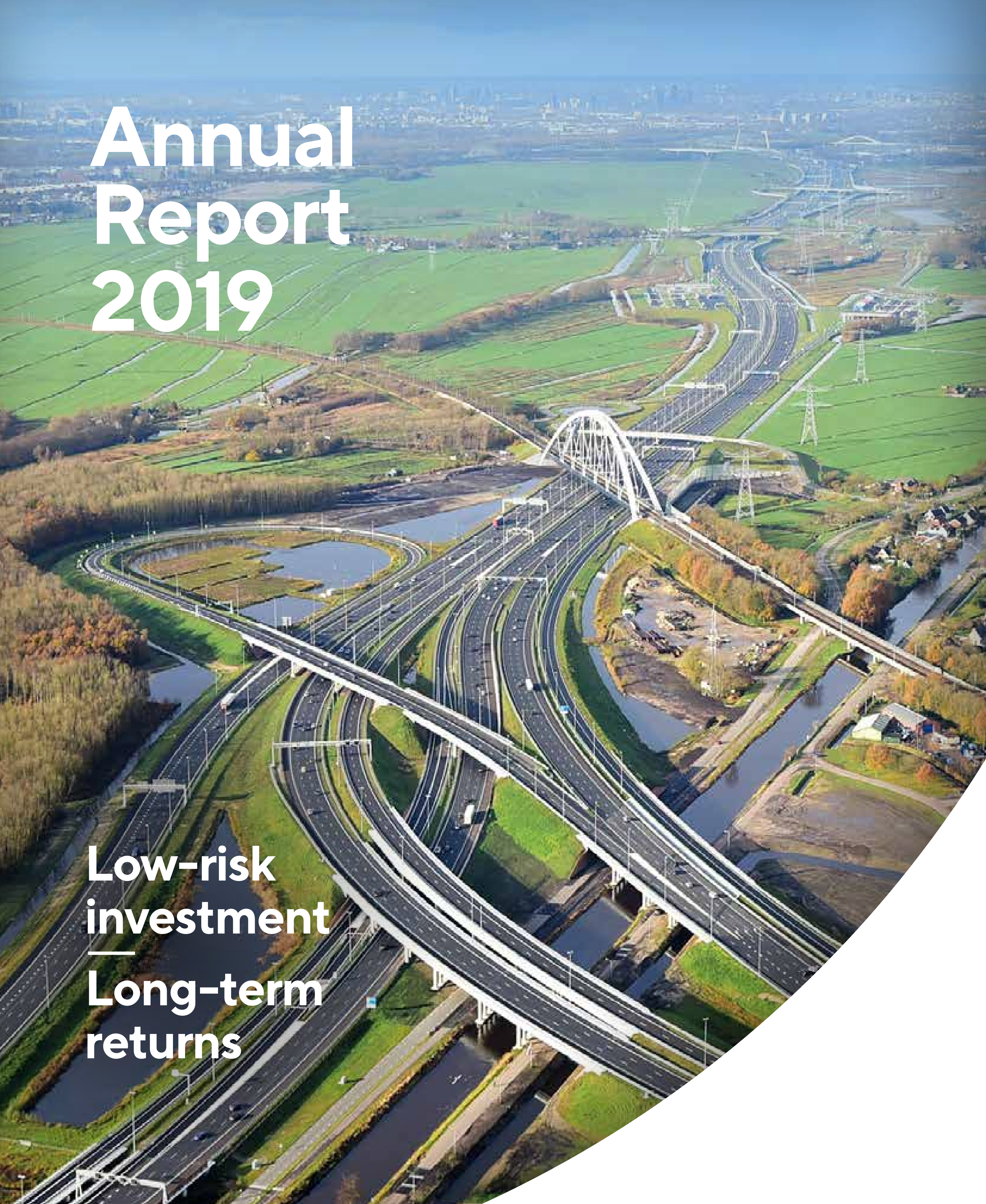
Annual Report 2019



Low-risk investment

Long-term returns

BBGI INVESTING IN GLOBAL INFRASTRUCTURE

www.bb-gi.com

About BBGI

BBGI (the 'Company', and together with its subsidiaries, the 'Group') is a global infrastructure investment company helping to provide the responsible capital required to build and maintain the developed world's transport and social infrastructure.

These are the infrastructure assets that citizens rely on every day to keep local economies moving, and as a long-term custodian, we partner with the public sector to help deliver and manage them.

In doing so, we follow a low-risk, globally diversified and internally managed investment strategy to deliver long-term and predictable shareholder returns.

Front cover:
A1/A6 Motorway, Netherlands

Inside cover:
Royal Womens Hospital, Australia

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Why Invest in BBGI

BBGI provides access to a diversified portfolio of infrastructure investments that generate long-term, predictable income and serve an inherent social purpose in supporting local communities. The healthy demand for responsible private sector finance for public infrastructure is underpinned by the widening infrastructure spending gap in the developed countries where BBGI invests.

In return for long-term investment into and active ownership of essential infrastructure assets such as roads, bridges, schools, healthcare and justice facilities procured using availability-style investment models, BBGI receives stable, predictable and contracted cashflows which are backed by government or government-backed counterparties which secure these investments.

The predictability of these secured revenues allows BBGI to return to investors a stable and progressive income stream in the form of a semi-annual dividend. The Management Board follows a proven operating model of value-driven active asset management, prudent financial management and a selective acquisition strategy to preserve value, achieve portfolio growth and ensure Environmental, Social and Governance ('ESG') considerations are embedded in our investment processes. These operational pillars are fundamental to the Company's low-risk, globally diversified and internally managed investment strategy.

1 Low-risk[1]

Fully committed to an availability-style investment platform with a focus on investing principally in lower risk road and bridge assets. This generates stable, predictable cashflows backed by secure, highly visible contracted public sector revenues. This is the Management Board's area of expertise, avoiding style drift by maintaining a disciplined approach to this strategy.

2 Globally diversified

The investment strategy is deployed in stable, well-established developed markets where governments and local authorities maintain support for availability-based models to finance public infrastructure. This provides focused exposure to highly-rated investment grade countries, across the UK, North America, Australia and Continental Europe.

3 Internally managed

The Company's in-house management team is focused on delivering shareholder value, incentivised by shareholder returns and growth in Net Asset Value ('NAV') per share. This means that no NAV-based management or acquisition fees are charged and the internal management team's interests are fully aligned with those of the shareholders, resulting in full pricing discipline. As a result, the Company consistently maintains the lowest comparative ongoing charges for its shareholders.[2]

1 References to "low-risk" throughout this Annual Report are made in comparison to other infrastructure asset classes.
2 In comparison to the latest publicly available information for all LSE-listed equity infrastructure investment companies.

Cautionary Statement

Certain sections of this Annual Report, including the Chairman's Statement and the Strategic Report of the Management Board have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. This additional information should not be relied on by any other party or for any other purpose.

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

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

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

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

In addition, these sections may include target figures and guidance for future financial periods. Any such figures are targets only and are not forecasts.

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

Year in Numbers

Financial highlights

Investment Basis NAV

up 10.9% as at 31 December 2019
(31 December 2018: £774.5 million)[3]

£858.6m

NAV per Share

up 2.0% as at 31 December 2019
(31 December 2018: 133.5pps)[4]

136.2pps

Total Shareholder Return ('TSR')

since IPO[5]

136.2%

Annualised Total Shareholder Return

since IPO[6]

11.3%

2019 Dividend Distribution per Share

7.00pps[7]

2020 Target Dividend

7.18pps

Target Dividend 2021

7.33pps

Cash Dividend Cover[8]

1.30x

Ongoing Charges[9]

(2018: 0.93%)

0.88%

3 Please refer to page 45 for further detail on Investment Basis NAV.
4 'Pence per share.'
5 The TSR combines share price appreciation and dividends paid since initial public offering ('IPO') in December 2011 to show the total return to the shareholder expressed as a percentage. Based on share price at 31 December 2019 and after adding back dividends paid or declared since listing.
6 On a compound annual growth rate basis. This represents the steady state annual growth rate based on share price at 31 December 2019 and after adding back dividends paid or declared since listing.
7 Second interim dividend for the period 1 July to 31 December 2019 declared in February 2020
8 Calculated as: (Distributions received from investments at fair value through profit or loss less net cashflows from operating activities) / (Cash Dividends paid). Please refer to page 45 for further details.
9 Please refer to page 44 for the definition of the Ongoing Charges percentage.

Portfolio highlights

Kelowna & Vernon Hospital, Canada

- **Globally diversified portfolio of 48 high-quality, availability-based infrastructure assets** with strong portfolio performance and cash receipts ahead of business plan in the reporting period.
- **Consistently high level of asset availability at 99.7 per cent** underpinned by maintaining positive relationships with all of the Company's stakeholders.
- **Several active management activities contributed to a significant £17.6 million of enhancements**, equivalent to a 2.3 per cent increase in the Company's NAV.
- **A combined £62.9 million of new cash investments in selective follow-on acquisitions** in availability-based road and bridge assets.
- **Continued support for the Company's investment case demonstrated** by an oversubscribed £75 million equity issue in June 2019.
- **As at 31 December 2019, the Group had a net cash position of £13.8 million on an Investment Basis**, with a total cash balance of £34.8 million and total borrowings outstanding of £21.0 million.[10]
- **Increasing number of availability-style assets in both existing and emerging asset classes creates an attractive global pipeline** which appeals to the Company's core strengths and expertise.
- **As announced on 5 March 2020, a BBGI-led consortium was named as the preferred bidder to undertake the expansion and upgrading of Highway 104** between Sutherlands River and Antigonish, Nova Scotia, Canada.
- **In Q1 2020, the Company acquired a further 25 per cent stake** in Stanton Territorial Hospital.

10 The £21 million of borrowings outstanding at 31 December 2019 were repaid shortly after the balance sheet date.

Portfolio at a Glance

The fundamentals

Based on portfolio value at 31 December 2019.

Investment type

100% availability-based revenue stream.

- Availability-based revenue assets **100%**

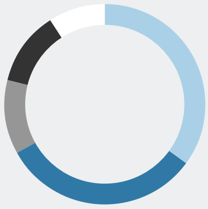
Investment status

Low-risk 100% operational portfolio.

- Operational **100%**

Geographical split

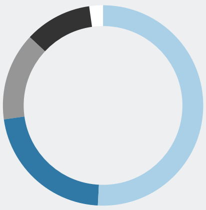
Geographically diversified in stable, developed countries.



- Canada **35%**
- UK **32%**
- Australia **12%**
- Cont. Europe **12%**
- USA **9%**

Sector split

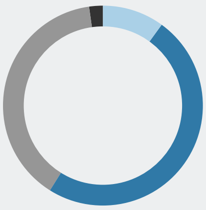
Well-diversified sector exposure with large allocation to lower risk availability-based road and bridge assets[11], and less than 1% exposure to UK acute health.



- Transport **51%**
- Health **22%**
  UK acute hospital 1%
  LIFT healthcare 8%
  Healthcare Canada and Australia 13%
- Justice **14%**
- Education **11%**
- Other **2%**

Investment life

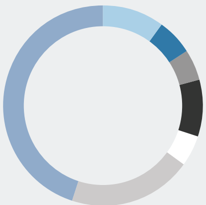
Long investment life with 59% of portfolio by value with a duration of greater than 20 years; weighted average life of 20.7 years. Average portfolio debt maturity of 18 years.



- > 25 years **10%**
- > 20 years and ≤ 25 years **49%**
- > 10 years and ≤ 20 years **39%**
- ≤ 10 years **2%**

Top five investments

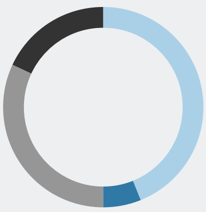
Well-diversified portfolio with no major single asset exposure.



- Golden Ears Bridge **10%**
- Northern Territory Secure Facilities **6%**
- McGill University Health Centre **5%**
- Ohio River Bridge **9%**
- A1/A6 Motorway **5%**
- Next five largest investments **20%**
- Remaining investments **45%**

Investment ownership

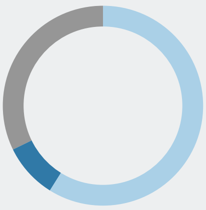
82% of assets by value in the portfolio are 50% owned or more.



- 100% **44%**
- ≥ 75% and < 100% **6%**
- ≥ 50% and < 75% **32%**
- < 50% **18%**

Country rating

All assets located in countries with ratings between AA and AAA.



- AAA **59%**
- AA+ **9%**
- AA **32%**

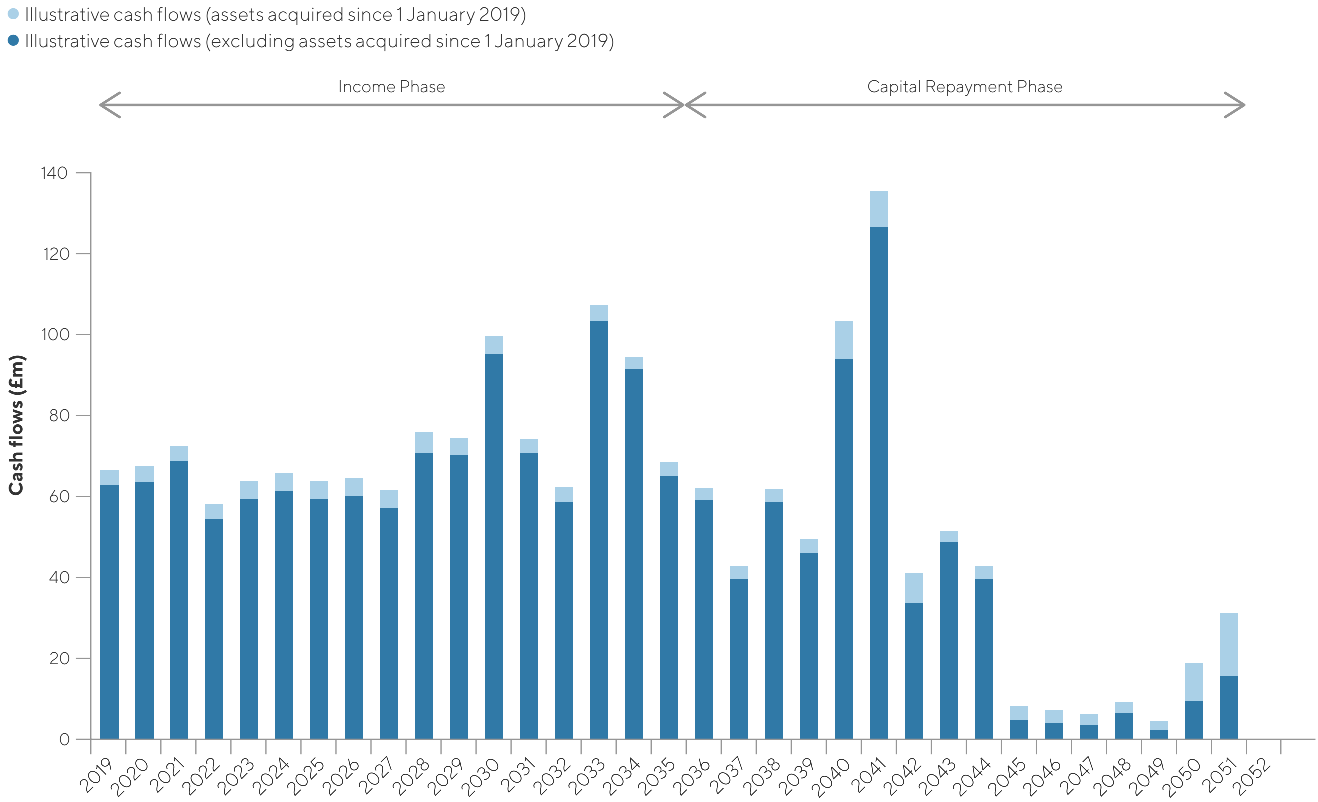
11 Includes one rail project in Canada.

Projected portfolio cash flow

The chart below based on the portfolio at 31 December 2019 illustrates a steady stream of portfolio cashflows deriving from the underlying assets until 2051. The cashflows are stable and long-term with their predictability enhanced by government or government-backed counterparties and their contracted nature. The index-linked provisions provide a positive inflation linkage of 0.5 per cent.

The investments made in 2019 contributed to both stable cashflows and the weighted average length of the portfolio. Based on current estimates, and if there were to be no further acquisitions, the existing portfolio is forecast to enter into the repayment phase in 2035, after which cash inflows from the portfolio will be paid to the Company's shareholders as capital.

As at 31 December 2019, BBGI has a weighted average portfolio life of 20.7 years.



This illustrative chart is a target only, as at 31 December 2019, and is not a profit forecast. There can be no assurance that this target will be met. The hypothetical target cashflows do not take into account any unforeseen costs, expenses or other factors which may affect the portfolio assets and therefore the impact on the cashflows to the Company. As such, the graph above should not in any way be construed as forecasting the actual cashflows from the portfolio.

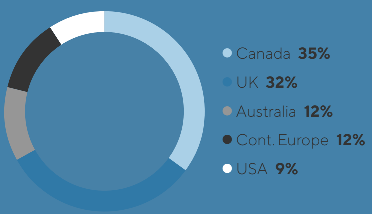
Our investments

As at 31 December 2019, BBGI's assets consisted of interests in 48 high-quality, availability-based, infrastructure assets in the transport, healthcare, education, justice and other services sectors.

Located in the UK, North America, Australia and Continental Europe, 100 per cent of the assets by value are operational.

TOTAL

48 assets



Ohio River Bridges, USA

Chairman's Statement

Dear Shareholders,

I am delighted to report another year of robust long-term, predictable, stable income derived from our diversified global portfolio of infrastructure investments.

BBGI remains committed to its purpose of providing the responsible capital required to build and maintain some of the critical transport and social infrastructure essential to the countries in which we operate. We operate for the benefit of all stakeholders including investors, employees, clients, partners, local communities and the environment. The prudent stewardship of these important assets has continued to deliver value for all our stakeholders and generated sustainable, long-term cash receipts ahead of expectations.

The importance of critical infrastructure has been highlighted in recent weeks with the emergence of the Covid-19 pandemic. BBGI is continuing to monitor this situation very closely with the Management Board remaining in active dialogue with all facilities managers and operators of our assets as part of the Company's close supervision of Covid-19's potential impact. The Company's revenues are 100 per cent availability-based and the portfolio is fully operational. As a result, cashflows are not subject to changes in potential asset demand or construction risk. The Company currently does not expect its financial performance to be materially affected. Further detail on Covid-19 and its potential impact on the business can be found on pages 28 and 67 of this report.

Long-term shareholder returns

Our proven investment strategy of acquiring and managing low-risk, availability-style assets has supported a 10.9 per cent increase in NAV to £858.6 million and a 2.0 per cent increase in NAV per share during 2019. In turn, the Company has met our full-year dividend target of 7.0pps, an increase of 3.7 per cent compared to last year.

Dividend target 2020

7.18pps ↑ 2.6%

Dividend target 2021

7.33pps ↑ 2.1%

This robust performance supports the Company's established progressive dividend policy and has delivered a Total Shareholder Return since IPO of 136.2 per cent, or 11.3 per cent on a compound annual basis.

With the long-term nature of the portfolio's government-contracted revenues, the Management Board maintains strong visibility of the cashflows the Company receives. Together with value-driven active management and prudent financial management, this performance provides us with confidence in reaffirming our progressive dividend policy with target dividends of 7.18pps and 7.33pps in 2020 and 2021 respectively.

Value-driven active management

The effectiveness of our operating model relies on high customer satisfaction from our public sector clients and the end-users of our assets.

