Bilfinger East End Holdings Inc. which owns 33.33% in WV East End Partners, LLC. Ohio River Bridge/ East End Crossing project is a long-term public-private-partnership concession and involves the development, design, construction, financing, operation and maintenance of a cable stayed bridge and associated roadway and facilities across the Ohio River, connecting Clark County, Indiana and Jefferson County, Kentucky. The concession term is equal to the construction period of 3.6 years plus 35 years of operations. The construction work relating to the project is being undertaken by a joint venture. The concession expires in 2051 and is availability-based with no volume risk. The project was part of the pipeline assets described in Note 18.

On 14 February 2014 the Group announced that it has completed the acquisition of additional interest in three PPP/PFI projects for a total consideration of approximately £9 million. The additional interests acquired include equity and subordinated debt interests in the following projects (see also Note 8 and Note 20):

- Liverpool & Sefton Clinics – acquired additional 20% of equity interest and 26.1% of subordinated debt interest. The Group now owns 46.7% of equity and 52.8% of the subordinated debt component.
- North London Estates Partnerships project (formerly known as Barnet & Haringey Clinics project) – acquired additional 20% of equity interest and 26.7% of subordinated debt interest. The Group now owns 46.6% of equity and 53.3% of the subordinated debt component.
- Mersey Care Hospitals project – acquired additional 28.6% of equity interest and 30.0% of subordinated debt interest. The Group now owns 66.7% of equity and 70.0% of the subordinated debt component.

On 10 March 2013 the Group announced that it has completed the acquisition of a 50% interest in the Northern Territories Secure Facility (NTSF). NTSF is a new 1,000-bed correctional facility located on a greenfield site at Holtze, near Darwin, Australia. When complete, the facilities will allow Northern Territory Corrections to engage prisoners into structured daily programs in order to foster rehabilitation and stronger reintegration. The concession term runs until June 2044. The Group will receive availability payments during the concession period from the Northern Territory government which is rated Aa1 by Moody's Investor Services. The construction work relating to the project is being undertaken by a joint venture. Construction obligations are designed to be passed down to the joint venture through a fixed price, date-certain design and build contract. The project is expected to become operational in the second half of 2014. NTSF was part of the pipeline asset described in Note 18.

Subsequent to 31 December 2013 the Company used a £21 million letter of credit under its credit facility to cover future potential PPP equity/sub debt obligations.

20. SERVICE CONCESSION AGREEMENTS

As of 31 December 2013 the Group operates 26 projects (see also Note 8) with a weighted average concession length of 24.6 years. The weighted average debt maturity is 23.2 years. The Group has a diverse asset mix from which the service concession receivables are derived and which is composed 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 include poor performance and in the event of *force majeure*. The operator's right 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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

| Sector | Project Name | % 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 | 50% | 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. | 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 Project | 50.1% | Design, build finance and operate 18km of dual two/three lane motorway with associated slip roads and infrastructure from Stepps in North Lanarkshire to Hagsgs in Falkirk | Operational | January 2009 | September 2041 | £ 310 million |
| | E18 | 58.8% | Operate and maintain a new section of highway between Grimstad and Kristiansand in Norway. The 38km dual carriageway carves through a rugged and extremely beautiful landscape | Operational | August 2009 | August 2034 | NOK 3,604 million |
| | North East Stoney Trail | 100% | Operate and maintain a 21km section of new highway, forming part of a larger ring road developed in Calgary, Alberta, Canada | Operations | November 2009 | October 2039 | CAD 424 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 |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| Sector | Project Name | % Owned on Project | Short Description of Concession Arrangement | Phase | Period of Concession (Operational Phase) | | Investment Volume |
|-----------|------------------------------|--------------------|--|--|---|----------------|---------------------------------------|
| | | | | | Start Date | End Date | |
| 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 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. | Operational | June 2007 | September 2035 | £ 106 million |
| | Scottish Borders Schools | 75% | 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 - 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 Eastdown 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 |
| 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 | 26.70% | Design, build, finance and operate and manage primary health care facilities in Liverpool and Sefton. | Operational (except Mersey Care Hospitals below) | In 6 tranches starting June 2004 and ending February 2011 | June 2043 | £ 91.5 million |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| Sector | Project Name | % Owned on Project | Short Description of Concession Arrangement | Phase | Period of Concession (Operational Phase) | | Investment Volume |
|---------------|--|--------------------|---|--|--|----------------|-------------------|
| | | | | | Start Date | End Date | |
| | Barnet and Haringey Clinics | 26.70% | Design, build, finance and operate primary healthcare facilities of the Barnet, Enfield and Haringey LIFT programme | Operational | Last tranche completed on June 2013. | June 2043 | EUR 86 million |
| | BDH Lift Project | 60% | Design, build, finance and operate ten facilities/clinics in East London with project construction completions between 2005 and 2009. | Operational | June 2004 | September 2034 | £ 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) | 38.1% | Design, build, finance and operate a new mental health in-patient facility on the former Walton Hospital site in Liverpool, UK. | Construction completion is expected in December 2014 | Expected on 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. | First phase is operation Second and final phase is expected to be operational in March 2016 | May 2013 (first phase) March 2016 (final phase) | May 2043 | CAD 272.7 million |
| Others | Staffordshire Fire Stations | 85% | Design, build, finance and operate ten 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 |