This requires a deep commitment to active asset management of each one of our 48 assets located in the seven developed economies in which we invest around the world. Accordingly, I am pleased to report another year of high asset availability of 99.7 per cent with no material lock-ups or default events reported. Any deductions over the period were either borne by third-party facility managers and road operators, or as part of planned lifecycle budgets.

The Management Board and asset management team's activities contributed to a significant £17.6 million of enhancements, equivalent to a 2.3 per cent increase in the NAV. Not only did the Company's active stakeholder engagement enhance shareholder value, but importantly it also improved the facilities which our clients use to provide vital public services.

Prudent financial management

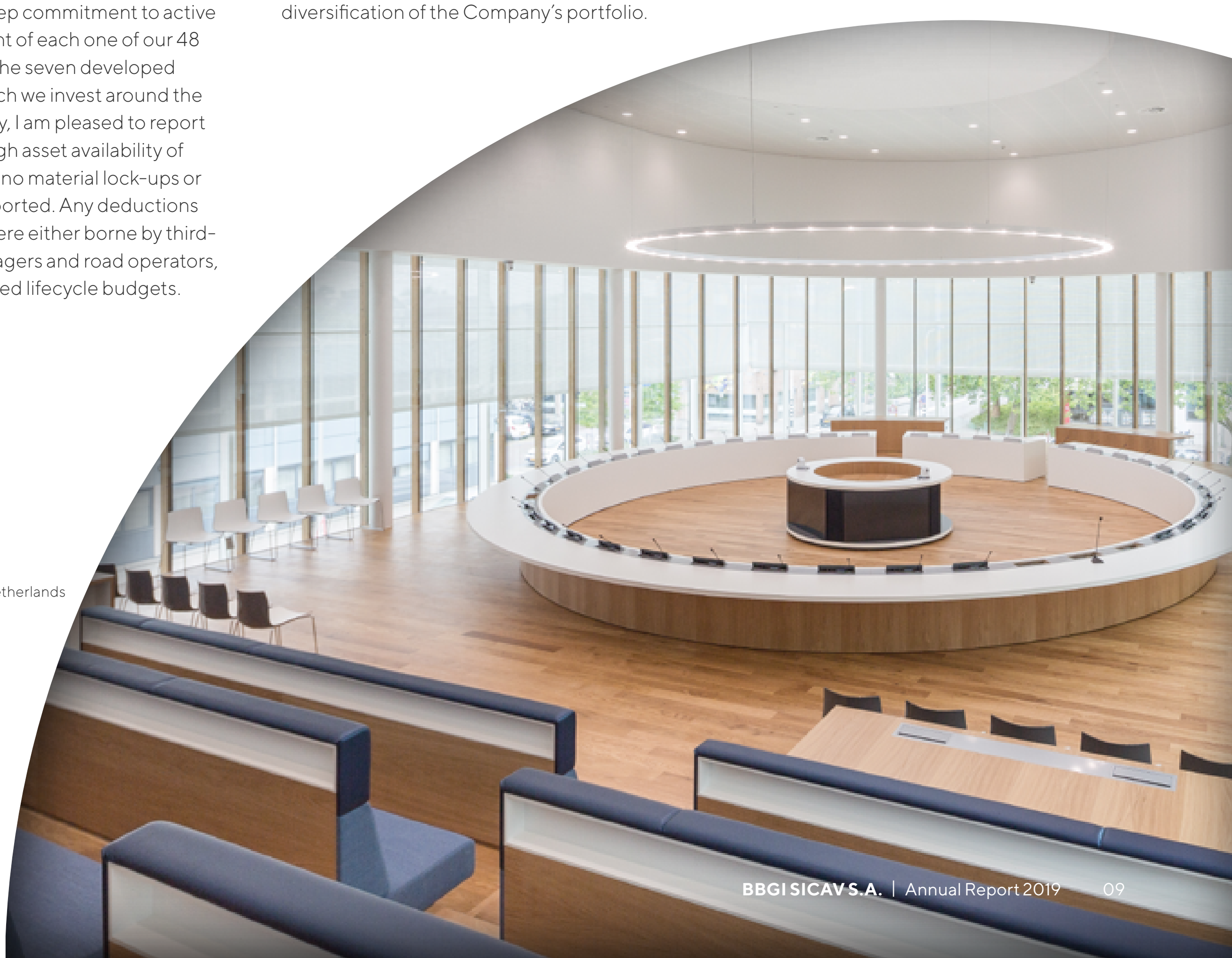
The support from both existing and new investors in the Company was demonstrated by the over-subscription of a £75 million equity issue in June 2019. The proceeds from the capital raise were used to repay the drawn amount of the Revolving Credit Facility ('RCF'), and to allow the Company to execute further pipeline opportunities. The Management Board continued to manage the Company's foreign exchange ('FX') exposure. The revised FX hedging strategy introduced in 2018 served to limit NAV sensitivity arising from the global diversification of the Company's portfolio.

Accretive value enhancements

2.3%

Asset availability

99.7%



Westland Town Hall, Netherlands

Northwest Anthony Henday Drive, Canada

Total new cash investments

£62.9m

Selective acquisition strategy

The Management Board continued to pursue a selective acquisition strategy which favoured allocation to availability-based road and bridge assets.

Over the period, the Company acquired additional equity interests in Ohio River Bridges in the United States, the A1/A6 motorway and the Westland Town Hall in the Netherlands. The interests were acquired using a combination of a negotiated transaction, the use of pre-emption rights and put/call option arrangements. This allowed us to increase stakes in assets with which we are familiar; mobilising our relationships to achieve sound economies of scale without having to engage in highly competitive auction processes.

Corporate governance

The Company has maintained the lowest comparative ongoing charge[12] for our shareholders at 0.88 per cent, compared to 0.93 per cent at 31 December 2018. Our established internal management structure with an alignment of interests between the management and our shareholders has consistently delivered good value for money.

A key focus for the Management Board over the period was the further strengthening of the Company's key control functions. The Company took a prudent approach to implementing further enhancements under a new Luxembourg regulatory requirement[13], and as a result introduced updates to our governance framework – more about which can be found on page 56.

12 In comparison to the latest publicly available information for all LSE-listed equity infrastructure investment companies.

13 Circular CSSF 18/698 Authorisation and organisation of investment fund managers incorporated under Luxembourg law.

The content of this Annual Report is subject to the revised Association of Investment Companies' ('AIC') Code of Corporation Governance ('AIC Code') which was updated following the introduction and application of the Financial Reporting Council's ('FRC') Corporate Governance Code ('UK Code'). Disclosure concerning the Company's compliance with the AIC Code and, by reference, the UK Code can be found on page 47 within the Corporate Governance section.

In all the Company's markets, we continue to believe the type of responsible capital the Company provides meets key public policy objectives in delivering cost-effective, vital public services. We are much more than a private investor, with an outlook based upon our ambition to be a long-term custodian and partner to the public sector. Whilst not governed by UK Company Law and therefore not obliged to comply with Section 172 of The Companies Act, the Boards recognise the critical importance of wider stakeholder engagement and a strong social purpose. Please refer to the Responsible Investment section starting on page 18 for more detail on the Company's approach to its ESG responsibilities.

As announced in May 2019, the Supervisory Board appointed Sarah Whitney as an Independent Non-Executive Director and member of the Audit Committee. I am delighted to be joined on the Supervisory Board by Sarah. Consequently, the Company's Supervisory Board now has equal number of female and male members.

Outlook

The global outlook for infrastructure investment remains positive. There remains a healthy demand for responsible private sector finance for public infrastructure and in all the markets in which the Company invests the infrastructure spending gap is widening.

The Company will continue to assess diverse market opportunities to help benchmark price and risk but will maintain its selective acquisition strategy where we will focus our investment into assets which generate stable, predictable, availability-style cashflows and which meet the Company's responsible investment considerations as well as the restrictions contained within our Investment Policy. A breakdown of our pipeline opportunities can be found on page 30.

This flow of new opportunities is principally generated by a wide array of industry relationships maintained by the Management Board, in which the Company is typically a well-regarded and often preferred investment partner for potential vendors. Please refer to the co-CEO Q&A on page 12 for more detail.

Accordingly, this provides me with confidence in the Company's prospects and I look forward to continuing our positive engagement with you, our shareholders.

Colin Maltby
Chairman
25 March, 2020

Co-CEO Q&A

In an interview with BBGI's co-CEOs, Frank Schramm and Duncan Ball (pictured below) outline the key highlights for the Company during 2019, from portfolio and risk management to the market outlook for global infrastructure investment.

Q: What were your key areas of focus in 2019?

A: In some ways, our investment case is founded on the principle of 'boring is beautiful'. Consistent with previous periods, our priority continued to be asset management first, and portfolio growth second.

With 48 assets now under management, we have preserved and enhanced underlying asset value through active management, whilst taking a disciplined approach to new acquisitions. This is demonstrated by value enhancements during the reporting period which contributed £17.6 million or 2.3 per cent organic NAV growth in 2019. We talk more about that on page 36. A key component of our active approach is maintaining positive relationships with our stakeholders. This involves managing all our assets to deliver strong operational and financial performance via a true partnership approach with our clients.

We engage regularly with those responsible for operating the public services provided to local communities. This is to ensure we are not only fulfilling our contractual obligations but looking for opportunities to further enhance the value and operational effectiveness of our assets for those that use them.

We also use our extensive industry relationships to observe market trends and ultimately support the pipeline of investment opportunities by maintaining our extensive vendor network. For us, this is a relationship business.

Q: How has the portfolio performed?

A: We maintain strong visibility of future cashflows which helps make our future performance highly predictable.

Our proven investment strategy of investing in and managing a high-quality, globally-diversified portfolio of low-risk, availability-style infrastructure assets continues to bear fruit with the portfolio performing ahead of expectations.

The stock's fundamentals mean that relative to the equity markets, the Company maintains a low beta of 0.22 to the FTSE All-Share index on a five-year basis[14].

The stability and predictability of the long-term returns our portfolio generates is increasingly attractive in a persistently low interest rate environment, and we think that is compelling in the current market.

14 FTSE Allshare; five year data represents the five years preceding 31 December 2019.

Q: What key changes did you make to the portfolio over the period?

A: The value in our operating model and the types of long-dated assets in which we invest is that change is not a prerequisite for success. Simply put, we will not change for the sake of it.

When we did acquire new interests – deploying a combined total of £62.9 million of new investment in 2019 – it was done on accretive terms by increasing our equity interest in some of our availability-based assets.

In doing so, we strengthened our global diversification by doubling our exposure in the United States and adding more exposure to the Netherlands.

Given our existing involvement with these projects, no additional management resources were needed to oversee the incremental investment, helping to contribute to BBGI's low ongoing charge.

In line with previous periods, we assessed many more assets than we acquired by declining opportunities that did not match our disciplined risk-return investment criteria.

Q: How can you classify BBGI's investment strategy as 'responsible'?

A: Infrastructure assets are constructed and operate physically in and around the communities they serve. They have a real impact on the surrounding population and the environment. BBGI has an inherently positive social purpose and we consider ourselves stewards of critical infrastructure assets, whether these be schools, healthcare or transportation facilities. We are highly aware of our potential impact and we take our role very seriously.

We both take a leading role in ensuring ESG considerations are integrated across everything we do, and that all our staff and partners are motivated to do the same. Due diligence cannot end at the point of investment but must continue through the full lifecycle of an asset. We ensure this ongoing ESG engagement persists through stewardship, monitoring, and reporting on our impact.

We talk more about our approach to responsible investment on page 18.

Q: How have you approached FX and subcontractor risk management?

A: Our approach to hedging foreign exchange ('FX') risk on anticipated cashflows has not changed, and in November 2019 we extended our balance sheet hedging for another year. As we announced in last year's report, our strategy of hedging a portion of the non-Sterling, non-Euro portfolio to reduce NAV sensitivity to approximately 3 per cent for a 10 per cent adverse FX movement is effective and continues to support our prudent financial management and reduces the volatility of the NAV.

We continued to engage with creditworthy counterparties and the regular stress-tests we conduct throughout the year ensure we re-appraise counterparty risk even if there is nothing to indicate material deterioration in service quality.

Q: How is the political environment evolving in BBGI's key markets?

A: The value we, as a long-term custodian and partner to the public sector, provide for governments and local authorities in funding much-needed public infrastructure is universally supported in all the markets in which we operate.

The global diversification of our portfolio acts as a natural hedge to any localised political and market uncertainties. On a country level, the headline political risk emanating from the UK Labour Party's manifesto we saw in the UK over the course of the year has now dissipated as a result of the UK's General Election result in December 2019.

The accommodative policy environment is demonstrated time and time again in the strength of relationships we have with those who operate the roads, bridges, schools, healthcare facilities and correctional facilities we manage on behalf of our shareholders.

Q: What is your outlook?

A: Although competition for the types of assets in which we invest is strong, the Company continues to provide a highly attractive financing solution for vendors looking to monetise their assets.

In addition to larger transaction values, we can also transact at a lower ticket size that many of our competitors cannot justify. For those vendors requiring liquidity for sub-£20 million assets, our nimble operating model combined with our specialist expertise allows us to execute quickly and effectively.

By staying within our circle of competence, we also continue to provide bespoke solutions for larger portfolios because of our sector expertise in the range of geographies where we do business.

This market and industry context is reinforced by positive macro-economic fundamentals underpinning interest in global infrastructure investment. The current low interest rate environment has driven investors to search harder for yield by increasing exposure to long-duration assets, and this has boosted infrastructure asset valuations. As a result, one key driver and effect of this is greater institutional allocation to the asset class, which is positive for the Company's outlook.

We are seeing new procurement models emerge, whether Public-Private Partnership ('PPP')-style tenders like the Welsh A465 motorway mutual investment model ('MIM') or the increasing predictability of certain regulatory regimes, like the UK's offshore transmission sector '(OFTOs') and the direct procurement model for some water assets in the UK. As a Company committed to prudent investment into low-risk, availability-style assets, new models are expected to provide attractive future considerations as they mature to become more in line with what we look for in selective acquisitions.

This is without jeopardising our disciplined investment criteria and our commitment to avoiding style drift – which we talk more about on page 15.

Our Investment Proposition

Responsible global infrastructure investor with a low-risk investment strategy focused on delivering long-term sustainable returns.

Strategic Pillars

Low-risk[1]

Investment Strategy

- Availability-based investment strategy
- Secure public sector-backed contracted revenues
- Stable and predictable cashflows

Strategic Pillars

Globally diversified

Investment Strategy

- Focus on highly-rated investment grade countries
- Stable, well-developed operating environments
- Global portfolio serving society

Strategic Pillars

Internally managed

Investment Strategy

- Alignment of interest
- Shareholder value first, portfolio growth second
- Lowest comparative ongoing charges[2]

Consistent delivery of objectives

Robust total shareholder returns

Progressive long-term dividend growth

Strong stakeholder relationships resulting from our focus on asset stewardship

1 In comparison to other equity infrastructure asset classes.
2 In comparison to the latest publicly available information for all LSE-listed equity infrastructure investment companies.

The Company seeks to provide its shareholders with unique access to a global portfolio of high-quality infrastructure assets which generate stable, predictable cashflows over the life of government or government-backed contracts that typically extend to more than 20 years in length.

The predictability of these government-backed revenues enables BBGI to return to investors a sustainable and progressive income stream in the form of a semi-annual dividend.

The Company's investment policy dictates that no more than 25 per cent of the Company's portfolio value calculated at the time of investment will be derived from assets whose revenue streams are not public sector or government-backed (currently zero per cent). To ensure a spread of investment risk, any new acquisition will not have an acquisition value greater than 25 per cent of portfolio value of the Company immediately post-acquisition.

Avoiding style drift

As the competition to acquire availability-style assets at attractive valuations has intensified, the Company's Management Board has consciously worked to avoid 'style drift'. This refers to the practice of moving up the risk spectrum both to find investible assets and to make the targeted returns to investors.

The Management Board has made the conscious decision to avoid investing in infrastructure transactions where the revenue stream is demand-based, highly correlated to Gross Domestic Product ('GDP') or subject to uncertainty due to regulatory review periods. However, some emerging regulated asset subsectors are increasingly reaching a level of maturity whereby the regulatory regime provides long-term, secure, availability-style payments akin to the investment profile of more traditional PPPs – as is the case in the OFTO sector or Direct Procurement for Customers (DPC).

While this disciplined approach may at times result in periods of lower portfolio growth, we believe the benefits of this continued specialisation and focus on a low-risk, availability-based investment model result in dependable and consistent income and returns with low volatility. By staying focused on the availability sector and by remaining within our sphere of expertise, we believe we offer a less complex business proposition, consequently there should be fewer surprises and the returns to our shareholders should remain predictable and consistent.

Strategic investment partnerships

To help avoid competitive pricing in the secondary market and leverage the Management Board's experience in procuring assets through off-market transactions, the Company continues to leverage strong relationships with leading construction companies to source a potential pipeline that supports a low-risk and globally diversified investment strategy.

Typically, these contractors have secured the mandate to design and build new assets but continue to look to divest financially after the construction period has finished – thereafter often maintaining facility management contracts through a long-term partnership. The Company is an attractive partner for a number of reasons:

- We have extensive asset credentials and a strong track record that can assist with the shortlisting process for new projects.
- Having a financial partner is a pre-requisite for some construction companies so they can avoid consolidating the project company debt onto the balance sheet of the parent company.
- Our cost of capital is typically lower than construction companies, so involving BBGI can make the bid more competitive.
- We are a long-term investor which is attractive to government and government-backed counterparties.
- We are considered a reliable source of liquidity should a construction partner decide to sell in the future.

Operating Model

The Management Board follows a proven operating model of value-driven active asset management, prudent financial management and a selective acquisition strategy to preserve value, achieve portfolio growth and ensure ESG considerations are embedded in our investment processes. These three operational pillars are fundamental to the Company's success.

We ensure stable operational performance through an active asset management approach, where we actively seek to identify and incorporate value enhancements over the lifetime of asset ownership.

In turn, this helps to reduce cost to our public sector clients and the asset's end-users, and enhance the operational efficiency of each asset. This approach allows the Company to generate a high level of asset availability, which supports high client satisfaction rates and underpins the strong social purpose of our entire portfolio.

Our prudent financial management is defined by focused cost management, which helps generate portfolio-wide savings and maintains the sustainability of the Company's portfolio performance.

By taking measured exposure to assets under construction and managing them through construction into operation, we de-risk assets and seek to increase shareholder value.
The portfolio's geographical diversification brings with it exposure to multiple currencies. We actively seek to manage geographical concentration and mitigate foreign exchange risk by balance sheet hedging through FX forward contracts, hedging of forecast portfolio distributions and borrowing in non-Sterling currencies. Furthermore, Euro-denominated running costs provide a natural hedge against the Euro-denominated portfolio distributions.

The Company's selective acquisition strategy ensures that the Management Board's focus remains within its area of expertise and that the strategic pillars defined by the Company's investment proposition are upheld.

We actively consider acquisitions that have inflation-protection characteristics to maintain the portfolio's inflation linkage.

Value-driven active asset management

We pursue a standardised approach across all investments in the portfolio to help derive operational and value enhancements and preserve value, including:

- Identifying and delivering value enhancements to improve customer experience and financial performance.
- Ensuring fulfilment of contractual and legal obligations, which additionally serves to maintain high availability levels and prevent deductions.
- Strong client relationship management, including regular meetings, to uphold client satisfaction and monitor ESG performance.
- Focused and active asset management including site visits to all significant assets annually and proactive management of issues.
- Focused cost management and portfolio-wide cost-saving initiatives leveraging economies of scale (e.g. portfolio insurance and standardised management contracts for project companies).
- Applying a high-quality corporate governance framework, as part of an enhanced ESG profile.
- Identifying and continuing initiatives at the individual asset level to outperform base case (e.g. lifecycle reviews).
- Measured exposure to construction risk to support NAV uplift by de-risking assets over the construction period.