COMPANY STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|-------------|--|--|
| <i>In thousands of Pounds Sterling</i> | | | |
| Administration expenses | 4 | (5,210) | (3,186) |
| Other operating expenses | 5 | (1,713) | (249) |
| Results from operating activities | | (6,923) | (3,435) |
| Finance costs | 11 | (499) | (404) |
| Finance income | 6 | 12,101 | 6,523 |
| Net finance income | | 11,602 | 6,119 |
| Profit (Loss) before tax | | 4,679 | 2,684 |
| Tax expense | 7 | (140) | (105) |
| Profit from continuing operations | | 4,539 | 2,579 |
| Attributable to: | | | |
| Owners of the Company | | 4,539 | 2,579 |
| Earnings per share | | | |
| Basic earnings per share | 10 | 1.75 | 1.21 |
| Diluted earnings per share | 10 | 1.75 | 1.21 |

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

COMPANY STATEMENT OF FINANCIAL POSITION

| | Note | 31 December 2013 | 31 December 2012 |
|---|------|------------------|------------------|
| <i>In thousands of Pounds Sterling</i> | | | |
| Assets | | | |
| Loans receivable from subsidiary | 13 | 299,820 | 202,650 |
| Investment in subsidiary | 14 | 2,000 | 2,000 |
| Other non-current assets | 11 | 415 | - |
| Non-current assets | | 302,235 | 204,650 |
| Receivables from affiliated companies | 13 | 964 | 714 |
| Other current assets | | 45 | 72 |
| Cash and cash equivalents | 8 | 125,308 | 13,015 |
| Current assets | | 126,317 | 13,801 |
| Total assets | | 428,552 | 218,451 |
| Equity | | | |
| Share capital | 9 | 434,322 | 208,807 |
| Retained earnings | | (13,697) | (4,338) |
| Equity attributable to owners of the Company | | 420,625 | 204,469 |
| Total equity | | 420,625 | 204,469 |
| Liabilities | | | |
| Loans and borrowings | 11 | - | 10,871 |
| Trade payables | 13 | 6,517 | 2,617 |
| Other payables | | 1,354 | 467 |
| Current tax liabilities | 7 | 56 | 27 |
| Current liabilities | | 7,927 | 13,982 |
| Total liabilities | | 7,927 | 13,982 |
| Total equity and liabilities | | 428,552 | 218,451 |
| Net asset value | | 420,625 | 204,469 |
| Net asset value per ordinary share (pence) | | 98.84 | 96.00 |

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

COMPANY STATEMENT OF CHANGES IN EQUITY

| | Note | Share capital | Retained earnings | Total equity |
|---|-------------|----------------------|--------------------------|---------------------|
| <i>In thousands of Pounds Sterling</i> | | | | |
| Balance at 3 October 2011 | 9 | 207,760 | (133) | 207,627 |
| Total comprehensive income for the year | | | | |
| Profit for the year | 10 | - | 2,579 | 2,579 |
| Transactions with owners of the Company, recognised directly in equity | | | | |
| Cash dividends | 9 | - | (5,737) | (5,737) |
| Scrip dividends | 9 | 1,047 | (1,047) | - |
| Balance at 31 December 2012 | | 208,807 | (4,338) | 204,469 |
| Total comprehensive income for the year | | | | |
| Profit for the year | 10 | - | 4,539 | 4,539 |
| Transactions with owners of the Company, recognised directly in equity | | | | |
| Cash dividends | 9 | - | (13,898) | (13,898) |
| Issuance of additional share capital – net of issue cost | 9 | 225,515 | - | 225,515 |
| Balance at 31 December 2013 | | 434,322 | (13,697) | 420,625 |