Prudent financial management

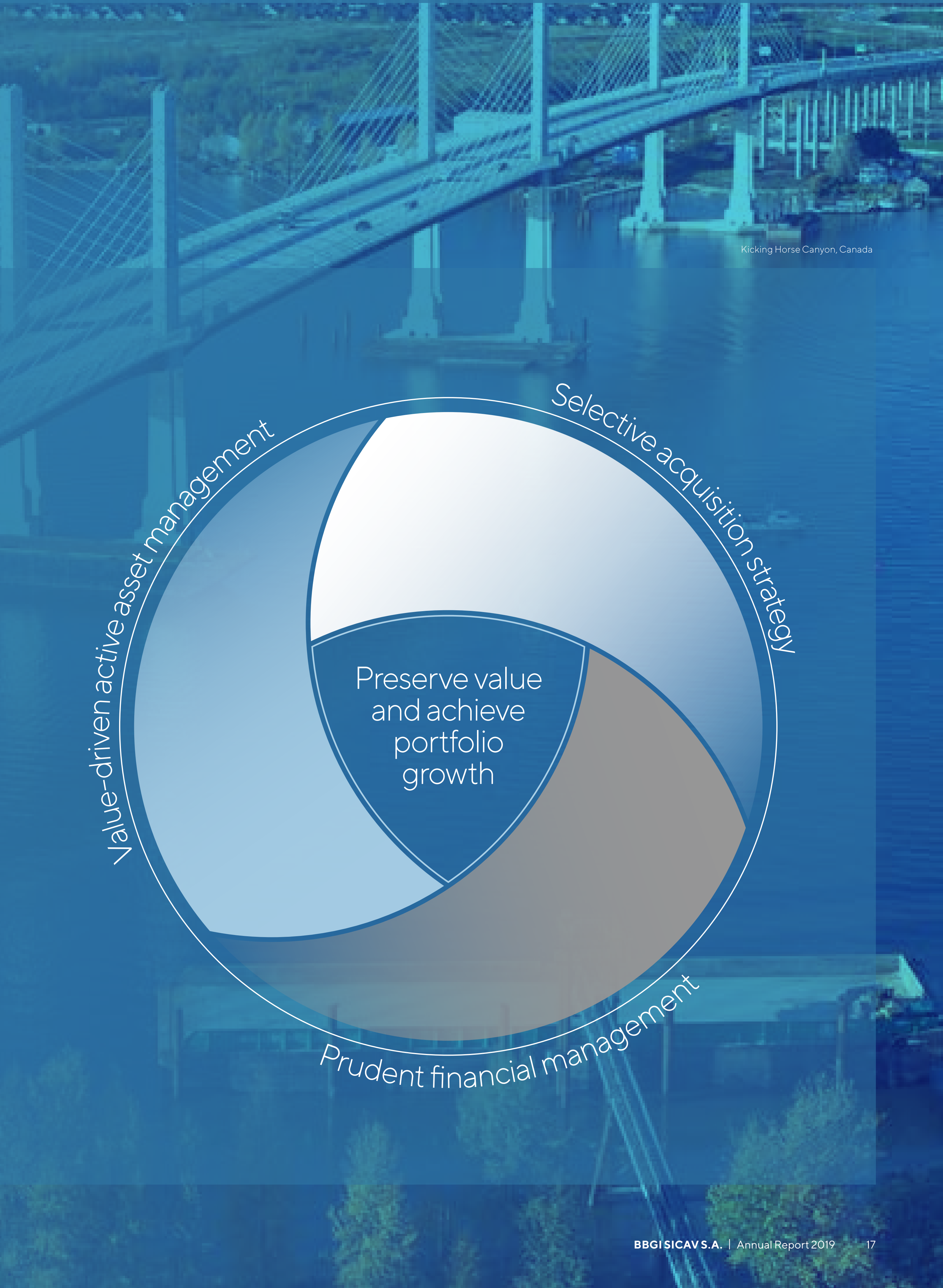
We maintain focus and attention to cash performance at the asset and portfolio level to drive efficiencies and generate portfolio optimisation, including:

- Focused management at the asset level to ensure distributions are on time, and on or above budget.
- The portfolio's geographical diversification brings with it exposure to multiple currencies. We actively seek to manage and mitigate foreign exchange risk through our hedging strategy.
- Maintaining modest cash balances to limit cash drag.
- Maintaining a low ongoing charge through an efficient internal management strategy.
- Progressive future dividend growth underpinned by strong portfolio distributions.

Selective acquisition strategy

We maintain strategic discipline in our acquisition strategy and portfolio composition to ensure we pursue growth that is accretive to shareholder value, not just for growth's sake, including:

- Broad industry relationships in multiple geographies to pursue off-market opportunities.
- Pre-emption rights to acquire co-shareholders' interests.
- Global exposure to avoid geographical concentration.
- Revolving corporate debt facility to support transaction execution and maintain prudent leverage.
- Visible pipeline through a North American strategic partnership.
- Maintaining focus on the Management Board's core area of expertise.



Kicking Horse Canyon, Canada

Responsible investment

The infrastructure assets under the Company's custodianship have a direct impact on the daily lives of the people, communities and economies which they serve, as well as the surrounding environment. In providing vital public services, it is the Company's primary objective to ensure the infrastructure assets we own fulfil the inherent social purpose they serve – beyond generating shareholder returns.

BBGI believes that to successfully embed ESG factors into the Company's operating model, initiatives must be part of our corporate culture and not simply a reporting exercise. Accordingly, the Company pursues its business endeavours in a manner that integrates ESG factors, and as long-term investors, we believe that sustainable development and responsible investment practices are essential to value creation. As such, it is the Company's philosophy to:

- Embed ESG in the investment review and decision-making process.
- Ensure ESG objectives are integrated into management policies, conduct and practices which inform such decisions.
- Seek appropriate disclosures on ESG issues by the entities in which the investments are made.
- Promote adoption of ESG principles amongst co-shareholders.
- Monitor and report on ESG initiatives.

Our stakeholders

The fundamental rationale for integrating ESG factors into the Company's investment philosophy is to ensure our actions generate positive outcomes for all stakeholders. Via consistent engagement with the Company's stakeholders, some of whom have been long-term partners to the Company since our IPO in 2011, we address their varying interests via a five-fold mission statement:

- **Shareholders:** To be the preferred low-risk global infrastructure investment company.
- **Users and communities:** To support the lives of the people in the communities our assets serve by delivering a well maintained infrastructure.
- **Public sector clients and related stakeholders:** To deliver a high standard of asset stewardship by providing value for money to our public sector clients, enabling them to provide robust, safe and secure public facilities and services.
- **Employees:** To sustain BBGI as a diverse and inclusive place of work by having a clear vision; providing honest leadership, open communication, and promoting a collaborative meritocracy where performance is duly recognised and rewarded.
- **Partners:** To create a productive and fair working relationship through collaboration and shared values which puts high-quality client service to the public sector as our mutual objective.

Our Role as Responsible Investors

Stewards of critical infrastructure assets with a strong social purpose

3 GOOD HEALTH AND WELL-BEING

Good health and well-being
- 11 healthcare projects in three countries
- Over 2,000 beds
- More than 1.8m patients treated per annum

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, innovation and infrastructure
- Over 2,000km of single lane motorways
- Half a million daily drivers
- 145,000 daily transit passengers

4 QUALITY EDUCATION

Quality education
- 30 schools globally
- Total serviced area of more than 400,000m^2
- Providing high-quality educational facilities for 40,000 pupils

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, justice and strong institutions
- Four police stations keeping a community of over 1.5m people safe
- Ten fire stations serving a community of 1.1m people

ESG process and guiding principles

Due Diligence	Stewardship	Monitoring	Reporting
Screening to determine compatibility with BBGI investment policy and values	**Work with all stakeholders to implement strategic and operational objectives**	**Monitor performance against internal targets**	**Communicate results to stakeholders transparently**

- Our schools and educational facilities help change the lives of over 38,000 young people.
- Our healthcare facilities treat over 1.8 million patients annually.
- Our roads allow for safe travel and reduced journey times for more than 170 million travellers each year, in which timely movement of goods and people are critical for economic productivity.
- Our assets create significant employment opportunities in the communities they serve.
- Many of the assets we are designing, building and operating will be around for over a century thereby creating an environment for public services for both current and future generations.

Transparency, reporting and measurement is vital for making progress and BBGI is committed to this process. As a signatory of the United Nations Principles for Responsible Investment ('UNPRI'), the Company anticipates its first disclosure period to be the 2020 financial year. We also keep under review other ESG reporting standards, to which the Company may commit in the future.

To effectively manage counterparty risk, it is the Company's responsibility to ensure compliance with BBGI's own investment philosophy is fulfilled by our partners. BBGI seeks to ensure that ESG factors are actively managed by having in place clear and comprehensive management disciplines and procedures, and that these are implemented throughout the life of the Company's involvement with all assets.

This includes actively working with third-party contractors (e.g. management services providers, facility maintenance providers and road operators) to ensure they adhere to BBGI's 'ESG Best Practices Guidance'. These principles are reviewed annually and amended where necessary.

- BBGI monitors the performance of initiatives in place for its assets through a proprietary 23-point ESG questionnaire. The consistency of the questionnaire aids BBGI's management with tracking progress and improvements in ESG performance for each asset.
- Our staff are rewarded for achieving ESG goals and improvements. The performance of each asset is reviewed against BBGI's benchmarks to ensure compliance with the ESG Best Practices Guidance.
- As part of our goal to be an industry leader in responsible infrastructure investment, we encourage each asset manager to consider and report against the UN's 17 Sustainable Development Goals.

Environmental and social impact in action

The Company is taking a responsible approach to the environment via the adoption of a series of procedures and working practices that support BBGI's vision to promote the conservation, protection and improvement of the physical and natural environments surrounding its assets.

This includes careful monitoring, local engagement and management, and involves enhancing the energy, water and waste efficiency of each asset, where possible.

The Company requires that its representatives working at its infrastructure assets strive to ensure that the asset companies develop and maintain positive relationships with the wider communities they serve. This includes promoting the community interests of the asset to the client organisation, to the client staff who use the asset facilities as well as to the wider stakeholders and users of the asset.

Responsible investment in action

Several ESG initiatives took place across the portfolio during the year. A more comprehensive listing of activities is provided on the Company's website. We have selected a couple of highlights for inclusion in the Annual Report:

Road Projects: BBGI has initiated a strict no idling policy for staff and subcontractors on the vast majority of its transportation projects in order to reduce greenhouse gases and to minimise the use of fossil fuels. On three projects, idling is closely monitored by using fleet tracking software. Weekly reports are distributed to all staff to show results and as a reminder to reduce\ eliminate idling. Hybrid vehicles have been added to the operator's fleet on one project and the benefits are currently being evaluated on three other projects.

On two of our projects, our operator has set the goal to reduce their overall carbon footprint by 30 per cent before 2030.

In most cases, our road projects' asphalt rehabilitation plans include the use of asphalt mixes that have as much as 15 per cent of recycled asphalt in them. Also, the rehabilitation plan for the granular bases allow the use of Reclaimed Asphalt Pavement ('RAP'). Using this approach, the scheduled pavement rehabilitations will be done with virtually zero asphalt waste.

Across our road projects we continue to increase the use of calcium chloride, resulting in more efficient snow/ice removal and less use of salt. As well, on three of our road projects we implemented the use of Pless plows that utilise segmented blades providing the ability for the plow to better conform to the road surface. This results in removal of more snow in one pass, resulting in lower fuel usages and helps reduce the use of de-icing agents.

Liverpool & Sefton Clinics: Our project buildings at Liverpool & Sefton Clinics hosted over 70 community events which occurred after hours and saw over 10,000 individuals engaged in a variety of community events. The events included a variety of topics from health care, nutrition, mental health, entrepreneurial empowerment and other topics important to the community. The events also raised funds for local charities.

North East Stoney Trail: We developed and implemented a full LED retrofit for the entire lighting system on the project. The combined annual CO_2 reductions directly associated with the new lighting systems are estimated at 2,400 tonnes per year. Last year we did the same on North West Anthony Henday project and the CO_2 reductions directly associated with the new lighting system are estimated to be 1,255 tonnes per year.

Victoria Prisons: We committed to financially support the YMCA Bridge Project and YMCA ReBuilt programmes for the next three years. Both programmes provide support, training, mentoring and employment opportunities for young ex-offenders at risk of being trapped in a recurring cycle of crime and imprisonment. Being a sponsor of the YMCA Bridge Project, we provide practical support for disadvantaged young people who as part of this programme now enjoy access to trusted mentors who can guide them through day-to-day challenges. Current Victorian Government figures state that approximately 45 per cent of all people exiting custody, reoffend within six months of re-entering the community. For those that come through the YMCA Bridge Project and its various programmes this figure drops to 3 per cent.

Portfolio Review

Portfolio summary

As at 31 December 2019, the Company holds interests in 48 high-quality, availability-based infrastructure assets in the transport, healthcare, justice, education and other[15] sectors.

The portfolio carries no exposure to demand-based or regulatory risk assets, and benefits from well-diversified sector exposure. The Company has a 51 per cent[16] allocation to lower risk availability-based road and bridge assets, with limited exposure of less than 1 per cent to acute healthcare assets in the UK.

All asset companies in the portfolio are in the stable, well-developed and highly-rated investment grade countries of Europe, North America and Australia.

Portfolio breakdown[17]

No	Asset	Country	Legal holding %
	Transportation Infrastructure Projects		
1	A1/A6 Motorway	Netherlands	37.14
2	Canada Line	Canada	26.7
3	E18 Motorway	Norway	100
4	Golden Ears Bridge	Canada	100
5	Kicking Horse Canyon	Canada	50
6	M1 Westlink	UK	100
7	M80 Motorway	UK	50
8	Mersey Gateway Bridge	UK	37.5
9	N18 Motorway	Netherlands	25.48
10	North Commuter Parkway	Canada	50
11	Northeast Stoney Trail	Canada	100
12	Northwest Anthony Henday Drive	Canada	50
13	Ohio River Bridges	US	66.67
14	Southeast Stoney Trail	Canada	40
15	William R. Bennett Bridge	Canada	80
	Social Infrastructure Projects		
16	Avon & Somerset Police HQ	UK	100
17	Barking Dagenham & Havering (LIFT)	UK	60
18	Bedford Schools	UK	100
19	Belfast Metropolitan College	UK	100
20	Burg Prison	Germany	90
21	Clackmannanshire Schools	UK	100
22	Cologne Schools	Germany	50
23	Coventry Schools	UK	100
24	East Down Colleges	UK	100

No	Asset	Country	Legal holding %
	Social Infrastructure Projects continued		
25	Frankfurt Schools	Germany	50
26	Fürst Wrede Military Base	Germany	50
27	Gloucester Royal Hospital	UK	50
28	Kelowna and Vernon Hospital	Canada	50
29	Kent Schools	UK	50
30	Lagan College	UK	100
31	Lisburn College	UK	100
32	Liverpool & Sefton Clinics (LIFT)	UK	60
33	McGill University Health Centre	Canada	40
34	Mersey Care Hospital	UK	79.6
35	North London Estates Partnership (LIFT)	UK	60
36	North West Regional College	UK	100
37	Northern Territory Secure Facilities	Australia	100
38	Restigouche Hospital Centre	Canada	80
39	Rodenkirchen Schools	Germany	50
40	Royal Women's Hospital	Australia	100
41	Scottish Borders Schools	UK	100
42	Stanton Territorial Hospital	Canada	25[1]
43	Stoke & Staffs Rescue Service	UK	85
44	Tor Bank School	UK	100
45	Unna Administrative Centre	Germany	44.1[2]
46	Victoria Prisons	Australia	100
47	Westland Town Hall	Netherlands	100
48	Women's College Hospital	Canada	100

For portfolio statistics, refer to Portfolio at a Glance on page 4.

1 In March 2020, the Company announced the acquisition of a further 25 per cent interest in the Stanton Territorial Hospital project.
2 In December 2019, the Company signed an agreement to acquire an additional legal interest in Unna Administrative Centre project. Effective 1 January 2020, the Company owns 90 per cent of the legal and 100 per cent of the economic interest in the Project Company.

15 Includes a military base, a fire station and two local government administrative buildings.
16 Includes one rail project in Canada.
17 In alphabetical order.

Operating model in action

Value-driven active asset management

A variety of active asset management initiatives during the period resulted in £17.6 million of operational and value-accretive enhancements, equating to a 2.3 per cent increase in NAV.

In the UK, we obtained portfolio cost savings through our standardised management contracts for project companies, and our portfolio insurance products. In North America, working with our partners, we were able to realise portfolio efficiencies for our standardised management contracts for project companies and cost savings by actively managing our lifecycle expenditures.

The assets we manage are active facilities, meaning we constantly work with our clients to identify efficiencies that benefit them, the end user, the Company's portfolio value and society at large.

Following the opening of Stanton Territorial Hospital to patients in May 2019, all of the portfolio's assets are now fully operational. While the portfolio is now 100 per cent operational, the Company has a well demonstrated history of managing assets from greenfield procurement stage, through construction and into operation and will selectively look to responsibly add construction exposure as the opportunities become available.

As announced on 5 March 2020, the Nova Scotia provincial government named a BBGI-led consortium as the preferred bidder to undertake the expansion and upgrading of Highway 104 between Sutherlands River and Antigonish, Nova Scotia. Construction is scheduled to begin in spring of 2020, with an estimated completion date of the end of 2023.

Owing to the Management Board's value-driven active asset management, the availability level[18] of the Company's assets was recorded at approximately 99.7 per cent and deductions were either borne by third-party facility management companies and road operators or were part of planned lifecycle expenditures. There were no material lock-ups or events of default reported during the period.

Prudent financial management

The Company has an RCF of £180 million in place which matures in 2022, with the possibility to increase the total size to £250 million by making use of an accordion provision. This enables the Company to be a trusted and repeat partner in its priority markets and supports the Management Board's ability to execute portfolio acquisitions in an efficient manner.

The Company's hedging strategy aims to limit a 10 per cent adverse foreign exchange sensitivity to approximately 3 per cent of NAV movement. In November 2019, we extended balance sheet hedging for another year. During the year we also hedged 100 per cent of anticipated portfolio distributions on a four-year rolling basis (excluding EUR and GBP). This provides additional comfort as it shields the Company's forecasted dividend payment from adverse foreign exchange movements.

During the period, the Company raised gross proceeds of £75 million through an oversubscribed issue of new ordinary shares; the proceeds of which were used to repay existing debt and maintain a modest cash balance as part of our prudent management of the Company's balance sheet. Borrowings outstanding under the RCF at 31 December 2019 were £21 million and were repaid subsequent to the balance sheet date.

Selective acquisition strategy

The Company continued to pursue a selective acquisition strategy over the period, benefitting from the Management Board's ability to source attractive investment opportunities in a competitive marketplace.

The additions we made to the portfolio, which amounted to approximately £62.9 million in new cash investment, included the Company's follow-on acquisitions into two availability-based assets in the transport sector.

The assets were secured on accretive terms consistent with the Company's strategy and reinforced the Management Board's commitment to avoiding style drift.

New acquisitions over the period included:

- *A1/A6 Motorway (Netherlands):* Part of the Schiphol-Amsterdam-Almere (SAA) expansion, the A1/A6 motorways involve the reconstruction and widening of an 18km motorway including reversible lanes. The asset became operational in 2017 and the concession runs until 2042. In June 2019, the Company completed the acquisition of a further equity interest in the project, and then in August 2019, acquired the remaining interests from the original vendors, Boskalis and VolkerWessels. The Company now owns 37.1 per cent of the equity interest.

- *Ohio River Bridges (US):* A 762 metre cable-stayed bridge over the Ohio River connects the States of Kentucky and Indiana. The asset became operational in 2016 and the concession runs until 2051. In May 2019, the Company completed the acquisition of a further 33.3 per cent equity interest in the Ohio River Bridges PPP Project and now owns 66.7 per cent of the equity in the project.

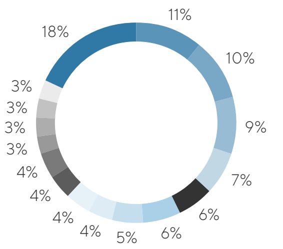
- *Westland Town Hall (Netherlands):* a PPP asset consisting of a new approximately 11,000m² town hall for the municipality of Westland. The asset became operational in 2017 and the concession runs until 2042. In August 2019, the Company completed the acquisition of a further equity interest in the project, acquiring the remaining interests from original vendors, VolkerWessels. The Company now owns 100 per cent of the equity interest.

- *Stanton Territorial Hospital (Canada):* In December 2019, the Company signed a sales and purchase agreement to acquire an additional 25 per cent interest in the project with completion occurring on Q1 2020.

As high-quality, stable, operational availability-style assets, these acquisitions further strengthened the global footprint of the Company's portfolio of investments in AAA/AA rated countries and increased our majority allocation to road and bridge assets where we continue to see attractive risk-adjusted returns.

18 Calculated as percentage of actual availability payments received divided by scheduled payments.

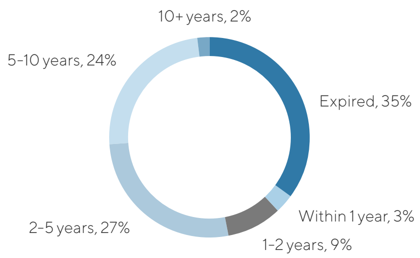
Counterparty exposure – Facility manager/O&M contractor



O&M Contractors:

SNC-Lavalin O&M Inc	11%
Capilano Highway Services	10%
Project Company In-house	9%
Honeywell	7%
Cushman and Wakefield	6%
Black & McDonald	6%
Integral FM	5%
Carmacks Maintenance Services	4%
BEAR Scotland	4%
Graham AM	4%
Amey Community Ltd	4%
ENGIE FM Limited	3%
Galliford Try FM	3%
Intertoll Ltd	3%
Johnson Controls LP	3%
Remaining investments	18%

Latent Defects Limitations / Warranty Period Remaining



Supply chain monitoring

The Management Board continually reviews the potential concentration risk of operational and maintenance (O&M) contractors who provide counterparty services to the Company's assets. The table on the left illustrates the level of O&M contractor exposure as a percentage of portfolio value.[19]

The Company benefits from a diversified contractor base and supply chain with no concentrated exposure, combined with a rigorous supply chain monitoring policy. We pay close attention to how subcontractors are performing on an ongoing basis and have risk mitigation procedures in place in case of any supply chain failure. Therefore, we believe we are well-positioned to handle any service quality issues arising from operational and maintenance contractors. Management have requested all facility managers ('FM') and O&M contractors to the review their Business Continuity Policies in light of the Covid-19 virus outbreak. At the time of publication there were no indications from any contractor that they would not be able to continue to deliver contracted services to their respective projects.

Some historical corporate governance issues at one of the company's supply chain partners, SNC-Lavalin, became an area of public interest in early 2019, but this situation improved over the reporting period. In a court decision in December 2019, SNC-Lavalin Construction Inc (a subsidiary of its parent company) was found guilty on one count of fraud and was sentenced to pay a fine and to three years of probation. The Crown did not pursue the parent company, SNC-Lavalin Group Inc ('SNC'). The charge of bribery under the Corruption of Foreign Public Officials Act was dropped. In the Company's judgement, overall this is a positive outcome for SNC. Following the announcement, SNC's market capitalisation increased by approximately 30 per cent. Despite these issues, BBGI's experience as an investor in assets maintained by SNC is that performance and service quality provided by SNC has always been very strong.

Construction defects

The Company routinely monitors the quality of its assets to identify any construction defects early on and to implement the appropriate measures before they impact user accessibility and experience. A key component of our effective counterparty risk management approach is that the responsibility for, and cost of remediation falls to the relevant construction subcontractor on each asset, subject to statutory limitation periods.

Latent defects risk was mitigated over the period with 65 per cent of portfolio value covered by either limitation or warranty periods.

In the Interim Report, we disclosed one material construction defect that was identified on one project within the Company's portfolio. Commercial discussions are ongoing and the Company is pursuing the contractor responsible for these works with the objective that the necessary rectifications are implemented. A claim against the construction contractor was filed with the courts in H2 2019.

The project specific increase in the discount rate disclosed by the Company in its interim reporting in June 2019 and provisions made in relation to the defect remain materially unchanged (with the effect on NAV being less than 1 per cent).

Otherwise, there were no material defects on any of the Company's portfolio assets reported.

19 When a project has more than one Facility Management contractor and/or O&M contractor the exposure is allocated equally among the contractors.

Portfolio Snapshot

Our five largest assets

1

Golden Ears Bridge

- **Type:** Availability-based
- **Status:** Operational
- **Equity Holding (%) BBGI:** 100%
- **Total Investment Volume (Debt & Equity):** C$1.1 billion
- **Financial Close/Operational:** March 2006/June 2009
- **Concession Period:** 32 years (post construction) ending in 2041

The project involves the design, build, financing, operation and maintenance of the Golden Ears Bridge in Vancouver which is a 1km, six-lane road that spans the Fraser River and connects Maple Ridge and Pitt Meadows to Langley and Surrey. The road opened in March 2009 and includes more than 3.5km of structures including ramps, viaducts, minor bridges and underpasses, and more than 13km of mainline roadway; a large part of which has been landscaped.

The project has brought close to C$1 billion in construction-related activity to the area, while commuters that use the bridge now save up to 40 minutes per peak-hour round-trip from Maple Ridge to Langley.

Over its tenure, BBGI has managed multiple subcontractors through the delivery of complex contracts and coordinated with all stakeholders, including local communities. The asset represented the largest private financing for a greenfield PPP in Canada at the time of its launch.

2

Ohio River Bridges

- **Type:** Availability-based
- **Status:** Operational
- **Equity Holding (%) BBGI:** 66.7%
- **Total Investment Volume:** US$1.175 million
- **Financial Close/Operational:** March 2013/December 2016
- **Concession Period:** 35 years (post construction) ending in 2051

One of the largest transportation assets ever undertaken in the US, this asset is at the cutting-edge of public partnerships currently in operation in the emerging US PPP market. It was the first US PPP transport deal not to use the Transportation Infrastructure Finance and Innovation Act (TIFIA) in its capital structure, demonstrating to other US states how even the most complex of transactions can be structured without reliance on federal funding. Instead, the scheme uses a private activity bond issue[20] – the first of its kind for a US PPP highway availability-based asset.

It includes a 760m cable-stay bridge; a 500m long twin vehicular tunnel and 2.25km of associated six-lane Interstate Highway, with more than 21 bridges and multiple roundabout style interchanges. The asset greatly improves connectivity, public safety and economic growth which benefits residents, business and visitors in the Southern Indiana region, particularly for those road users travelling to and from the state of Kentucky.

Despite the scale and complexity of the transaction, it reached commercial close just ten months after final tender documents were issued.

BBGI acquired an additional 33.3 per cent equity interest in the project in May 2019 and now owns 66.6 per cent, making it the second largest investment in our portfolio.

20 US tax exempt bonds.

3

Northern Territory Secure Facilities

- **Type:** Availability-based
- **Status:** Operational
- **Equity Holding (%) BBGI:** 100%
- **Total Investment Volume (Debt & Equity):** A$620 million
- **Financial Close/Operational:** October 2011/November 2014
- **Concession Period:** 30 years (post construction) ending in 2044

Located near Darwin, Northern Territory (the 'Territory'), the project involves the design, build, financing, operation and maintenance of three separate centres including: a 1,000-bed multi-classification male and female correctional centre, a 30-bed secure mental health and behavioural management centre (the first of its kind in the Territory), and a 48-bed supported accommodation and programme centre for community-based offenders. The latter is designed to support the government's goals of enhanced rehabilitation, education and reduced reoffending rates in the Territory.

The asset is one of the largest social infrastructure projects in the Territory and is the largest PPP ever procured to date. BBGI acquired its initial 50 per cent interest in the asset while it was still in construction and subsequently acquired the remaining 50 per cent stake in July 2015.

4

McGill University Health Centre (MUHC)

- **Type:** Availability-based
- **Status:** Operational
- **Equity Holding (%) BBGI:** 40%
- **Total Investment Volume:** C$2 billion
- **Financial Close/Operational:** July 2010/October 2014
- **Concession Period:** 34 years ending in 2044

The project involves the design, build, finance, operation and maintenance of MUHC's new Glenn campus. It comprises two hospitals, a cancer centre and a research institute in Montreal, for a total concession duration of 34 years.

MUHC is one of the most innovative academic health centres in North America and at 214,000m², it is the largest English-speaking hospital in Quebec. One integrated campus consolidates the Montreal Children's Hospital, the Royal Victoria Hospital and the Montreal Chest Institute, as well as the new Cedars Cancer Centre and the Research Institute of the MUHC. MUHC is the workplace of over 12,000 hospital staff, 1,356 physicians, dentists, pharmacists and 720 medical students.

5

A1/A6 Motorway

- **Type:** Availability-based
- **Status:** Operational
- **Equity Holding (%) BBGI:** 37.14%
- **Total Investment Volume:** €727 million
- **Financial Close/Operational:** February 2013 /July 2017
- **Concession Period:** 25 years (post construction) ending in 2042

The A1/A6 project is the largest of the five sub-projects for the Dutch Road Directorate (Rijkswaterstaat) part of the upgrading of the road network linking Schiphol Airport via Amsterdam to Almere in the Netherlands (SAA program). The total length of the SAA link is c. 40 kilometres. The enlargement of the A1/A6 involves the reconstruction and widening of this section of the SAA motorway and the subsequent long-term maintenance thereof. The A1 and the A6 motorway sections were transformed into a road with 2x5 lanes and partly 4x2 lanes. In addition, reversible lanes have been built on the entire A1/A6 section, which involves two lanes changing direction twice a day. During morning rush hour it facilitates road traffic from the east into Amsterdam direction and the afternoon in the opposite direction.

The SAAone consortium built a total of 60 new engineering structures, including the cantilever bridge crossing the Amsterdam-Rhine Canal, the doubling of the Hollandse Brug bridge across the Gooimeer, a new railway bridge, and the new aqueduct near Muiden as the most eye-catching features. The aqueduct that takes the River Vecht across fourteen road lanes is the widest aqueduct structure in Europe. The 255m free span railway bridge with a height of 50m is a land mark structure visible from a wide distance and which won a prize for its architecture. After construction completion was achieved well in time in 2017, and SAAone is now responsible for maintaining the infrastructure for a 25-year period.

Market Trends and Pipeline

Impact of coronavirus (Covid-19)

At the point of publication of these consolidated financial statements, the Group believes its business continuity plans can withstand the anticipated operational disruption emanating from the spread of Covid-19.

The Group does not have any demand-based assets and the portfolio is 100 per cent operational. The Group does not expect its financial performance to be materially affected due to the reliance on 100 per cent availability-based revenues. However, the NAV is sensitive to changes in the macro-economic assumptions used as part of the portfolio valuation process.

As part of its analysis, the Management Board has considered the potential impact of a change in a number of the macro-economic assumptions used in the valuation process. By considering these potential scenarios Management is well positioned to assess how the Group is likely to perform if affected by variables and events that are inherently outside of the control of the Boards and its risk management framework.

At the date of publication, Management believe that the sensitives as disclosed in the Valuation section of this report and again in Note 18 of the consolidated financial statements continue to be reasonable after taking into account potential macro-economic changes which may occur as a result of Covid-19. However, there continues significant uncertainty around how this pandemic will evolve and therefore it is difficult to foresee all of the consequences or disruptions that may arise as a result. It remains therefore a priority for the Group to monitor and assess for potential consequences and disruption and seek to mitigate issues accordingly.

BBGI's Staff

The Company has initiated its business continuity plan ('BCP') with all staff working remotely until further notice and complying with all latest public health guidance. BBGI has senior staff located in jurisdictions where we invest which enables BBGI to lead and respond in real-time to any project level issues that may be encountered. The Management Board is confident that the BCP in place is robust and appropriate to ensure uninterrupted delivery of services by BBGI as an investment manager.

BBGI's Clients

All of BBGI's assets continue to be available for our clients, communities and end users.

Availability-based transportation assets make up 51 per cent of the portfolio by value. To date these assets have been unaffected by Covid-19.

The Company has 11 healthcare assets which account for 22 per cent of the portfolio value. These assets are most immediately effected by Covid-19. To date facility management services continue to be provided.

The schools in our portfolio, representing 11 per cent by value, have either closed or are operating the facilities at reduced capacity for children of those providing essential services in the Covid-19 effort. We expect the availability fee to continue to be paid.

Liquidity and Credit Risk

As of 26 March 2020, post-period end, BBGI had no borrowings outstanding with approximately £179 million available under the committed revolving credit facility[21] which is committed until January 2022. The Company has no requirement to raise equity in the immediate future. All debt financing at the project level is issued on a non recourse basis. Only the Northern Territory Secure Facility project is subject to refinancing risk when a portion of the debt matures in 2025.

Supply Chain Exposure

The Management Board is in active dialogue with all facilities managers and operators of our assets. To date, no material service delivery issues have been identified and no disruptions reported. We will continue to rigorously monitor performance and supply chain exposure. BBGI has a diversified supply chain in place and geographically-diversified portfolio which helps mitigates this exposure. Furthermore, our supply chain partners have business continuity plans in place and to date performance continues to be strong.

Performance

As at the date of this report there is no evidence to suggest that operational or financial performance is materially affected and therefore we do not expect any material impact on our cashflows.

There is the potential that performance could be impacted by Covid-19. This would likely manifest itself as a reduction in availability of personnel responsible for managing, operating or maintaining assets, or supplies and spare parts. Should this happen then it would have the potential to lead to short-term reduction in asset performance thereby resulting in availability deductions. Deductions, if any, are expected to be passed down to subcontractors[22].

Outlook

While there is naturally significant uncertainty surrounding Covid-19, and all the consequences and potential disruptions are difficult to foresee, we believe our resilient business model withstand this challenging market environment over the long term. Further detail of risk mitigation can be found on page 67.

2020 and beyond

The Management Board believes that the geographic diversification offered by participation in key developed countries is a fundamental pillar of the Company's investment strategy. Our global portfolio provides a platform to access opportunities and build and maintain relationships with potential vendors to support the Company's selective acquisition strategy.

The levels of competition for the availability-style assets in which we invest vary between markets. In all BBGI's target markets, infrastructure under-investment persists, and

21 £1.2 million was being used to cover letters of credit.
22 Subject to liability caps.

public finance budget constraints necessitate the involvement of the private sector to deliver the finance and expertise required to build, maintain and operate much needed assets.

Investment activity in 2020 will involve sourcing and originating, bidding for and winning new operational availability-style investments, with consideration for measured exposure to construction assets to support future valuation uplift.

The pipeline for availability-style transactions remains generally strong within the Company's key markets. We anticipate these will come from a variety of sources, including:

- A North American strategic partnership with SNC-Lavalin which has already resulted in the acquisition of five assets amounting to approximately C$191 million and provides the opportunity for five more assets with an expected value in excess of C$250 million;
- Avoiding the competitive nature of public auctions by soliciting off-market transactions through BBGI's extensive network of market participants in Australia, Europe and North America;
- Participating in primary investment opportunities and bidding on new availability-style assets as part of public sector procurement processes;
- Acquiring accretive equity interests from co-shareholders in existing assets;
- Participating selectively in competitive sale processes, not least to test pricing assumptions.

The Company will continue to source assets that fit the requirements of its low-risk and globally diversified investment strategy.

Canada

Canada has remained one of the world's most prolific PPP markets and is one of the most mature and stable of the Company's territories. A total of 285 assets across Canada are procured under the PPP model, with those already in operation or under construction valued at C$139.3 billion - including hospitals, courthouses, highways and bridges, and transit assets.

In 2020, there is a well-defined pipeline of availability-based transactions. With thirteen assets in Canada, BBGI is well-positioned to participate in an attractive primary pipeline and is considered a very credible purchaser for secondary assets.

The Company also benefits from its North American strategic partnership with SNC-Lavalin which covers five assets. The Company estimates that further investment opportunities in excess of C$250 million could result from the pipeline agreement over the next years; all of which will be assessed on a case-by-case basis.

Post-period end, the Nova Scotia provincial government named a BBGI-led consortium as the preferred bidder to undertake the expansion and upgrading of Highway 104 between Sutherlands River and Antigonish, Nova Scotia. Construction is scheduled to begin in spring of 2020, with an estimated completion date of the end of 2023.

The Canadian secondary market is expected to be active in 2020 as assets developed over the last several years come into operation and may come to market. In Q1 2020, the Company acquired a further 25 per cent stake in Stanton Territorial Hospital.

UK

The outcome of the December 2019 UK General Election resulted in a decisive parliamentary victory for the UK Conservative Party. The UK Labour Party's defeat ultimately means the threat of nationalising certain UK PPP assets and other regulated infrastructure assets is no longer a material concern for the sector or its investors.

Whilst Brexit has dominated Britain's political agenda in recent years, it is difficult to say how the UK's decision to leave the EU will affect private investment in infrastructure. The Conservative Government made the decision to abolish the PF2 model in October 2018, but private infrastructure investors like BBGI still have a significant role to play in managing existing investments procured under both PFI and PF2; all of which the UK Government has committed to honour.

Despite the UK market being less buoyant compared to levels seen ten years ago, procurements are expected to progress in Wales in 2020. This includes the £500 million A465 PPP for which BBGI is one of three short-listed consortiums; the Velindre Cancer Centre and the 21st Century Schools Programme.

The UK Government has promised to use infrastructure spending as a means to kick-start the economy post-Brexit and seek to 'level up' the regions within the UK. Although the Government has been vague on the form of the delivery model, we remain optimistic that there will continue to be a role for private capital, particularly where we demonstrate good value for money.

The Management Board notes that some other asset classes are demonstrating a risk-return profile that increasingly matches the Company's low-risk, availability-based investment strategy. The Offshore Transmission (OFTOs) opportunities and the MIM in Wales are good examples of how there continues to be attractive investment opportunities in the UK which are very similar to PPPs and include a long-term availability income stream from creditworthy counterparties.

The UK market continues to be a source of secondary market transactions. However, the reduction in secondary market PPP deal flow reflects the slowdown in public sector procurement since 2010 and the large amount of secondary activity in previous years. While supply has decreased, there has been no corresponding decrease in demand. This has resulted in a trend of lower discount rates for stable, mature secondary assets since around 2010.

The Company's appetite for the selective acquisition of high-quality availability-based assets has not diminished. We will continue to pursue primary, secondary and other availability style opportunities on a selective basis within the UK.

USA

2019 was a strong year for availability-style investments in the United States. More states than ever enacted PPP-enabling legislation. While many of these are transportation-related, funding shortfalls combined with the need for better infrastructure has caused legislators to take a hard look at PPPs.

However, the 2020 PPP market in the United States could be impacted by local and federal elections. These contests have the potential to delay procurement processes of large projects at the state level due to divisive political climates. The likelihood of a major infrastructure bill passing Congress in 2020 is also unlikely.