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

COMPANY STATEMENT OF CASH FLOWS

| | Note | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|------|--------------------------------|--------------------------------|
| <i>In thousands of Pounds Sterling</i> | | | |
| Cash flows from operating activities | | | |
| Profit for the year | 10 | 4,539 | 2,579 |
| Adjustments for: | | | |
| - Net finance cost (income) | 6,11 | (11,602) | (6,119) |
| - Tax expense | 7 | 140 | 105 |
| | | (6,923) | (3,435) |
| Changes in: | | | |
| - Receivables from affiliated companies | | (597) | (367) |
| - Other current assets | | 27 | (72) |
| - Trade payables | | 3,899 | 2,595 |
| - Other payables | | 887 | 323 |
| Cash generated from operating activities | | (2,707) | (956) |
| Interest paid | | (223) | (286) |
| Taxes paid | | (111) | (85) |
| Net cash flows from operating activities | | (3,041) | (1,327) |
| Cash flows from investing activities | | | |
| Interest received | | 11,115 | 6,176 |
| Loans provided to subsidiary – net of repayments | | (95,836) | (202,650) |
| Investment in subsidiary | 14 | - | (1,988) |
| Net cash flows from investing activities | | (84,721) | (198,462) |
| Cash flows from financing activities | | | |
| Payments of loans and borrowings | 11 | (11,562) | - |
| Proceeds from loans and borrowings | 11 | - | 11,562 |
| Loan issuance cost | 11 | - | (809) |
| Dividends paid | 9 | (13,898) | (5,737) |
| Proceeds from issue of ordinary shares - net | 9 | 225,515 | - |
| Net cash flows from financing activities | | 200,055 | 5,016 |
| Net increase (decrease) in cash and cash equivalents | | 112,293 | (194,773) |
| Cash and cash equivalents at 1 January | | 13,015 | 207,788 |
| Cash and cash equivalents at 31 December | 8 | 125,308 | 13,015 |

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

NOTES TO COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. REPORTING ENTITY

Bilfinger Berger Global Infrastructure SICAV S.A. (the 'Company') is an investment company domiciled in Luxembourg that was incorporated on 3 October 2011 under the law of 17 December 2010 concerning undertakings for collective investment. The address of the Company's registered office is the EBBC, 6 E route de Trèves, 2633, Senningerberg, Luxembourg. The Company is admitted to the official list of the UK Listing Authority (premium listing, Investment Company) and to trading on the main market of the London Stock Exchange.

The Company is a closed-ended investment company that seeks to invest in a diversified portfolio of operational (or near operational) Public Private Partnership (PPP)/ Private Finance Initiative (PFI) infrastructure assets or similar assets.

The Company had no employees as of 31 December 2013 and 2012, respectively.

REPORTING PERIOD

The Company's reporting period runs from 1 January to 31 December, each year. The Company's statement of financial position, statement of comprehensive income, and statement of cash flows includes comparative figures as at 31 December 2012. The amounts presented as non-current in the Company's statement of financial position are those which are expected to be settled after more than one year. The amounts presented as current are those which are 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 Management Board and Supervisory Board on 25 March 2014.

CHANGES IN ACCOUNTING POLICY

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

- Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) (see (a)) – early adopted
- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 11 Joint Arrangements
- IFRS 13 Fair Value Measurements (see (b))
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (c))
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)
- Annual improvements to IFRS 2009 – 2011

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The adoption of the above-mentioned standards does not have any significant impact on the Company's financial statements, other than those referred to below:

d) Amendments to IFRS 10, IFRS 12 and IAS 27 (2012)

The Company has opted to early adopt *Investments Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012) (the amendments)* with a date of initial application 01 January 2013. This standard requires entities which qualify as Investment Entities to measure investments on certain subsidiaries at fair value through profit or loss in accordance with the provisions of IFRS 39 (*Financial Instruments: Recognition and Measurement*). However, certain subsidiaries which provide services that relate to the Company's investment activity can still be measured at cost in the Investment Entity's standalone financial statements. Although the Company qualifies as an Investment Entity the Company's only subsidiary, BBGI Management Holdco S.à r.l. ("MHC"), provides services that relate to the Company's investment activity. The Company opted to account for its investment in MHC at cost in the Company's financial statements.

e) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also requires and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*. Accordingly the Company has included additional disclosures in this regard (see Note 12).

BASIS OF MEASUREMENT

These financial statements have been prepared on the historical costs basis.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pounds Sterling, which is the Company's functional currency.

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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 2013, 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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

OPERATING EXPENSES

All operating expenses are recognised in profit and loss on an accrual 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, payable quarterly and assessed on the last day of each quarter.