The US PPP market remains one of great potential, with nascent deal flow. We are currently tracking several transactions and are in active discussions regarding upcoming transportation and social infrastructure opportunities.

Going forward, we expect that the success of the Ohio River Bridges/East End Crossing asset, which opened on time and on budget, will create opportunities for BBGI. This asset is one of a limited number of high-profile availability-style transportation assets to have reached construction completion.

Continental Europe

Continental European infrastructure markets remain active with certain countries offering an attractive pipeline of new assets. We believe these markets are likely to provide attractive investment opportunities over the medium-term.

Scandinavia: The Scandinavian greenfield market looks set for a busy 2020, particularly in the transport sector. Both the €1 billion Sotra road PPP in Norway and the smaller Hailuoto causeway PPP in Finland are set to progress.

Netherlands: Over the past decade the Netherlands has built up a reputation for stable, predictable infrastructure deal flow. The country has mature and transparent procurement processes, and most projects have reached financial close within the expected timeframe. Following our recent investment in three assets in the Netherlands, we are actively investigating further investment opportunities in this market.

Belgium: BBGI is part of a consortium which successfully prequalified for the R4 Ghent project. The project is a 30-year availability-based PPP project involving the upgrade of the R4 West and East in Ghent to primary roads, removing intersections and creating new cycle highways.

Belgium's €550 million schools PPP programme is one of the largest PPPs in the Benelux market at present. The Coalition Agreement 2019-2024 for the new Flemish Government mentions explicitly PPP initiatives for school buildings.

Germany: The expectation is that the road PPP scheme will continue. With six existing assets in Germany, strong credentials and German language skills on our Management Board, BBGI is well positioned to consider these upcoming opportunities.

Southern Europe: Countries including Spain, Italy, Portugal and Greece have PPP pipelines. While some of these programmes may be viewed as attractive in terms of their size and the availability-style nature of the assets, the credit rating of the counterparties and certain risk transfer expectations make these investment opportunities unattractive to the Company. Consequently, BBGI has not focused on these opportunities.

Australia

Australia's big build will roll into 2020. New South Wales and Victoria, the two biggest states, are each spending AUD$90 billion over four years on major projects. Two more arterial road PPPs – the Northern and South Eastern Roads Upgrades with a combined value of about AUD $2.2 billion – are set to reach financial close later in 2020. The AUD $79 billion North East Link (NEL) motorway, is also expected to reach financial close later in 2020.

The AUD$50 billion Suburban Rail Loop is another major project which will be built in phases. The government has announced the first stage of that will be a dedicated line, which should allow for it to be procured as a PPP. Construction will not begin on the loop until 2022.

BBGI has three large operational assets in Australia and will continue to monitor the market. The Company is hopeful that some select opportunities may emerge in 2020.

Pipeline assets:

Asset	Sector	Estimated Asset Capital Value	Concession Length after construction completion
Confederation Line (Ottawa, ON)	Rail	C$3.2 billion	30 years
Eglinton Crosstown LRT (Toronto, ON)	Rail	C$9.1 billion	30 years
Highway 407 East Extension Phase I (Ontario)	Road	C$1.2 billion	30 years
John Hart Generating Station (Campbell River, BC)	Energy	C$1.1 billion	15 years
New Corridor for the Champlain Bridge (Montreal, QC)	Road & Bridge	C$3.2 billion	30 years

Primary bidding opportunities:

Region	Sector	Estimated Asset Capital Value[23]	Expected Concession Length	Investment Status
North America	Road	£170 million	23 years	Announced as preferred bidder. Financial Close expected in April 2020.
North America	Accommodation	£100 million	30 years	Shortlisted as one of three bidders
Continental Europe	Road	£750 million	30 years	Shortlisted as one of three bidders
UK	Road	£400 million	33 years	Shortlisted as one of three bidders
UK	OFTO	£800 million	23 years	Shortlisted as one of four bidders

23 Includes both debt and equity.

Operating and Financial Review

The Management Board is very pleased to present the Operating and Financial Review for the year ended 31 December 2019.

Highlights and Key Performance Indicators

Please see Financial Highlights for a summary of the Year in Numbers for 2019. Certain key performance indicators ('KPIs') for the last four years are highlighted below:

KPI	Target	Dec-16	Dec-17	Dec-18	Dec-19	Commentary
Dividends (paid or declared)	Progressive long-term dividend growth in pence per share	6.25	6.50	6.75	7.00	Achieved: Second 2019 interim dividend of 3.5pps declared in February 2020
NAV per share	Positive NAV per share growth	13.1%	3.0%	2.8%	2.0%	Achieved
Compound annual Shareholder Return Since IPO[24]	7% to 8% on IPO issue price of £1 per share	11.2%	10.5%	11.2%	11.3%	Achieved
Ongoing Charges	Competitive cost position	0.98%	0.99%	0.93%	0.88%	Achieved
Cash Dividend Cover	>1.0x	1.3x	1.5x	1.5x	1.3x	Achieved
Refinancing Risk (as a percentage of portfolio)	Minimise refinancing risk	18%	9%	7%	6%	Achieved: Northern Territory Secure Facilities is the only asset with refinancing risk
Asset availability	> 98% asset availability	✓	✓	✓	✓	Achieved
Single asset concentration risk (as a percentage of portfolio value)	To be less than 25% of portfolio at time of acquisition	13% (GEB)	12% (GEB)	11% (GEB)	10% (GEB)	Achieved
Availability-based assets (as a percentage of portfolio)	Maximise availability-based assets	100%	100%	100%	100%	Achieved

Asset Management

Cash Performance

The Company's portfolio of 48 high-quality, availability-based infrastructure investments continued to perform well during the year, with cashflows ahead of the expectations and the underlying financial models.

Construction exposure

The Company's investment policy is to invest principally in assets that are operational and that have completed construction. Accordingly, investment in assets that are under construction will be limited to 25 per cent of the portfolio value. The rationale for this approach is to be able to produce a stable dividend for our shareholders, while at the same time gaining some exposure to the potential NAV uplift that occurs when assets move from a successful construction stage to the operational stage. The Company has demonstrated in the past that it can manage such assets during the construction period and its successful transition into a stable operational asset.

The Management Board believes that the Company's ability to meet its dividend targets is not compromised by having some construction exposure. Further information on construction risk can be obtained from the Company's prospectus, which is available on the Company's website.

As at 31 December 2019, 100 per cent of the assets were operational. The Company is currently pursuing a number of primary investment opportunities which, if successful, will add some construction exposure over the course of 2020. As announced on 5 March 2020, BBGI together with its consortium partners, was named as the preferred bidder for a PPP motorway project in Canada that will twin Highway 104 between Sutherlands River and Antigonish in Nova Scotia. Financial close is expected in April 2020. In December 2019, the Company contracted with a co shareholder to acquire an additional 25 per cent interest in Stanton Territorial Hospital in Canada, a project that achieved construction completion in 2019. This acquisition completed in Q1 2020. Upon completion BBGI now owns a 50 per cent equity interest in the project.

24 On a compound annual growth rate basis. This represents the steady state annual growth rate based on share price at 31 December 2019 and after adding back dividends paid or declared since the Company's IPO.

Investment performance

Return track record

The Company's share price has performed well and has maintained a strong premium to NAV through the reporting period. This was against the backdrop of political and economic uncertainty resulting from the protracted Brexit process and also a UK general election where the Labour Party was seeking to nationalise PPP projects were they to form a government. We continue to believe that a key benefit of the portfolio is the high-quality cashflows derived from long-term availability-based government or 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.

BBGI Share Price Performance

The share price closed the year at £1.665, an increase of 7.1 per cent in 2019 and representing a 22 per cent premium to the NAV per share at the year-end.

TSR in the calendar year 2019 was 11.8 per cent whilst TSR from IPO to 31 December 2019 was 136.2 per cent or 11.3 per cent on a compound annual basis.

The total accounting return[25] per share in the calendar year 2019 was 7.2 per cent, with a dividend yield of 4.1 per cent.

Against the FTSE All-Share, the Company has shown a low five-year correlation of 23 per cent and a beta of 0.22[26].

Distribution policy

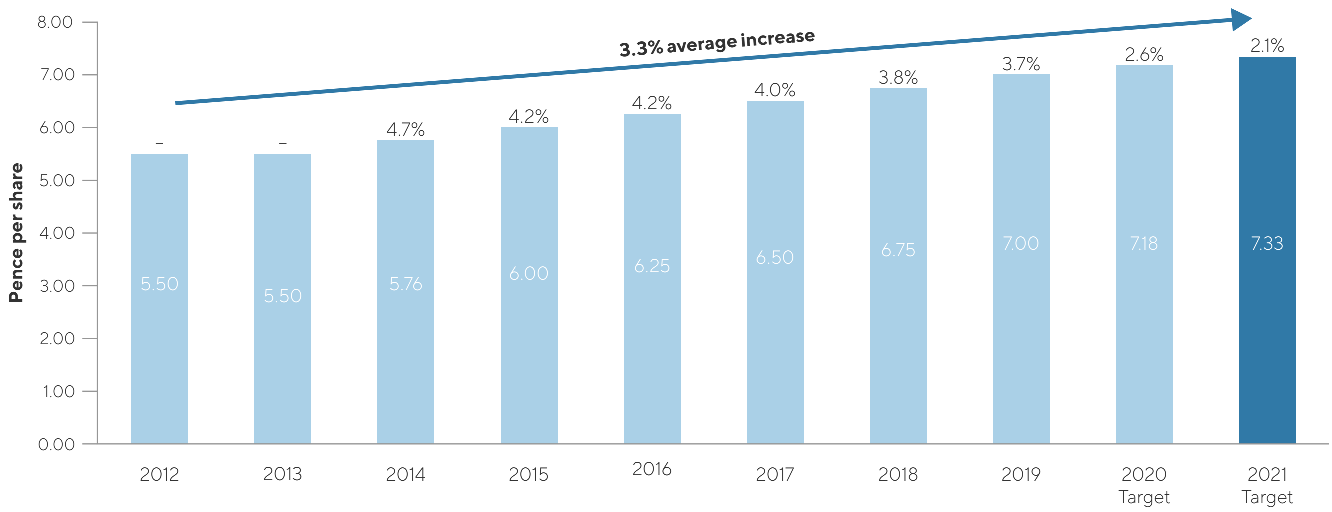
Distributions on the ordinary shares are planned to be paid twice a year, normally in respect of the six months to 30 June and the six months to 31 December.

Dividends

On 4 April 2019, the Company paid a second interim dividend of 3.375pps for the period 1 July 2018 to 31 December 2018. The 2019 interim dividend of 3.5pps was paid on 17 October 2019. In February 2020, subsequent to the year-end, the Company declared a second interim dividend of 3.5pps in respect of the six-month period ended 31 December 2019; resulting in a total dividend of 7.00pps for the year ended 31 December 2019. As previously reported, the Company is targeting an increase in the 2020 dividend to 7.18pps, which represents a further increase of 2.6 per cent for the year and a progressive long-term dividend growth averaging 3.3 per cent since IPO. Furthermore the Company is targeting a dividend of 7.33pps for 2021.

25 The sum of the change in NAV per share plus the dividends paid per share in the year, taken as a percentage of the NAV per share at 31 December 2018.
26 FTSE Allshare; five year data represents the five years preceding 31 December 2019.

Proven progressive dividend policy



Average dividend increase of 3.3 per cent from 2012 to 2020
— FY 2020 target dividend of 7.18pps[27], up 2.6 per cent
— FY 2021 target dividend of 7.33pps[27]

Investor communications

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

The Company formally reports twice a year through the Annual and Interim Reports and Financial Statements. Other current information on the Company is provided through the Company's website and through market announcements. At Shareholder General Meetings, each share is entitled to one vote; all votes validly cast at such meetings (including by proxy) are counted, and the Company announces the results on the day of the relevant meeting.

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

Outside of these formal visits, feedback from investors is received via the Management Board and the Corporate Brokers and, together with the feedback from results meetings, this is reported to the Supervisory Board. Throughout the year under review, the co-CEOs have made themselves available to shareholders and key sector analysts, for discussion of key issues and expectations around Company performance. The co-CEOs intend to continue to be available to meet with shareholders periodically to facilitate an open two-way communication on the development of the Company. Shareholders may contact members of both the Management and Supervisory Boards at the registered office of the Company, the address for which can be found on the final page of the Annual Report or on the Company's website at www.bb-gi.com.

27 These are targets only and are not a profit forecast. There can be no assurance that these target will be met or that the Company will make any distribution at all.

Investor communications *continued*

While shareholder engagement is typically conducted by the Co-CEOs it should be noted that the Chairman also makes himself available throughout the year to understand the views of shareholders on governance and performance against the Company's investment objectives and investment policy. Given this level of engagement with shareholders, the Boards consider that they meet the requirements of AIC Code Principle 5D.

Share capital

The issued share capital of the Company is 630,213,226 ordinary shares of no par value. All of the ordinary shares issued rank *pari passu*. During the year ended 31 December 2019, the Company issued 50,208,075 shares.

Voting rights

There are no special voting rights, restrictions or other rights attached to any of the ordinary shares. There are no restrictions on the voting rights attaching to ordinary shares.

Discount management

Although the Company's shares have continuously traded at a premium since IPO, the Management Board will actively monitor any discount to the NAV per 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.

Purchase of ordinary shares by the Company in the market

In order to assist in the narrowing of any discount to the NAV 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 per cent annually of its issued ordinary shares; and
- make tender offers for ordinary shares.

No shares have been bought back during the year ended 31 December 2019. The most recent authority to purchase ordinary shares which may be held in treasury or subsequently cancelled was granted to the Company on 30 April 2019. This authority expires on the date of the next Annual General Meeting ('AGM') to be held on 30 April 2020, at which point the Company will propose that its authority to buy back shares be renewed.

Continuation vote

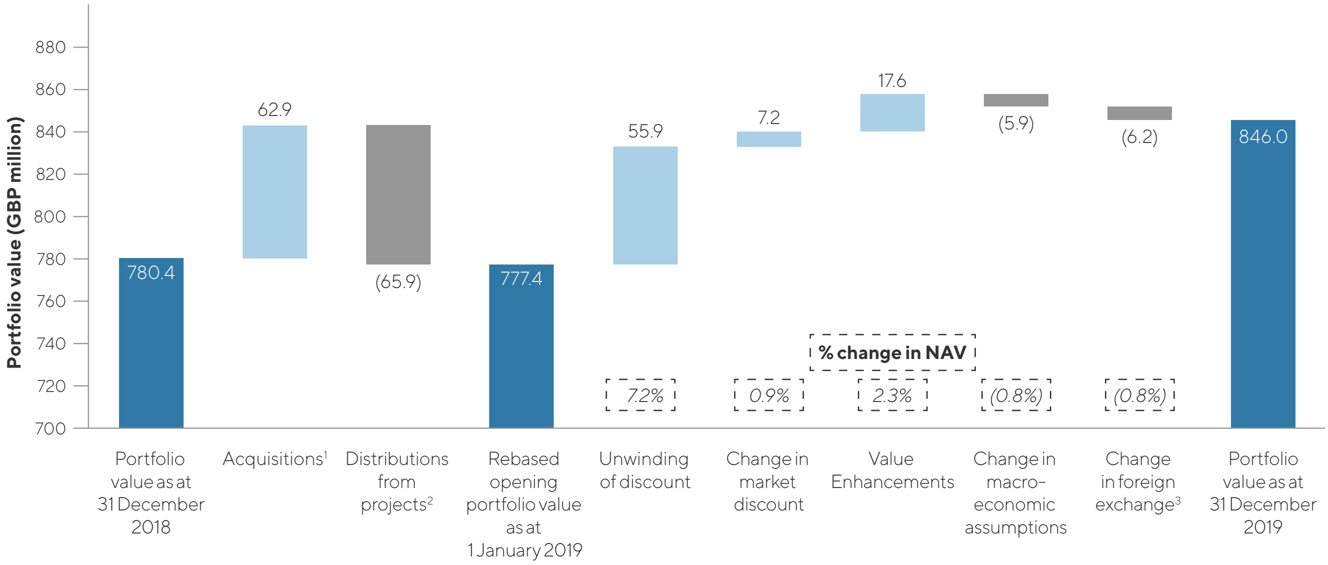
The Company's Articles of Association ('Articles') require the Boards to offer a continuation vote to the Company's shareholders at the AGM to allow the Company to continue in its current form, with a further vote every two years. On 30 April 2019, at the Company's AGM, the shareholders voted unanimously for the continuation of the Company. In accordance with the Articles, a further continuation vote will be offered to shareholders at the AGM due to be held in 30 April 2021.

To ensure continuity of listing at the end of the Brexit transition period, the Company has notified the FCA under its Temporary Permissions Regime ('TPR'), of BBGI's intention to continue to market its fund into the UK. For further information on the TPR, refer to the Risk section of the Corporate Governance Report.

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. The valuation is reviewed by an independent third-party professional. The valuation is determined using the discounted cash flow methodology. The cash flow forecasts, generated by each of the underlying assets, are received by the Company or its subsidiaries, adjusted as appropriate to reflect risks and opportunities, and discounted using asset-specific discount rates. The valuation methodology remains unchanged from previous reporting periods.

Portfolio movement 31 December 2018 to 31 December 2019



1 Refer to page 23 for further details on the acquisitions during the year.
2 While distributions from assets reduce the portfolio value, there is no impact on the Company's NAV as the effect of the reduction in the portfolio value (investments at fair value through profit or loss) is offset by the receipt of cash at the consolidated Group level. Distributions are shown net of withholding tax.
3 The result from balance sheet hedging is recorded at the consolidated Group level and does not impact portfolio value. During the period, the Company recorded a gain of £2.1 million on balance sheet foreign exchange hedging contracts entered into in November 2018 with subsequent balance sheet hedges entered into in November 2019.

The Company's portfolio value at 31 December 2019 was £846.0 million (31 December 2018: £780.4 million), or an increase of 8.4 per cent.

NAV movement 31 December 2018 to 31 December 2019	£ million
NAV at 31 December 2018	774.5
Add back: other net liabilities at 31 December 2018[1]	5.9
Portfolio value at 31 December 2018	780.4
Acquisitions	62.9
Distributions from assets[2]	(65.9)
Rebased opening portfolio value at 1 January 2019	777.4
Unwinding of discount	55.9
Change in market discount rate	7.2
Value enhancements	17.6
Change in macroeconomic assumptions	(5.9)
Change in foreign exchange	(6.2)
Portfolio value at 31 December 2019	846.0
Other net assets at 31 December 2019[1]	12.6
NAV at 31 December 2019	858.6

1 These figures represent the assets and liabilities of the Group; after excluding the investments at fair value through profit or loss (Investments at FVPL). Refer to the Pro forma balance sheet on page 45 for further breakdown.
2 Net of withholding tax.

Valuation *continued*

Key drivers for NAV growth

During the year, the Company recognised £73.5 million, or a 9.5 per cent increase in NAV, from the unwinding of discounts and value accretive enhancements. As the Company moves closer to forecast Investment at FVPL distribution dates, the time value of those cashflows increases on a net present value basis. The portfolio value growth from unwinding of discount during the year was approximately £55.9 million or a 7.2 per cent change in NAV.

The remaining £17.6 million, or a 2.3 per cent change in NAV, represents the net effect of value accretive enhancements across the portfolio through active management, which includes amongst others:

- Enhanced operational performance through active asset management
- Net effect of updated realised or projected Project Company costs, O&M, lifecycle, and insurance
- Net valuation effect from adjusting risk premium reflected in specific asset discount rates (e.g. assets moving towards the stable operational phase)

The net effect of inflation, against the 31 December 2018 modelled macroeconomic assumptions (Assumptions), on the portfolio value has been positive, and is included in the value above.

Key Project Company and portfolio cash flow assumptions underlying NAV calculation include:

- The discount rates and the Assumptions as set out below continue to be applicable.
- The financial models for the Project Companies accurately reflect the terms of all agreements relating to the Project Companies and represent a fair and reasonable estimation of future cashflows accruing to the Project Companies.
- Non-UK assets are valued in local currency and converted to Sterling at either the period-end exchange rates or the contract hedge rate.
- Cashflows from and to the Project Companies are received and paid at the times anticipated.
- Where the operating costs of the Project Companies are fixed by contract, such contracts are performed, and where such costs are not fixed, they remain within the current budgets.
- Where lifecycle costs/risks are borne by the Project Companies they remain in line with the current budgets.
- Contractual payments to the Project Companies remain on track and are not terminated before their contractual expiry date.
- Any deductions or abatements during the operations period of the Project Companies are fully passed down to subcontractors under contractual arrangements or are part of the planned (lifecycle) budgets.
- Where the Project Companies own the residual property value in an asset, that the projected amount for this residual value is realised.
- In cases where the Project Companies have contracts which are in the construction phase, they are either completed on time or any delay costs are borne by the construction contractors.
- There are no tax or regulatory changes in the future which negatively impact cash flow forecasts.

In forming the above assessments, BBGI works with Project Company management teams, as well as using due diligence information from, or working with, suitably qualified third parties such as technical advisors, legal advisors and insurance advisors.

Macroeconomic assumptions

The Company uses the following Assumptions for the cashflows:

		31 December 2019	31 December 2018
Discount rate	Weighted average	7.07%	7.20%
Indexation	UK	2.75%	2.75%
	Canada	2.00%/2.35%	2.00%/2.35%
	Australia	2.5%	2.5%
	Germany	2%	2%
	Netherlands[1]	2%	2%
	Norway[1]	2.25%	2.25%
	USA[2]	2.5%	2.5%
Deposit rates (p.a.)	UK	1% to 2023, then 2.5%	1% to 2020, then 2.5%
	Canada	1% to 2023, then 2.5%	1% to 2020, then 2.5%
	Australia	2% to 2023, then 3.0% – 4.0% (medium term)	2% to 2020, then 3.0% – 4.0% (medium term)
	Germany	1% to 2023, then 2.5%	1% to 2020, then 2.5%
	Netherlands	1% to 2023, then 2.5%	1% to 2020, then 2.5%
	Norway	1.8% to 2023, then 3.0%	1.8% to 2020, then 3.5%
	USA	1% to 2023, then 2.5%	1% to 2020, then 2.5%
Corporate tax rates (p.a.)	UK	17% long-term	19% to 2019, then 17%
	Canada[3]	26.5%/27%/29%	26.5%/27%/29%
	Australia	30% long-term	30%
	Germany[4]	15.8% long-term (incl. Solidarity)	15.8% (incl. Solidarity)
	Netherlands	25% till 2020, then 21.7%	25% in 2019, 22.5% in 2020, then 20.5%
	Norway	22% long-term	23%
	USA	21% long-term	21%

1 CPI indexation only. Where projects are subject to a basket of indices, these non-CPI indices are not considered.
2 80 per cent of ORB indexation factor for revenue is contractual and is not tied to CPI.
3 Individual tax rates vary among Canadian Provinces; the tax rate for Alberta is decreasing gradually from 12 per cent to 8 per cent by 2022.
4 Individual local trade tax rates are considered additionally.

Valuation *continued*

General market activity

The demand for infrastructure assets remained strong during 2019, evidenced by continued transactions at robust valuations.

Notable secondary transactions include:

— A motorway PPP in Ireland and a motorway PPP in the Netherlands.

— A portfolio of UK PFI social infrastructure assets which, according to industry analyst reports, would equate to a c.22 per cent uplift from the carrying valuation of the seller.

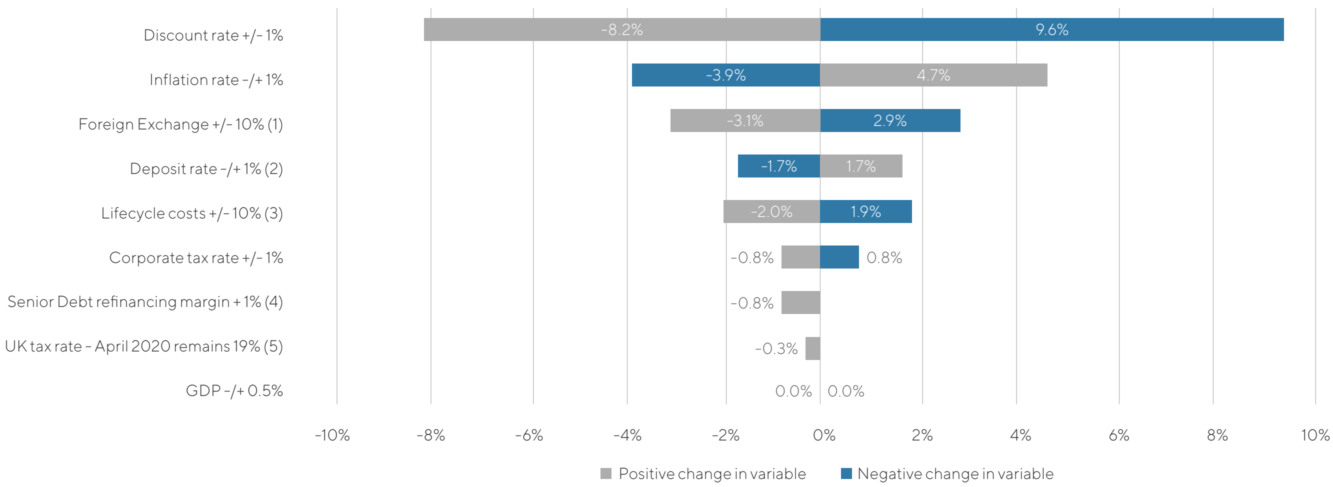
— Iqaluit International Airport Improvement PPP in Canada.

— Northeast Anthony Henday Ring Road PPP in Canada.

— A portfolio of French PPP social infrastructure assets.

Market intelligence of these transactions suggests that discount rates in the secondary market remain very competitive and below 7 per cent. The Company has observed a further moderate downward trend in discount rates during the period. If current market trends continue, an additional reduction in discount rates may be considered for the next valuation.

Sensitivities



Discount rates

The discount rates used for individual asset cashflows are based on BBGI's knowledge of the market, taking into account intelligence received from bidding activities, advisers and publicly available information on relevant transactions. Furthermore, the discount rates used as part of the portfolio valuation process are reviewed by an independent third-party valuation professional.

The discount rates used for individual assets range between 6.70 per cent and 9.00 per cent. The value weighted average rate is approximately 7.07 per cent (31 December 2018: 7.20 per cent) which represents a reduction of 13 bps from 31 December 2018 and management believe to be towards the conservative end of the range. This methodology calculates the weighted average based on the value of each asset in proportion to the total portfolio value, i.e. based on the net present value of their respective future cashflows.

We have differentiated the asset classes with respect to discount rates. For stable operational assets, such as typical school, hospital and road assets, we have applied discount rates at the lower end of the range mentioned above. Adjustments have been applied to acute hospitals in the UK where a risk premium of 50bps continues to be applied. This risk premium reflects the special situation in the UK where some public health clients are under cost pressure and are actively looking for savings. This drive for cost savings has resulted in some large deductions on UK acute hospitals and, consequently, distribution lock ups. To date, BBGI has not been affected. The only UK acute hospital in the portfolio is Gloucester Royal Hospital, which represents less than 1 per cent of the overall portfolio value, and there are no similar assets identified in the current pipeline.

BBGI continues to apply a modest risk premium for complex prison assets to reflect the higher complexity of such assets, and has also applied a risk premium to a limited number of other assets to reflect the individual situations.

The following table shows the sensitivity of the NAV to a change in the discount rate.

Discount Rate Sensitivity	Change in NAV 31 December 2019
Increase by 1% to 8.07%[1]	£(70.8) million, i.e. (8.2)%
Decrease by 1% to 6.07%[1]	£82.0 million, i.e. 9.6%

1 Based on the weighted average discount rate of 7.07 per cent.

Macroeconomic sensitivities

The NAV is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. The sensitivities are also shown in Note 18 to the consolidated financial statements.

Foreign exchange and sensitivity

BBGI values its portfolio of assets by discounting anticipated future cashflows. The present values of these cashflows are converted to Sterling at either the hedged rate, for a predetermined percentage of cashflows forecast to be received over the next four years, or at the closing rate for unhedged future cashflows.

A significant proportion of the Company's underlying investments are denominated in currencies other than Sterling. The Company maintains its accounts, prepares the valuation and pays dividends in Sterling.

Accordingly, fluctuations in exchange rates between Sterling and the relevant local currencies will affect the value of the Company's underlying investments. During 2019, the appreciation of Sterling against the Euro, Norwegian Krone, US Dollar and Australian Dollar, and the depreciation of Sterling against the Canadian Dollar accounted for a net decrease in the portfolio value of £6.2 million. This decrease was partially offset by a gain of £2.1 million from balance sheet hedging at the consolidated Group level and included in the Other net liabilities at 31 December 2019. Since listing in December 2011, the net cumulative effect of foreign exchange movement on the portfolio value has been a decrease of £14.9 million or 1.7 per cent of NAV at 31 December 2019.

The table below shows those closing rates, which were used to convert unhedged future cashflows into the reporting currency at 31 December 2019.

GBP/	Valuation impact	FX rates as of 31 December 2019	FX rates as of 31 December 2018	FX rate change
AUD	▼	1.880	1.805	(4.16)%
CAD	▲	1.716	1.736	1.13%
EUR	▼	1.176	1.113	(5.63)%
NOK	▼	11.595	11.056	(4.88)%
USD	▼	1.319	1.274	(3.50)%

Valuation *continued*

Although the closing rate is the required conversion rate to use, it is not necessarily representative of future exchange rates as it reflects a specific point in time.

The Group uses forward currency swaps to (i) hedge 100 per cent of forecasted cashflows on a four-year rolling basis, and (ii) to implement balance sheet hedging in order to limit the decrease in the NAV to approximately 3 per cent for a 10 per cent adverse movement in foreign exchange rates[28]. This is achieved by hedging a portion of the non-Sterling and non-Euro portfolio value. The benefit of the Company's hedging strategy can also be expressed as a theoretic or implicit portfolio allocation to Sterling exposure. In other words, on an unhedged basis the portfolio allocation to Sterling exposure would need to be approximately 70 per cent to obtain the same NAV sensitivity to a 10 per cent adverse change in foreign exchange rates as shown below.

The following table shows the sensitivity of the NAV to a change in foreign exchange rates:

Foreign Exchange Sensitivity	Change in NAV 31 December 2019
Increase by 10%[1]	£(26.6) million, i.e. (3.1)%
Decrease by 10%[1]	£24.6 million, i.e. 2.9%

1 Sensitivity in comparison to the spot foreign exchange rates at 31 December 2019 and taking into account the contractual and natural hedges in place, derived by applying a 10 per cent increase or decrease to the Sterling/foreign currency rate.

Inflation sensitivity

The asset cashflows are positively correlated with inflation (e.g. RPI, CPI, or a basket of indices). Currently, there is an ongoing review by the UK Statistics Authority to align the RPI calculation methodology more closely with the CPIH methodology. In September 2019, the UK Chancellor of the Exchequer rejected scrapping the RPI outright; stating changes to the index could take place between 2025 and 2030. The Company is closely monitoring developments around potential changes to the RPI but any change is unlikely to have a material effect as the portfolio's UK exposure is 32 per cent.

The table below demonstrates the effect on the NAV of a change in inflation rates compared to the Assumptions in the table above:

Inflation Sensitivity	Change in NAV 31 December 2019
Inflation +1%	£40.4 million, i.e. 4.7%
Inflation –1%	£(33.2) million, i.e. (3.9)%

Deposit rate sensitivity

The asset cashflows are positively correlated with the deposit rates. The table below demonstrates the effect on the NAV of a change in deposit rates compared to the Assumptions above:

Deposit Rate Sensitivity	Change in NAV 31 December 2019
Deposit rate +1%	£14.7 million, i.e. 1.7%
Deposit rate –1%	£(14.6) million, i.e. (1.7)%

28 Based on the portfolio composition on the date the balance sheet hedge contracts are entered into.

Lifecycle costs sensitivity

Of the 48 assets in the portfolio, 16 assets retain the lifecycle obligations. The remaining 32 assets have this obligation passed down to the subcontractor. The table below demonstrates the impact on the NAV of a change in lifecycle costs:

Lifecycle Costs Sensitivity	Change in NAV 31 December 2019
Increase by 10%[1]	£(17.0) million, i.e. (2.0)%
Decrease by 10%[1]	£16.4 million, i.e. 1.9%

1 Sensitivity applied to the 16 assets in the portfolio which retain the lifecycle obligation, i.e. the obligation is not passed down to the subcontractor.

Corporate tax rate sensitivity

The profits of each portfolio company are subject to corporation tax in the country where the company is located. The table below demonstrates the effect on the NAV of a change in tax rates compared to the Assumptions outlined above:

Corporate Tax Rate Sensitivity	Change in NAV 31 December 2019
Tax rate +1%	£(7.2) million, i.e. (0.8)%
Tax rate –1%	£7.2 million, i.e. 0.8%

In November 2019, the Conservative government in the UK announced a postponement of the UK Corporation Tax cut from 19 per cent to 17 per cent which was due in April 2020. Legislation was introduced in Finance Bill 2020 to amend the main rate of corporation tax to 19 per cent for the financial year 2020 and was substantively enacted on 17 March 2020. Whilst this postponement had not been made effective as of 31 December 2019, the Company recognises any change in the UK Corporate Tax rate will have an effect on the portfolio valuation. It is the Company's policy to value those tax rates that have been enacted into law at the reporting period date. Notwithstanding this, and to aid transparency, we have calculated that the postponement of this UK Corporation Tax cut would result in a £2.5 million, 0.3 per cent reduction in NAV.

Senior debt refinancing sensitivity

Assumptions are used where a refinancing of senior debt financing is required for an asset during the remaining asset concession term. There is a risk that such assumptions may not be achieved. The below table shows the effect of a +100bps adjustment to the forecasted margins. The base rate for senior debt is either fixed or a long-term interest swap is available with the effect that none of our assets is subject to changes in base rates.

Senior Debt Refinancing Sensitivity	Change in NAV 31 December 2019
Margin +1%[1]	£(6.9) million, i.e. (0.8)%

1 The Northern Territory Secure Facility asset is the only remaining asset in the BBGI Portfolio with refinancing risk.

GDP sensitivity

The BBGI portfolio is not sensitive to GDP.

GDP Sensitivity	Change in NAV 31 December 2019
GDP +0.5%	0.0%
GDP -0.5%	0.0%

The principal risks faced by the Group and the mitigants in place are outlined in the Risk section.

Financial Results

The Consolidated Financial Statements of the Group for the year ended 31 December 2019 are on pages 79 to 83.

Basis of accounting

The Group has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. In accordance with IFRS, the Company qualifies as an Investment Entity and as such, does not consolidate its investments in subsidiaries that qualify as investments at fair value through profit or loss ('Investments at FVPL'). Certain subsidiaries that are not Investments at FVPL, but instead provide investment related services or activities that relate to the investment activities of the Group, are consolidated.

Income and costs

Pro forma Income Statement

	Year ended 31 Dec 19 £ million	Year ended 31 Dec 18 £ million
Income from investments at fair value through profit and loss ('FVPL income')	**69.8**	70.1
Other operating income	**–**	4.0
Operating income	**69.8**	74.1
Administration expenses and net finance result	**(10.5)**	(11.7)
Other operating expenses	**(5.3)**	(4.1)
Profit before tax	**54.0**	58.3
Tax expense (income tax)	**(3.0)**	(2.4)
Profit from continuing operations	**51.0**	55.9
Basic earnings per share (pence)	**8.43**	10.06

During the year the Group recognised an FVPL income of £69.8 million (31 December 2018: £70.1 million). This FVPL income is made up of a combination of the positive effect of unwinding of discount, value enhancements and changes in market discount rates, with a partial offset resulting from effect of foreign exchange losses on the underlying Investments at FVPL during the year. A more detailed analysis of the movement in Investments at FVPL is outlined on page 35 in the Valuation section of this Report.

The Group has implemented a policy of using forward currency swaps to hedge a portion of its anticipated foreign currency cashflows and uses 12-month forward currency swaps to hedge part of the non-Sterling, non-Euro denominated portfolio values. Collectively, these cash flow and balance sheet hedges have resulted in an operating loss during the year amounting to £0.9 million (31 December 2018: £3.9 million gain) and is reflected in Other operating expenses in the table above.

During the year the Company acquired additional equity interests in Ohio River Bridges in the United States and the A1/A6 motorway in the Netherlands. The acquisition costs incurred during the year amounted to £1.1 million (31 December 2018: £1.1million) and includes unsuccessful bid costs amounting to £0.7 million (31 December 2018 £ 0.6 million).

The administration expenses and net finance result decreased to £10.5 million (31 December 2018: £11.7 million). The decrease was driven largely by a reduction year on year in the average borrowings outstanding under the RCF during the year. The Group Level Corporate Cost Analysis section below provides further details.

Profit from continuing operations for the year ended 31 December 2019 decreased by 8.8 per cent to £51.0 million (31 December 2018: £55.9 million)

Group Level Corporate Cost Analysis

The table below is prepared on an accruals basis.

Corporate costs	Year ended 31 Dec 19 £ million	Year ended 31 Dec 18 £ million
Net finance costs	**2.0**	4.0
Staff costs	**4.6**	4.5
Fees to Non-Executive Directors	**0.2**	0.2
Legal and professional fees	**2.0**	1.4
Office and administration	**1.3**	1.0
Acquisition related costs	**1.1**	1.1
Taxes (including non-recoverable VAT)	**3.4**	3.0
Corporate costs	**14.6**	15.2

Net finance costs for the year were £2.0 million (31 December 2018: £4.0 million). The Company used the proceeds from the June 2019 share issuance to repay outstanding borrowings resulting in a decrease in finance costs in the year. The £21.0 million of borrowings which remained outstanding at 31 December 2019, were repaid subsequent to the balance sheet date. The cash flow analysis section of this report provides further information regarding utilisation and repayments under the RCF during the year.

Refer to the Remuneration section of this report for further analysis of staff costs during the year.

Ongoing Charges

The Ongoing Charges percentage, presented in the table below, is prepared in accordance with the AIC recommended methodology[29]. The percentage represents the annualised reduction or drag on shareholder returns as a result of recurring operational expenses incurred in managing the Group's consolidated entities, and provides an indication of the level of recurring costs likely to be incurred in managing the Group in the future.

Ongoing charges	Year ended 31 Dec 19 £ million	Year ended 31 Dec 18 £ million
Ongoing charges	**7.5**	6.9
Average undiluted NAV	**858.3**	737.7
Ongoing charges %	**0.88%**	0.93%

As the Group is internally managed, it is not subject to performance fees or acquisition-related fees which are typical in externally managed investment companies. The Ongoing Charges include an accrual for the Short-Term Incentive Plan ('STIP')/bonuses and the Long-Term Incentive Plan ('LTIP') and exclude all non-recurring costs such as the costs of acquisition, financing costs and gains/losses arising from assets.

For the year ended 31 December 2019, certain non-recurring costs were excluded from the Ongoing Charges, most notably acquisition-related advisory costs of £1.3 million (inclusive of VAT), taxation of £3.0 million and net finance costs of £2.0 million.