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

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 consolidated financial statements. Management has set out below only those which may have an impact on the financial statements in future periods.

IFRS 9, *Financial instruments* (No stated effective date): This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IAS 32, *Financial Instruments: Presentation* (effective 1 January 2014):– This standard clarifies the requirements for offsetting financial assets and financial liabilities.

The following are the annual improvements to various IFRS already adopted by IASB but not yet endorsed by the EU (effective 1 July 2014), and may have an impact in the financial statements in the future periods:

- IFRS 13, *Fair Value Measurement*: Clarifies that IFRS 13, *Fair Value Measurement* and the amendments to IFRS 9, *Financial Instruments* and IAS 39, *Financial Instruments: Recognition and Measurement* did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.
- IAS 24, *Related Party Disclosures*: Clarifies how payments to entities providing management services are to be disclosed in the financial statements.

The Company is currently assessing the impact of the adoption of the above new or amended standards on the Company's financial statements.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

4. ADMINISTRATION EXPENSES

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--------------------------------|--------------------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Support agreement fees (see Note 13) | 3,937 | 2,457 |
| Other administration expenses | 1,273 | 729 |
| | 5,210 | 3,186 |

The audit and audit-related fees, which are included in the other administration expenses above and share issuance expenses (see Note 9) respectively, amounted to £362,000 during 2013 (2012: £181,000).

5. OTHER OPERATING EXPENSES

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--------------------------------|--------------------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Acquisition-related costs | 509 | 87 |
| Foreign currency translation loss | 969 | 5 |
| Others | 235 | 157 |
| | 1,713 | 249 |

6. FINANCE INCOME

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--------------------------------|--------------------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Finance income from profit participating loans (see Note 13) | 11,520 | 5,774 |
| Finance income from shareholder loans (see Note 13) | 490 | 347 |
| Interest income from deposits | 60 | 380 |
| Other interest income | 32 | 22 |
| | 12,102 | 6,523 |

7. TAXES

The composition of the current tax payables are as follows:

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Current tax expense | | |
| Subscription tax | 56 | 27 |
| | 56 | 27 |

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|---|--------------------------------|--------------------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Profit before tax | 4,508 | 2,684 |
| Tax using the Company's domestic tax rate | - | - |
| Subscription tax payable by the Company | 140 | 105 |
| Tax charge for the year | 140 | 105 |

The Company is exempt from paying income and/or capital gains taxes in Luxembourg. It is however liable to an annual subscription tax of 0.05% of its total net assets on an Investment Basis.

8. CASH AND CASH EQUIVALENTS

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Bank balances | 50,566 | 13,015 |
| Term deposits | 74,742 | - |
| | 125,308 | 13,015 |

The term deposits are composed of short-term investments with maturity of less than three months.

9. CAPITAL AND RESERVES

SHARE CAPITAL

| | 31 December 2013 | 31 December 2012 |
|--|------------------|------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Share capital as of 01 January | 208,807 | 207,760 |
| Issuance of shares through placing, open offer and offer for subscription | 230,000 | - |
| Share issuance expenses | (4,485) | - |
| Share capital issued through scrip dividend | - | 1,047 |
| | 434,322 | 208,807 |

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The changes in the number of ordinary shares issued by the Company are as follows:

| | Ordinary shares | |
|--|-------------------------|-------------------------|
| | 31 December 2013 | 31 December 2012 |
| <i>In thousands of shares</i> | | |
| On issue at beginning of the year | 212,985 | 212,000 |
| Shares issued during the year through placing, open offer and offer for subscription | 212,589 | - |
| Shares issued through scrip dividends | - | 985 |
| | 425,574 | 212,985 |

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.

On 12 July 2013 the Company announced the results of its placing, open offer and offer for subscription of ordinary shares. The Company raised £85,000,000 (before expenses) through the issue of 79,439,252 shares at a price of £1.07 per share. Expenses incurred in the issuance of the additional ordinary shares amounted to £1,889,000 – this expense has been deducted from share capital recognised. The amount raised was £83,111,000, net of share issue expenses.

On 06 December 2013 the Company announced the results of its placing, open offer and offer for subscription of ordinary shares. The Company raised £145,000,000 (before expenses) through the issue of 133,149,679 shares at a price of £1.089 per share. Expenses incurred in the issuance of the additional ordinary shares amounted to £2,596,000 – this expense has been deducted from share capital recognised. The amount raised was £142,404,000, net of share issue expenses.

During the 2012 the Company issued an additional 984,715 shares as a result of a scrip dividend declared.

DIVIDENDS

The following interim and final dividends were declared and paid by the Company during the year ended 31 December 2013:

| | 31 December 2013 |
|--|-------------------------|
| <i>In thousands of Pounds Sterling except as otherwise stated</i> | |
| Final dividend of 2.75 pence per qualifying ordinary share – for the year ended 31 December 2012 | 5,857 |
| Interim dividend of 2.75 pence per qualifying ordinary share – for period ended 30 June 2013 | 8,041 |
| | 13,898 |

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

The following dividends were declared and paid by the Company during the year ended 31 December 2012:

| | 31 December 2012 |
|--|-------------------------|
| <i>In thousands of Pounds Sterling except as otherwise stated</i> | |
| Final dividend of 0.45 pence per qualifying ordinary share – for period ended 31 December 2011 | 954 |
| Interim dividend of 2.75 pence per qualifying ordinary share – for period ended 30 June 2012 | 4,783 |
| Scrip dividends | 1,047 |
| | 6,784 |

During 2012 the Company declared payment of an interim dividend amounting to £5,830,000 for the six-month period ended 30 June 2012, with the option to elect for a scrip alternative. As a result of the above, a total of 984,715 shares were issued for a price of 106.35 pence per share. The remaining amount payable, £4,783,000, was paid in cash.

10. EARNINGS PER SHARE

The basic and diluted earnings per share at 31 December 2013 are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--|--|
| <i>In thousands of Pounds Sterling/shares</i> | | |
| Profit attributable to ordinary shareholders | 4,539 | 2,579 |
| Weighted average number of ordinary shares in issue | 259,667 | 212,246 |
| Basic and diluted earnings per share (in pence) | 1.75 | 1.21 |

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

| | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|--|--|
| <i>In thousands of shares</i> | | |
| Shares outstanding as at 01 January | 212,985 | 212,000 |
| Effects of shares issued through placing, open offer and offer for subscription (weighted average) | 46,682 | - |
| Effect of scrip dividends issued | - | 246 |
| Weighted average – outstanding shares | 259,667 | 212,246 |

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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

11. LOANS AND BORROWINGS

In July 2012 the Company entered into a three year £35 million revolving credit facility and letter of credit option with three lenders (The Royal Bank of Scotland plc, National Australia Bank Limited and KfW IPEX-Bank GmbH) to finance acquisitions, to provide letters of credit for outstanding equity obligations or for working capital purposes. The arrangement fee was 1.5% and the margins are 2.25% over LIBOR when loan to value is less than 20% and 2.75% over LIBOR when loan to value is greater than or equal to 20%. The commitment fee is 1.00% of the undrawn balance per annum.

As of 31 December 2012, the Company had drawn £11,562,000 under the credit facility. The Company repaid all the outstanding cash drawn amounts related to the above-mentioned loan in July 2013. At 31 December 2013 and 2012, the Company utilised £1.4 million of the facility to cover two letters of credit. The Company is entitled to obtain funding from the above-mentioned credit facility until July 2015.

The unamortized debt issuance cost related to the above-mentioned credit facility amounts to £415,000 as of 31 December 2013 (2012: 691,000). As of 31 December 2013, the unamortized amount is shown as other non-current assets in the Company's statement of financial position (2012: netted against the amount withdrawn from the credit facility).

The total finance cost incurred in relation to the above-mentioned for the year ended 31 December 2013 amounted to £499,000 (2012: £409,000)

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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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:

- 3) impairment or reduction in the amounts recoverable from receivables and other current and non-current asset
- 4) 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:

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| <i>In thousands of Pounds Sterling</i> | | |
| Loans receivable from subsidiary | 299,820 | 202,650 |
| Other receivables from affiliated companies | 964 | 714 |
| Cash and cash equivalents | 125,308 | 13,015 |
| | 426,092 | 216,379 |

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.

The Company has a £35,000,000 credit facility with three participating banks to finance further asset acquisitions and working capital needs. As of 31 December 2013, £33.6 million was available to be drawn down. The Company has utilised £1.4 million of the facility to cover two letters of credit.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

At 31 December 2013 and 2012 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 the covenant limits.

Additionally, the Company has the ability to issue up to 10% of its issued share capital via tap issues in order to finance further acquisitions. The Company does not use structural gearing.

All financial liabilities of the Company have maturities of less than one year. The Company has sufficient cash and cash equivalents to meet currently maturing obligations.