29 Additional information regarding Ongoing Charges and ongoing charges percentage can be obtained from the AIC website www.theaic.co.uk.

The table below provides a reconciliation of the Ongoing Charges and the Ongoing Charges Percentage to the administration expenses under IFRS.

	Year ended 31 Dec 19 £ million (except %)	Year ended 31 Dec 18 £ million (except %)
Administration expenses to 31 December	**8.5**	7.8
Less: Non-recurring costs as per AIC guidelines		
Non-recurring professional and external advisory costs	**(0.3)**	(0.3)
Personnel costs related to acquisition or non-recurring	**(0.4)**	(0.4)
Other non-recurring costs	**(0.3)**	(0.2)
Ongoing Charges	**7.5**	6.9
Divided by:		
Average undiluted Investment Basis NAV for 2019 (average of 31 December 2019: £858.6 million and 30 June 2019: £858.1 million)	**858.3**	737.7
Ongoing charges percentage	**0.88%**	0.93%

Cashflows

The table below summarises the sources and uses of cash and cash equivalents for the Group.

	Year ended 31 Dec 19 £ million	Year ended 31 Dec 18 £ million
Distributions from Investments at FVPL[1]	**64.0**	55.1
Net cashflows from operating activities	**(10.9)**	(15.4)
Additional Investments at FVPL	**(62.9)**	(90.5)
Net cashflows from financing activities	**33.9**	39.8
Impact of foreign exchange gain/(loss) on cash and cash equivalents	**0.3**	0.8
Net cash outflow	**24.4**	(10.2)

1 These distributions are shown gross of withholding tax. The associated withholding tax outflow is included in Net cashflows from operating activities.

The Group's portfolio of investments performed well during the period, with rebased cashflows[30] ahead of business plan. Distributions from Investments at FVPL, increased during the year by 16.2 per cent to £64.0 million.

Additional investments during the year were financed through a combination of RCF utilisation, Placing proceeds and reinvestment of distributions received from Investments at FVPL.

The Group borrowed under the RCF during the year to finance the acquisition of follow-on investments. The Company used the proceeds from the June 2019 share issuance to repay the borrowings outstanding. A further £21 million was drawn under the RCF in H2 and remained outstanding at 31 December 2019 and was repaid in full subsequent to the year-end. Cash dividends paid during the year ended 31 December 2019 amounted to £40.8 million.

Refer to the Consolidated Statement of Cashflows for further detail of cashflows during the year ended 31 December 2019.

30 Cashflows rebased for investment acquisitions during the year.

For the year ended 31 December 2019, the Group has a cash dividend cover ratio[31] of 1.30x (year ended 31 December 2018: 1.50x) and is calculated as follows:

	31 Dec 19 £ million (except ratio)	31 Dec 18 £ million (except ratio)
Distributions received from Investments	**64.0**	55.1
Less: Net cashflows from operating activities under IFRS (consolidated)	**(10.9)**	(15.4)
Net distributions	**53.1**	39.7
Divided by: Cash dividends paid under IFRS (consolidated)	**40.8**	26.5
Cash Dividend Cover (ratio)	**1.30x**	1.50x

The actual reduction in coverage year on year was due to a lower scrip dividend election in 2019. Management believe this to be a strong coverage ratio and a good proxy as to the ability of the Company to pay target dividends in future.

Balance Sheet

Pro forma Balance Sheet

	31 Dec 19			31 Dec 18		
	Investment Basis[1] £ million	Adjust £ million	Consolidated IFRS £ million	Investment Basis £ million	Adjust £ million	Consolidated IFRS £ million
Investments at FVPL	**846.0**		**846.0**	780.4	–	780.4
Trade and other receivables	**3.9**	**–**	**3.9**	0.8	–	0.8
Other assets and liabilities (net)	**(5.1)**	**0.9**	**(4.2)**	(4.5)	0.8	(3.7)
Net cash (borrowings)	**13.8**	**0.7**	**14.5**	(4.7)	0.8	(3.9)
Derivative financial asset	**–**	**1.4**	**1.4**	2.5	0.9	3.4
NAV attributable to ordinary shares	**858.6**	**3.0**	**861.6**	774.5	2.5	777.0

1 Represents the value of the Group's total assets less the value of its total liabilities under the Investment Basis. The Investment Basis NAV represents the residual interest of the shareholders in the Group, after all the liabilities of the Group, if any, have been settled.

As at 31 December 2019, the Group has 48 availability-based Investments at FVPL (31 December 2018: 48). The main drivers of the net movement in Investments at FVPL are:

— + £62.9 million: from additional equity interests in Ohio River Bridges and the A1/A6 motorway.

— + £69.8 million: from the net effect of unwinding of discount, value enhancements, changes in market discount rates, the impact of foreign exchange losses and revised macro-economic assumptions on portfolio value during the year.

— - £64.0 million: due to cash distributed from the Investments at FVPL during the year.

The derivative financial asset adjustment of £1.4 million during 2019 reflects the fair value of forward currency swaps used to hedge future portfolio distributions. Under the Investment Basis NAV, the contracted forward rates are applied to hedged future distributions and therefore embedded in the Investments at FVPL. The unhedged distributions are converted at the 31 December 2019 closing rate.

As at 31 December 2019, cash and cash equivalents amounted to £34.8 million (£10.4 million as at 31 December 2018).

31 The cash dividend cover ratio is a multiple that divides the total net cash generated in the period (available for distribution to investors) by the total cash dividends paid in the period based on the IFRS cashflows. If the Group has a high dividend cover ratio, there is a lesser risk that the Group will not be able to continue making dividend payments.

Financial Results *continued*

A reconciliation of Net Debt (Cash) as compared to net borrowings under IFRS is as follows:

	31 Dec 19 £ million	31 Dec 18 £ million
Loans and borrowings under IFRS (consolidated)	**20.4**	14.3
Add back: Debt issuance cost under IFRS (consolidated)	**0.7**	1.0
Less: Interest payable under IFRS (consolidated)	**(0.1)**	–
Outstanding loan drawdowns	**21.0**	15.3
Cash and cash equivalents under IFRS (consolidated)	**(34.8)**	10.4
Net Debt (cash) under Investment Basis NAV	**(13.8)**	4.9

Three-year comparative of Investment Basis NAV

	31 Dec 19	31 Dec 18	31 Dec 17
NAV (millions)	**858.6**	774.5	622.5
NAV per share (pence)	**136.2**	133.5	129.9

The Investment Basis NAV increased by 10.9 per cent to £858.6 million at 31 December 2019 (31 December 2018: £774.5 million). This equates to a growth in Investment Basis NAV per share of 2.0 per cent to 136.2p at 31 December 2018 (2018: 133.5p). The Investment Basis NAV per share is the Investment Basis NAV divided by the number of Company shares issued and outstanding. This information presents the residual claim of each Company shareholder to the net assets of the Group.

Corporate Governance

Introduction

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

The Management Board's principal responsibility is the day-to-day management of the Company, including the discretionary investment management of the Company's assets and those of the rest of the Group. In carrying out the function of investment manager via the Management Board, the Company does not engage an external investment manager to provide such services.

The Management Board is otherwise responsible for the overall administration of the Company including the preparation of semi-annual valuations; statutory financial statements; management accounts and the business plan that defines the Company's active approach to asset management. Given its role as investment manager, the Management Board is the primary interface for investor relations, including engagement with the Supervisory Board on shareholders' behalf.

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

Governance and Regulatory Environment

As an internally managed investment company, having effective controls in place is paramount to securing the sound financial and operational performance of the Company's investments. Equally, the Company recognises the importance of effective engagement with its stakeholders, viewing it as a key part of its own long-term success and sustainability.

BBGI is a member of the AIC and as such reports against the AIC Code of Corporate Governance (the 'AIC Code').

Both the Management Board and the Supervisory Board of the Company have considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the 'UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Boards consider that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Whilst BBGI is a non-domiciled publicly listed entity on the UK London Stock Exchange, to whom the UK Companies Act 2006 (the 'CA2006') has limited application, the Company recognises the value that all its stakeholders bring to the business. As such, BBGI acknowledges the requirement for most UK publicly listed companies to make a s172(1) CA2006 statement. Consideration of BBGI's stakeholders, and details of how the Company adopts the spirit of those provisions, whilst not explicitly referenced, are encapsulated throughout this Annual Report. In particular and more generally, see further the Responsible Investment section starting on page 18.

For the most part, the Company has complied with the Principles and Provisions of the AIC Code and where it currently does not, we have explained why not. Those specific Provisions which the Company did not comply with are outlined below along with the page reference where the accompanying explanation for non-compliance can be found:

- AIC Code Provision 10 (at least half the board excluding the chair, should be non-executive directors which the board considers to be independent): Management Board – General section page 56;
- AIC Provision 23 (All directors should be subject to annual re-election by the shareholders): Management Board – General section page 56;
- AIC Provision 22 & 37 (in relation to establishing separate Management Engagement, Nominations and Remuneration Committee): Committees of the Supervisory Board – page 54
- AIC Provision 29 (in relation to chair as a member of the Audit Committee): Audit Committee Report – page 71.

AIFM

During 2019, there have been no material changes in respect of Art. 20 Para. 2(d) of the AIFM Law that would warrant further disclosure to shareholders.

The Board of Directors

As at 31 December 2019

Name	Function	Independence	Age	Original appointment	Next renewal date
Supervisory Board					
Colin Maltby	Chairman of Supervisory Board	Independent	69	3 October 2011	30 April 2020
Howard Myles	Senior Independent Director	Independent	70	3 October 2011	30 April 2020
Jutta af Rosenborg	Independent Director and Chair of Audit Committee	Independent	61	1 July 2018	30 April 2020
Sarah Whitney	Independent Director	Independent	56	1 May 2019	30 April 2020
Management Board					
Duncan Ball	Member of the Management Board	Non-independent	54	5 October 2011	5 October 2020
Frank Schramm	Member of the Management Board	Non-independent	51	5 October 2011	5 October 2020
Michael Denny	Member of the Management Board	Non-independent	42	30 April 2013	30 April 2020

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.

Biographies of Directors

Supervisory Board

Colin Maltby

Independent Chairman of the Supervisory Board

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 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 was Senior Independent Director until 31 August 2018, when he became Chairman.

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 and serves as a Non-Executive Director of a number of listed investment companies.

Howard Myles

Senior Independent Director

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 was Chairman of the Audit Committee until 31 August 2018, when he became Senior Independent Director.

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

Jutta af Rosenborg

Independent Director and Chair of the Audit Committee

Jutta af Rosenborg has extensive experience in management and strategy derived from senior operational roles in a number of companies and vast experience with group finance and auditing, risk management, merger & acquisitions and streamlining of business processes.

Ms af Rosenborg served as the Chief Financial Officer, Executive Vice President of Finance and IT and Member of Board of Management at ALK-Abelló A/S until 2010. Prior to this, Ms af Rosenborg served at Chr. Hansen Holding A/S as its Vice President of Group Accounting from 2000 to 2003. From 1978 to 1992, she worked for the Audit Group at Deloitte.

Ms af Rosenborg was appointed to the Supervisory Board on 1 July 2018 and became Chair of the Audit Committee on 31 August 2018.

Ms af Rosenborg obtained a certificate in Business Administration from Copenhagen Business School in 1982, gained an MSc in Business Economics and Auditing from Copenhagen Business School in 1987 and qualified as a state authorised public accountant in 1992. Ms af Rosenborg serves as an Independent Non-Executive Director on a number of listed companies.

Biographies of Directors *continued*

Sarah Whitney
Independent Director

Ms Whitney has extensive experience in the real estate and finance sectors. She was a corporate finance partner at PricewaterhouseCoopers. She set-up and led the Government & Infrastructure Team at CB Richard Ellis, and was Managing Director of the Consulting & Research business at DTZ Holdings plc (now Cushman & Wakefield).

For the last 15 years, Ms Whitney's career has been focused on the provision of consultancy services to national and local governments, investors, and real estate companies on matters pertaining to real estate, economics, infrastructure and investment. Her early career was spent as an investment banker advising major corporates on M&A transactions.

Ms Whitney has a BSc in Economics & Politics from the University of Bristol and is a fellow of the Institute of Chartered Accountants of England and Wales. She is a Senior Visiting Fellow at the University of Cambridge. Ms Whitney serves as an Independent Non-Executive Director on a number of listed companies.

Management Board

Duncan Ball

Co-CEO and member of the Management Board at BBGI

Duncan Ball has been co-CEO of BBGI from inception and was actively involved in the establishment and IPO listing of BBGI in 2011 and the subsequent growth from 19 assets at IPO to 48 assets currently.

Mr Ball has worked in the infrastructure sector, investment banking and advisory business for over 30 years. As co-CEO of BBGI, he is responsible for overall strategy and management of the Company. He is one of three members of the Management Board and sits on the Investment Committee. Additionally, he is a shareholder representative and holds directorships in key assets of BBGI.

Frank Schramm

Co-CEO and member of the Management Board at BBGI

Frank Schramm has been co-CEO of BBGI from inception and was actively involved in the establishment and IPO listing of BBGI in 2011 and the subsequent growth from 19 assets at IPO to 48 assets currently.

Mr Schramm has worked in the infrastructure sector, investment banking and advisory business for over 24 years. As co-CEO of BBGI, he is responsible for overall strategy and management of the Company. He is one of three members of the Management Board and sits on the Investment Committee. Additionally, he is a shareholder representative and holds directorships in key assets of BBGI.

Michael Denny

CFO and member of the Management Board at BBGI

Michael Denny has over 19 years' experience in corporate finance with a focus on the infrastructure and real estate sectors.

He joined BBGI in early 2012, shortly after the Company's IPO. As CFO of the Group, he is primarily responsible for all corporate financial matters including but not limited to group financial reporting, UK listing requirements, taxation, treasury management and regulatory compliance. Mr Denny is a member of the Management Board and sits on the Group's Investment Committee.

Supervisory Board

General

The Supervisory Board consists of four Independent Non-Executive Directors. Ms Sarah Whitney was appointed to the Supervisory Board on 1 May 2019.

In accordance with the Articles, all members of the Supervisory Board are elected for a period ending at the AGM of the Company in April each year, at which time they are required to retire. They may, if they so wish, offer themselves for re-election by shareholders. However, re-appointment is not automatic.

During the year, the Supervisory Board conducted its own internal performance evaluation, further details of which can be found below. The Supervisory Board believes that its members continue to have an appropriate combination of skills, experience and knowledge to enable them to fulfil their obligations.

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.

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 corporate brokers. The members of the Supervisory Board are informed of investment and financial controls, and other matters relevant to their remit, by the Management Board. Where necessary, both Supervisory and Management Board members also have access to independent professional advice at the expense of the Company.

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. At each meeting, members are required to advise of any potential or actual conflicts of interest prior to discussion.

Role and Responsibilities of the Supervisory Board

The primary role of the Supervisory Board is to supervise the activities of the Management Board. Notwithstanding this, the Directors on both the Management Board and the Supervisory Board are accountable under the Listing Rules as the Listing Rules do not make a distinction between different types of directors. In particular, for such time as the Company's shares are listed on the Official List of the UK Listing Authority, the Supervisory Board and the Management Board act as one in approving any circular or corporate action where the Listing Rules require the recommendation of the board of directors of a publicly listed company (or where such recommendation is customarily given). Any responsibility applied to directors under the Listing Rules applies to all directors of the Company.

The main focus of Supervisory Board meetings is a review of investment performance and associated matters; including risk management, marketing/investor relations, gearing, general administration and compliance, peer group information and industry issues.

The Supervisory Board will continue to regularly consider the Company's strategy taking account of market conditions and feedback from the Management Board, the Company's joint corporate brokers and engagement with shareholders. The Company's investment strategy is considered regularly in conjunction with the Management Board.

In addition, the Supervisory Board is responsible for establishing and monitoring compliance with the Company's investment policy, providing general supervisory oversight to the operations of the Group as a whole; appointing the members of the Management Board, and supervising and monitoring the appointment and performance of the Company's third-party service providers (and those of its subsidiaries). In the case of these latter two roles, the Supervisory Board acts as Nominations Committee and Management Engagement Committee respectively, as described below under Committees of the Supervisory Board.

Each of the Supervisory Board members continues to be considered as independent, and the Supervisory Board is not aware of any circumstances which are likely to impair, or could appear to impair, the independence of any of the Supervisory Board members.

Annual performance evaluation

The Supervisory Board formally evaluates its performance, and that of its Chairman, and considers the term and independence of each member on an annual basis. The Supervisory Board considered the results of this evaluation process by way of questionnaire and agreed that the current composition of both the Supervisory Board and its Audit Committee reflected a suitable mix of skills, experience and knowledge; that each body was functioning effectively, and that the performance of each individual member continued to be effective. We believe the Supervisory Board's effectiveness is greatly enhanced the more diverse it is. Its members bring a varied range of skills and expertise to the benefit of the Company's stakeholders and we are proud that the Supervisory Board has an equal gender balance. The current Chairman's evaluation was also conducted by way of questionnaire, led by the Senior Independent Director, in accordance with Provision 14 of the AIC Code, and the results of which were subsequently discussed with the Chairman and the remaining members. The Chairman's evaluation concluded that he continued to be carrying out his role effectively.

As a FTSE 350 constituent, AIC Code Provision 26 requires that an externally facilitated evaluation of the Supervisory Board must be carried out at least every three years. In December 2019, the Company engaged BoardAlpha Ltd., a UK-based external evaluator, to perform an evaluation of the performance of the Supervisory Board; its committees, the Chair and individual directors. The external evaluation is scheduled to conclude in Q1 2020 and further details will be provided in next year's Annual Report. As a FTSE 350 company, we are fully committed to undertaking externally facilitated reviews at least every three years in accordance with the AIC Code. There is no connection between the evaluator and the Company or any of its individual directors.

Attendance at Supervisory Board meetings during the financial year ended 31 December 2019

Name	Scheduled meetings and attendance	Unscheduled meetings and attendance*	Total meetings and attendance
Supervisory Board	**5**	**2**	**7**
Colin Maltby	5	2	7
Howard Myles	5	2	7
Jutta af Rosenborg	5	2	7
Sarah Whitney**	2***	2	4

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

** Ms Whitney joined the Supervisory Board 1 May 2019 and attended all meetings held during her appointment.

*** Ms Whitney was additionally invited to attend as an observer a Board meeting held on the day of the Company's 2019 AGM.

Other listed company directorships

The members of the Supervisory Board held the following additional non-executive directorship mandates in publically quoted companies at 31 December 2019. Any mandates accepted subsequent to the balance sheet date are indicated below.

Colin Maltby

BH Macro Limited
Ocean Wilsons Holdings Limited

Howard Myles

Baker Steel Resources Trust Limited
The Forest Company Limited
Lazard World Trust Fund SICAF
JP Morgan Brazil Investment Trust plc
Chelverton UK Dividend Trust plc
(formerly Small Companies Dividend Trust plc)

Jutta af Rosenborg

Standard Life Aberdeen PLC
JP Morgan European Investment Trust PLC
NKT A/S
Nilfisk Holding A/S

Sarah Whitney

St Modwen Properties plc
(with effect from 16 September 2019)
JPMorgan Global Growth & Income plc
(with effect from 1 January 2020)

As part of the Supervisory Board's annual performance evaluation process, it was concluded that throughout the reporting period each member had, and was expected to continue to have, sufficient capacity to carry out their duties properly with no one member being over-boarded by their current directorship mandates.