MARKET RISK

The Company is exposed to currency risk as a result of its cash and cash equivalents denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Pounds Sterling (£), Canadian Dollars (CAD), Australian Dollars (AUD), Euro (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:

| <i>In thousands of Pounds Sterling</i> | 31 December 2013 | | | | |
|--|------------------|-----|--------|-----|--------|
| | CAD | EUR | AUD | NOK | USD |
| Cash and cash equivalents | 706 | 750 | 26,657 | 3 | 18,095 |

The significant exchange rates applied during the year ended 31 December 2013 are as follows:

| | 31 December 2013 | |
|-------|------------------|---------------|
| | Average GBP | Spot rate GBP |
| CAD 1 | 0.621 | 0.567 |
| EUR 1 | 0.849 | 0.835 |
| AUD 1 | 0.620 | 0.538 |
| NOK 1 | 0.109 | 0.099 |
| USD 1 | 0.640 | 0.607 |

A strengthening (weakening) of Pounds Sterling against the CAD, EUR, AUD, NOK and USD, as applicable at 31 December 2013 and 2012 would have (decreased) increased respectively the equity and profit or loss by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analyses assumes that all other variables, in particular, interest rates, remain constant and ignores any impact of forecasted revenues, hedging instruments and other related costs.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

| <i>Effects in thousands of Pounds Sterling</i> | GBP Strengthening (100 bp) | | GBP Weakening (100 bp) | |
|--|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| 31 December 2013 | | | | |
| CAD 1 | (7) | (7) | 7 | 7 |
| EUR 1 | (8) | (8) | 8 | 8 |
| AUD 1 | (267) | (267) | 267 | 267 |
| NOK 1 | - | - | - | - |
| USD 1 | (181) | (181) | 181 | 181 |

The Company had no significant exposure to foreign currency risk as of 31 December 2012.

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 £301,547,000 (2012: £204,650,000), amounts to £325,348,000 (2012: £220,521,000). 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 while seeking to minimise the cost of capital. 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 or issue new shares. The Company targets a minimum 5.5% dividend yield based on the issue price of the Company's ordinary shares at the time of the IPO. 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.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

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 £131,703 (2012: £140,000) There are no outstanding amounts due as of 31 December 2013 and 2012.

The Chairman of the Supervisory Board currently receives a fee of £45,000 per annum, and other members of the Supervisory Board each currently receive a fee of £30,000 per annum (with the exception of the Chairman of the Audit Committee and the Senior Independent Director who each receive an additional fee of £2,500 per annum).

It was proposed in the relevant prospectuses that the members of the Supervisory Board be paid an *ex gratia* payment of £20,000 each for their services in relation to the July Issue and the December Issue. A total of £60,000 was accrued and expensed in the consolidated income statement.

Directors' shareholding in the Company

| | 31 December 2013 | 31 December 2012 |
|-------------------------------|------------------|------------------|
| <i>In thousands of shares</i> | | |
| David Richardson | 152 | 82 |
| Colin Maltby | 100 | 30 |
| Thomas Töpfer | * | 41 |
| Frank Schramm | 172 | 77 |
| Duncan Ball | 172 | 77 |
| Michael Denny | 35 | - |
| Arne Speer | ** | 36 |
| | 631 | 343 |

* During the period Mr Thomas Töpfer resigned from the Supervisory Board with effect from 21 May 2013.

** Mr Michael Denny was appointed as a member of the Management Board of the Company with effect from 30 April 2013. With effect from the same date, Mr Arne Speer retired as a member of the Management Board.

Remuneration of the Management Team

Under the current remuneration programme, all employees of BBGI Management HoldCo (which include the members of the Management Board, Frank Schramm, Duncan Ball and Michael Denny) are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Supervisory Board. In addition, certain senior executives (including Mr Schramm and Mr Ball) are also entitled to participate in a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP").

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Service contracts

BBGI Management HoldCo has entered into service contracts with both Mr Schramm and Mr Ball (each such contract being a "Service Contract"). The Service Contracts for Mr Schramm and Mr Ball are on identical terms and conditions save that the payments to Mr Schramm are in Euros and those to Mr Ball are in Canadian Dollars and are each terminable by BBGI Management HoldCo with immediate effect for "cause" or "without cause" (subject to payment of 24 months' pay and benefits) or can be terminated by the relevant individual by giving twelve months' written notice to BBGI Management HoldCo.

Mr Schramm and Mr Ball are each entitled to an annual base salary payable monthly in arrears of EUR 259,375 (2012: EUR 250,000) per annum and CAD 366,123 (2012: CAD 352,890) per annum respectively which is reviewed annually by the Supervisory Board. The salaries are reviewed with effect from 1 July each year. In 2013 both Mr Schramm and Mr Ball each received a salary increase equating to 3.75% of their base salary. Mr Schramm received an increase of EUR 9,375 and Mr Ball an increase of CAD 13,233.

Short-Term Incentive Plan (STIP)

Under the STIP, Mr Ball and Mr Schramm are entitled to an annual award ranging from 0% to 80% of their annual base salary, subject to the achievement of predetermined performance objectives set by the Supervisory Board at the beginning of the relevant financial year. The maximum amount payable under the STIP is 80% of the relevant executive's base salary, and the target performance is 48% of an executive's annual base salary. In May 2013 Mr Schramm received a bonus of EUR 187,500 and Mr Ball CAD 264,667.50 in respect of the period from 1 January 2012 to 31 December 2012.

Both Mr Schramm and Mr Ball will receive a bonus of EUR 203,750 and CAD 287,605 respectively for the year ending 31 December 2013. Bonuses will be paid in May 2014.

Long-Term Incentive Plan (LTIP)

Under the LTIP, Mr Ball and Mr Schramm may be awarded a percentage of executive's salary, depending on the performance of the Company, measured by the total shareholder return over each rolling three-year Return Period.

Subject to the achievement of predetermined targets, Mr Ball and Mr Schramm are each entitled to an annual award ranging from a target of CAD 176,445 and EUR 125,000 to a maximum of CAD 352,890 and EUR 250,000 respectively. The target award will be determined by reference to a threshold hurdle of a total shareholder return of 16.5% over the three-year return period starting from 21 December 2011. The maximum award requires a total shareholder return of approximately 28% over the three year period.

An accrual equating to the target award for Mr Schramm, EUR 125,000, and Mr Ball, CAD 176,445, has been recorded in the financial statements as 31 December 2013.

As at the date of these financial statements, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

Employment contract

BBGI Management HoldCo has entered into a contract of employment with Mr Denny, which is terminable on three months' written notice by either party.

Mr Denny is entitled to an annual base salary payable monthly in arrears of EUR 145,549 per annum which is reviewed annually by the Supervisory Board. In addition, Mr Denny is entitled to be considered for a discretionary bonus. The maximum amount payable under this bonus is EUR 50,000, and the target performance is EUR 40,000.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Mr Denny received a prorated bonus of EUR 36,667 for his period of employment during the year ending 2012. This bonus was paid in May 2013. Mr Denny also received a one-off EUR 20,000 payment in respect of the year ending 31 December 2012 as an incentive to join the Group and leave his previous employment which was paid in March 2013. In December 2013 Mr Denny received a one-off project-related bonus of EUR 50,000. Mr Denny will receive a bonus of EUR 40,000 for the year end 31 December 2013. Payment will be made in May 2014.

The bonus payments for Mr Denny in respect of the financial year ending on 31 December 2012 were not paid in cash but by way of DAX warrants that BBGI Management HoldCo acquired (for the cash price equal to the bonus figures referred to above) and assigned to Mr Denny.

As at the date of these financial statements, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

Consultancy agreement with Duncan Ball

The Company engaged Mr Ball in a consultancy capacity. Under this engagement Mr Ball provided additional services to the Company outside of the scope of services provided under his 'Service Contract'. Under the provisions of the contract that started in May 2012, Mr Ball will receive a fixed fee of CAD 36,000 per annum for the provision of such services. There are no outstanding amounts from the contract as of 31 December 2013 (2012:nil). The consultancy agreement was terminated on 1 January 2014.

Profit Participating Loan

The Company as lender and MHC as borrower have entered into a profit participating loan 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 2013, £299,820,000 (2012: £191,161,000) was outstanding. The interest income related to such loan for the year ended 31 December 2013 amounted to £11,520,000 (2012:5,774,000). There is no outstanding interest payable as of 31 December 2013 (nil as of 31 December 2012).

The profit participating loans will mature during 2041.

Shareholder Loan

The Company as lender and MHC as borrower have entered into a shareholder loan 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 certain acquisitions. During the year, all the outstanding amounts, including interest, were converted to profit participating loan, (2012:£11,489,000). The interest income related to such loan for the year ended 31 December 2013 amounted to £490,000 (2012: £347,000).

Working Capital Loan

The Company as lender and MHC as borrower have entered into a working capital loan agreement. Pursuant to this agreement the Company has and will continue to make available a non-interest bearing short-term financing to MHC for the purposes of financing its day-to-day operations. As at 31 December 2013, £950,000 (2012: £350,000) remains outstanding. The working capital loan is payable on demand and is non-interest bearing.

Support Agreement with MHC

The Company and MHC have entered into a support agreement (Support Agreement) whereby MHC will provide assistance and support for the Company with respect to the day to day management of the Fund's assets. As at 31 December 2013 the Company recorded support agreement expenses amounting to £3,937,000 (2012:£2,457,000) and remains unpaid.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Other material contracts

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 administration expenses (see Note 4).

14. SUBSIDIARIES

MHC, the Company's sole direct subsidiary is a Luxembourg domiciled entity which serves as an operational vehicle for the Company. The Company's investments in PPP/PFI infrastructure assets, or similar assets, were made and will be made through MHC.

As of 31 December 2013 and 2012, the Company's investment in the share capital of MHC amounted to £2,000,000, divided into 20,000 ordinary shares. All the issued ordinary shares of MHC are owned by the Company.

15. COMMITMENTS AND CONTINGENCIES

Acquisition Agreement with Bilfinger

On 15 November 2013, The Company announced that it signed an acquisition agreement with Bilfinger in relation to the acquisition of interests in 11 pipeline assets for £204 million (purchase price using foreign exchange rates at the time of acquisition). In December, the Company was notified by Bilfinger that the third-party shareholder pre-emption rights in relation to the investment capital of one of the pipeline assets, a road project in Australia, had been exercised and as a result the acquisition excluded that asset. Subsequently the price of the remaining pipeline assets was adjusted to approximately £154 million (purchase price using foreign exchange rates at the time of acquisition) pursuant to the valuation.

As of 31 December 2013, five out of the remaining ten pipeline assets under the acquisition agreement were already acquired.

No fees are payable by the Company to BPI under the Pipeline Agreement.

Acquisition of four PPP/PFI Projects in Germany

During August 2013, the Company signed an agreement to acquire 50% equity and loan note interest in four operational social infrastructure PPP projects in Germany from Hochtief PPP Solutions GmbH, which currently holds 100% interest. The projects are:

- Frankfurt Schools
- Cologne Schools
- Cologne-Rodenkirchen Comprehensive School
- Furst Wrede Military Base

All of the projects are availability-based with no volume risk. The total consideration to be paid, upon completion, is EUR 13.2 million or approximately £11.0 million. The acquisition is conditional on, inter alia, third-party consents and is expected to be completed during first quarter of 2014.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

Acquisition of Additional Interest from Graham

The Company signed an agreement with Graham Investment Projects Limited ("Graham") in relation to the acquisition of additional equity and subordinated debt interests in three assets, being Lagan College, Tor Bank School and DBFO-1 Road Service (M1 Westlink), all of which are in Northern Ireland. The total cash consideration to be paid for these interests was approximately £9 million. The acquisition of the remaining interest in Tor Bank School from Graham completed in December 2013.

The Company has not entered and is not aware of any other significant commitments and contingencies as of 31 December 2013, aside from those already disclosed in the Company's financial statements.

16. SUBSEQUENT EVENTS

On 30 January 2014 the Group announced that it has completed the acquisition of a 33.33% interest in the Ohio River Bridge project. Ohio River Bridges project was part of the pipeline assets described in Note 15.

On 14 February 2014 the Company announced that it has completed the acquisition of additional interest in three PPP/PFI projects for a total consideration of £9 million.

On 10 March 2013 the Group announced that it has completed the acquisition of a 50% interest in the Northern Territories Secure Facility (NTSF). NTSF was part of the pipeline asset described in Note 15.

There have been no other significant subsequent events from 31 December 2013 to the date of approval of the financial statements which would impact the current amounts and disclosures included in the financial statements.

Subsequent to 31 December 2013 the Company used a £21 million letter of credit under its credit facility to cover future potential PPP equity/sub debt obligations.

BOARD MEMBERS, AGENTS & ADVISERS

Supervisory Board

- David Richardson (Chairman)
- Colin Maltby
- Howard Myles
- Thomas Töpfer (resigned with effect 21 May 2013)

Management Board

- Duncan Ball
- Michael Denny (appointed 30 April 2013)
- Frank Schramm
- Arne Speer (retired on 30 April 2013)

Managers of BBGI Management HoldCo

- Duncan Ball
- Michael Denny
- Frank Schramm
- Arne Speer

Registered Office of the Company and BBGI Management HoldCo

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Grand Duchy of Luxembourg

Receiving Agent and UK Transfer Agent

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Depository

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