Committees of the Supervisory Board

In accordance with provision 29 of the AIC Code and the Disclosure Guidance and Transparency Rules ('DTR') rule 7.1, the Supervisory Board has a formally constituted Audit Committee. The Audit Committee is the only formally constituted committee of the Supervisory Board.

Audit Committee

The Audit Committee operated throughout the year in accordance with the AIC Code. As indicated above, it does so within clearly defined terms of reference including all matters indicated by DTR 7.1 and the AIC Code. It comprises the four independent Non-Executive Directors who are also members of the Supervisory Board: Jutta af Rosenborg is Chair of the Committee, Sarah Whitney became a member of the Committee when she was appointed to the Supervisory Board in May 2019, and Colin Maltby and Howard Myles are the other members.

The Audit Committee is required to report its findings to the Supervisory Board, identifying any matters on which it considers that action or improvement is recommended. 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 and will disclose any such conflict.

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

The Audit Committee meets not less than three times per year, and at such other times as the Audit Committee Chair may require. Additional meetings may be requested by any other member of the Audit Committee, or the External Auditor, if deemed necessary. Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

Name	Scheduled meetings and attendance during 2019
Audit Committee	**3**
Jutta af Rosenborg	3
Colin Maltby	3
Howard Myles	3
Sarah Whitney*	1

* Ms Whitney became a member of the Audit Committee in May 2019 and attended all meetings held during her period of appointment.

Further details on the Audit Committee and its work during the year can be found in the Audit Committee report starting on page 71.

The Committee Chair attends each AGM of the Company and is prepared to respond to any shareholder questions on the Committee's activities.

The Audit Committee terms of reference are available on the Company's website and can also be requested directly from the Company Secretary.

Other Committee functions

The Supervisory Board carries out the functions of the Nominations Committee, the Remuneration Committee and the Management Engagement Committee, including inter alia making recommendations in relation to the Group's remuneration programme and on proposed changes of the Group's senior personnel. There are therefore no terms of reference in relation to such Committees. When acting in the capacity as these individual Committees, the meetings are chaired by Mr Maltby, the Independent Chairman of the Supervisory Board.

The Supervisory Board considers its size to be such that it would be unnecessarily burdensome to establish separate nominations, remuneration and management engagement committees at no material benefit to the Company and its shareholders.

Remuneration Committee

Acting as Remuneration Committee, the Supervisory Board met four times during 2019 to review the levels and structure of the remuneration, compensation, and other benefits and entitlements of the Management Board of the Company. Further information in relation to both Executive and Non-Executive Directors remuneration can be found in the Remuneration section of this Report.

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

The Nominations Committee oversaw the re-appointment of Cornforth Consulting Ltd., an external search consultancy firm who had previously assisted in facilitating the appointment of Ms af Rosenborg. With their knowledge of investment companies and an understanding of the Company's requirements, Cornforth Consulting Ltd were able to facilitate the appointment of Ms Whitney to the Supervisory Board in May 2019. Apart from this engagement there was no other connection between Cornforth Consulting Ltd and the Company or individual Directors.

As stated under 'Management Board – Performance Evaluation and Reappointment', each member of the Management Board was reappointed for a further year. In respect of succession planning, the detailed plans developed for all senior positions were reviewed. These plans are regularly updated by the Management Board and reviewed with the Supervisory Board at least annually.

Management Engagement Committee
In its role as Management Engagement Committee, the Supervisory Board met on four occasions during the year under review to consider, together with the Management Board, the performance, effectiveness and appropriateness of the ongoing appointments of the Company's third-party service providers under Principle H of the AIC Code. During these meetings the Management Board provide feedback and key findings resulting from any onsite meetings with third party service providers as part of the Company's programme of oversight of delegates and key service providers.

Re-election of Supervisory Board members
In accordance with the Articles, Supervisory Board members are elected for a period ending at the Company's next AGM, at which time they are eligible for reappointment. All members of the Supervisory Board have decided to offer themselves for re-election at the forthcoming AGM and, as a result of the successful performance evaluation, the Supervisory Board recommends the re-election of each.

Management Board

General
The Management Board comprises three members, each contractually engaged by BBGI Management HoldCo S.à r.l., a direct consolidated subsidiary of the Company. As a result, no member is deemed independent under AIC Code Provision 10. However, the Management Board's functions are overseen by the Supervisory Board which itself meets the independence criteria set out in Provision 10. Whilst this two-tier structure is not explicitly covered by the AIC Code, the Company considers that an independent Supervisory Board ensures the Company is compliant with AIC Code Provision 10. Under AIC Code Provision 3, it is the co-CEOs of the Management Board who primarily seek regular engagement with the Company's major shareholders in order to understand their views concerning significant matters. The Chair of the Supervisory Board is, however, always available to undertake such engagement at shareholders' request.

The Company's Articles require that the Management Board's members be elected on an annual basis by the Supervisory Board, and not by shareholders. As a result, this does not meet the requirements of AIC Code Provision 23, which requires that directors should be subject to election by shareholders. However, as the Management Board carries out the role of investment manager, the Supervisory Board deems it appropriate that it elects the members of the Management Board. The Articles also require that the members of the Supervisory Board themselves be subject to annual election by shareholders, who may also dismiss any such member. Accordingly, the Company considers that this procedure satisfies the requirements of AIC Code Provision 23.

Internal controls
The Management Board has established an ongoing process and system of robust internal controls designed to meet the particular needs of the Company in managing the risks to which it is exposed. This process included establishing procedures to manage risk, oversee the internal control framework, and determine the nature and extent of principle risks the Company is willing to take to achieve its long-term strategic objectives. The policies and procedures are reviewed at least annually, together with continual, ongoing monitoring.

A circular from the CSSF, 18/698, (the 'Circular') governing the authorisation and organisation of investment fund companies based in Luxembourg was published in August 2018. In addition to confirming the existing obligations applicable to an AIFM, the Circular required investment management companies to comply with new provisions in relation to governance and administration, internal controls, anti-money laundering and terrorist financing, as well as key functions including delegated activities, marketing, internal administration, procedures and valuation.

The Circular also included the requirements in respect of the compliance and internal control functions of the Luxembourg investment management companies in one single document, which were previously covered by CSSF Circular 04/155 and IML Circular 98/143.

Following publication of the Circular, the Company engaged an external advisor to assist in undertaking a comprehensive analysis of existing governance and controls against the Circular requirements and to devise and implement a plan to be compliant with the Circular. We are confident that this process has further strengthened the Company's already robust governance framework and internal controls.

At each quarterly meeting, the Supervisory Board monitors the Company's investment performance against its stated objectives and reviews its activities to ensure that the Management Board is adhering to the investment policy and guidelines – including clearly defined investment criteria, returns targets and risk appetite. During these meetings, the Management Board reports in relation to Key Performance Indicators ('KPIs') on operating performance, cash projections, investment valuations and corporate governance matters.

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

Performance evaluation and reappointment
As stated above, the Management Board carries out the functions of the Company's investment manager, and its Directors are appointed by the Supervisory Board for a period of one year, which is renewable. Mr Ball and Mr Schramm were both originally appointed on 5 October 2011 at the time of the Company's IPO, with Mr Denny originally appointed to the Management Board on 30 April 2013.

Re-election of the Management Board members
The Supervisory Board evaluates the performance of the Management Board and its Directors annually to ensure that the Management Board and its individual members continue to operate effectively and efficiently, and that the continued appointment of the individual Directors is in the best interests of the Company and its shareholders. Satisfied with the evaluations carried out in 2019, the Supervisory Board resolved to renew Mr Denny's appointment for a further term of one year with effect from 30 April 2019, and those of Mr Ball and Mr Schramm for a further term of one year with effect from 5 October 2019.

Attendance at Management Board meetings during the financial year ended 31 December 2019

Name	Scheduled meetings and attendance	Unscheduled meetings and attendance	Total meetings and attendance
Management Board	**13**	**14**	**27**
Frank Schramm	12	14	26
Duncan Ball	13	14	27
Michael Denny	13	14	27

Delegated functions

Amongst other requirements, the Company is required under the AIFM Law to have dedicated Risk Management, Compliance, and Internal Audit functions; each of which is required to be both functionally and hierarchically separate from the functions of the operating units. Accordingly, the following third-party service providers, which are experts in their respective fields, have been appointed to these roles and were engaged during the year ended 31 December 2019:

- **Risk Management:** IQ EQ Fund Management (Luxembourg) SA[32]
- **Compliance:** 99 Advisory Luxembourg
- **Internal Audit:** Grant Thornton Vectis

Other key delegates and providers are noted below:

- Custodian, Depositary, Paying Agent, Transfer Agent: RBC Investor Services Bank S.A.
- Depository (UK)[33]: Link Market Services Trustees (Nominees) Limited
- Information Technology: G.I.T.S. PSF

Notwithstanding each of the above functions, the Company's Management Board retains overall responsibility for the correct and effective operation of the delegated functions.

During 2019, in recognition of the Company's continued growth and as a result of a market-wide increase in regulatory oversight and complexity of compliance requirements, the decision was taken to internalise the Compliance and Risk Management functions. In October 2019, the Company hired a new full-time employee as Head of Risk and Compliance. Formal approval of this appointment was received from the regulator with effect from 10 January 2020, prior to which the functions had remained with the delegated providers. An orderly handover from both of the delegated functions to the new Head of Risk and Compliance began in Q4 2019 and concluded during the first quarter of 2020.

During the year, following an internal restructuring within the Grant Thornton Luxembourg ('GTL') group, there was a change of service provider for Internal Audit. The service provider remains part of the GTL group of companies, who have previously been providing BBGI with Internal Audit services through the Grant Thornton Advisory entity. There was no change of personnel and GTL would continue to provide its Internal Audit services to BBGI through Grant Thornton Vectis, which received its PSA (Professionel du Secteur des Assurances) licence from the Commissariat Aux Assurances prior to the restructure.

32 Formerly called SGG Fund Management S.A.

33 The UK Depository facilitates the holding of shares in non-certified form which enables those holders to trade their shares on the secondary market thereby providing liquidity for what is otherwise a closed ended fund holding a portfolio of illiquid assets.

Management Board *continued*

Board members and other interests

The members of the Management Board are also BBGI Management HoldCo S.à r.l. managers. Mr Ball and Mr Schramm both hold service contracts and Mr Denny holds a management contract in respect of BBGI Management HoldCo S.à r.l. Otherwise, no other member of the Group held service or management contracts during the year under review.

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

Mr Maltby, Mr Myles, Ms af Rosenborg and Ms Whitney are all considered to be independent Board members as they: (i) have not been employees of the Company; (ii) have not had material business relationships with the Company; (iii) have not received performance-based remuneration from the Company; (iv) do not have family ties with any of the Company's advisers, directors or senior employees; (v) do not hold cross-directorships or have links with other directors through involvement on other companies; (vi) do not represent a significant shareholder; and (vii) have not served on the Board for more than nine years.

Board members' shareholdings

In thousands of shares	31 Dec 2019	% of issued share capital	31 Dec 2018
Colin Maltby	**123**	0.019	123
Sarah Whitney	**25**	0.004	–
Duncan Ball	**431**	0.068	428
Michael Denny	**138**	0.022	79
Frank Schramm	**418**	0.066	418
	1,135	0.180	1,048

Remuneration

Supervisory Board remuneration

The Supervisory Board members are the Company's Non-Executive Directors and are paid a fixed quarterly fee. In its capacity as the Remuneration Committee, the Supervisory Board consider the Non-Executive Directors' fees annually based on the advice and recommendations of the Management Board. No member of the Supervisory Board is entitled to vote on his or her own remuneration. Supervisory Board members are not entitled to any other fees, pension payments, incentive plans, performance-related payments or any other form of compensation; with the exception of ex gratia fees that are considered in the event of exceptional and substantial increase in the members' workload.

The Chairman of the Supervisory Board is entitled to a fixed annual fee of £65,000. The Senior Independent Director and the Chair of the Audit Committee are each entitled to a fixed annual fee of £50,000 and remaining Supervisory Board members are entitled to a fixed annual fee of £45,000.

The table below outlines the fees paid in Sterling to each of the Supervisory Board members in 2018 and 2019.

2019	Annual fee paid	Ex Gratia entitlements*	Total
Colin Maltby	**65,000**	**5,000**	**70,000**
Howard Myles	**50,000**	**5,000**	**55,000**
Jutta af Rosenborg	**50,000**	**5,000**	**55,000**
Sarah Whitney	**30,000**	**5,000**	**35,000**
	195,000	**20,000**	**215,000**

2018	Annual fee paid	Ex Gratia entitlements	Total
David Richardson	43,333	20,000	63,333
Colin Maltby	55,000	15,000	70,000
Howard Myles	50,000	15,000	65,000
Jutta af Rosenborg	25,000	5,000	30,000
	173,333	55,000	228,333

* In addition to the standard fees each director was entitled to ex gratia fees during 2019 in relation to the June 2019 equity issue.

Executive and staff remuneration

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

The Company has continued to comply with the main provisions of the AIC Code in respect of remuneration. In its capacity as the Company's Remuneration Committee, the Supervisory Board reviews the level and structure of annual remuneration to which the Management Board members and employees of the Group are entitled. Appropriate benchmarking with comparable listed companies is periodically undertaken with the intention of ensuring that the remuneration programme remains competitive. As part of this process, and in acknowledgement of the Company becoming an established constituent of the FTSE 250, the Remuneration Committee will engage an external consultant during H1 2020 to conduct a review of the current remuneration structure against those of other comparable FTSE 250 companies to ensure the remuneration packages of the Company's Management Board members and employees of the Group remain competitive.

Other than the LTIP payment mechanism – which is subject to shareholder approval – the Supervisory Board is responsible for setting the remuneration levels and targets of the Management Board.

Remuneration *continued*

Remuneration programme objectives

The objectives of the remuneration programme are to:

- Attract and retain highly qualified executives and employees with a history of proven success.
- Align the interests of the Group's Management Board and employees with shareholders' interests, the execution of the Company's investment policy and the fulfilment of the Company's investment objectives.
- Support strategy and promote long-term sustainable success.
- Establish performance goals that, if met, are expected to be accretive to long-term shareholder value.
- Link compensation to performance goals and provide meaningful rewards for achieving these goals. This includes performance on ESG and health & safety factors.

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

Management Board remuneration

Each member of the Management Board receives an annual base fee payable monthly in arrears and participates in a LTIP. In addition, each member participates in a STIP. No member of the Management Board receives an additional fee for acting as a member of the Management Board.

Both Mr Denny and Mr Schramm receive all cash entitlements under the remuneration programme in Euro. Mr Ball receives all cash entitlements in Canadian Dollars. Payments in currencies other than Sterling (the reporting currency of the Group) can result in both positive and negative foreign exchange movements. No Management Board member is involved in deciding their own remuneration outcome.

Executive contracts

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

- The Threshold, Target and Maximum levels of the STIP are set at 50 per cent, 100 per cent and 125 per cent of the total base fee paid in the year respectively.
- The Threshold, Target and Maximum levels of the LTIP awards are set at 50 per cent, 100 per cent and 150 per cent of the base fee at the date of grant.
- LTIPs granted will be settled in shares.
- An expected shareholding of 150 per cent of the base fee was set, which could be attained over a five-year period commencing May 2014.
- Malus clauses enabling unpaid bonuses to be withdrawn are included for both the STIP and LTIP.

Mr Denny's 2019 STIP performance objectives set a target payment of €135,000 up to a maximum of payment of 125 per cent of target. LTIPs awards issued to Mr Denny each have a maximum value at their respective award dates of €100,000.

Notice periods to and from the Company of 12 months apply in respect of Mr Ball and Mr Schramm with a period of six months applying to Mr Denny.

Fixed remuneration

The combined annual base fee received by the members of the Management Board during the year ended 31 December 2019 was £989,046 (2018: £965,855).

In addition to their base fees, both Mr Schramm and Mr Ball received a monthly car allowance during the year amounting to £27,696 (2018: £27,541) and a supplementary annual payment to provide pension, retirement or similar benefits equating to 15 per cent of their annual base fee.

Variable remuneration

Short-term incentive plan ('STIP')

The Supervisory Board, acting in its capacity as Remuneration Committee, is responsible for determining both whether the relevant financial and non-financial performance objectives have been satisfied and the level of award under the STIP for the relevant year. If agreed, awards will be paid after the accounts have been audited and approved at the Annual General Meeting of the Company.

During the year ended 31 December 2019, the total amount accrued in respect of the 2019 STIP amounted to £1,089,522 (2018: £897,663). Payments under the STIP are made in Canadian Dollars and Euro.

Long-term incentive plan ('LTIP')

During the year the total amount accrued against those LTIPs which have been awarded but had not vested was £561,330 (2018: £485,000).

As of 31 December 2019, the total amount accrued in respect of all LTIPs which have been awarded but have not vested amounted to £965,330 (2018: £837,000). Further details on the individual awards are set out below.

A key feature of these awards is that they will be settled entirely by way of Company shares and not in cash. All awards, which are to be settled by shares, fall under the scope of IFRS 2 'Share-Based Payments' and its specific requirements. The Company continues to engage EY to carry out the valuation of awards falling under the scope of IFRS 2 with the resulting valuation being used as the basis for the cost to be amortised over the return period. Refer to the Consolidated Financial Statements for further detail on share-based payments. The below table outlines the amount expensed during the year for each of the outstanding share-based LTIP awards.

In thousands of Pounds sterling		**Year Ended 31 December 2019**	**Year Ended 31 December 2018**
Award date	Return Period		
2015	Dec 2015 to Dec 2018	**–**	216
2016	Dec 2016 to Dec 2019	**270**	132
2017	Dec 2017 to Dec 2020	**134**	137
2018	Dec 2018 to Dec 2021	**157**	–
2019	Dec 2019 to Dec 2022	**–**	–
		561	485

The 2019 award was issued in December 2019. No expense was accrued for this particular award during the reporting period.

During the year ended 31 December 2019, the Company settled the 2015 award obligation by issuing the respective gross share entitlement to each member of the Management Board. In total the Company issued and allotted 696,998 shares by way of settlement.

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

Total basic and variable remuneration for the financial year

The total basic remuneration paid to all members of staff (including the Management Board members) during the year ended 31 December 2019 was £2.45 million (2018: £2.33 million). The total amount accrued for cash settled variable remuneration at 31 December 2019 was £1.45 million. The total variable remuneration paid in cash in 2019 relating to the financial year ended 31 December 2018 was £1.43 million.

Remuneration and AIFM law

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

The Company's position

As part of the AIFM authorisation application, the Company obtained the following derogations from the CSSF, on proportionate grounds, from three of the remuneration policy principles: i) to pay a substantial part of the variable remuneration in shares; ii) the *ex post* incorporation of risk for variable remuneration ('malus' or 'clawback'); and iii) to establish a formally constituted Remuneration Committee. Accordingly, the Company has technically disapplied these three remuneration policy principles, but has applied the spirit of the rules. All LTIPs will be settled in Company shares. As mentioned above, the Supervisory Board acts as the Company's Remuneration Committee.

Remuneration *continued*

Board tenure and diversity

The Supervisory Board, in its capacity as the Nominations Committee, and the Management Board regularly reviewed the succession plans for the Company. As part of a structured succession plan, each of the original Non-Executive Directors is planning to retire on a staggered basis and the Company is recruiting additional independent directors over a timeframe that enables the knowledge and experience built up over the preceding years to be both retained and enhanced.

The Boards of BBGI take into full consideration both the gender and ethnic diversity of their composition. They fully acknowledge the Hampton Alexander Review on women on Boards and the Parker Review on Ethnic Diversity on Boards. Female representation on the Supervisory Board currently stands at 50 per cent, exceeding the aim of the Hampton-Alexander review of having at least one third representation of women on the Boards of FTSE 350 companies by the end of 2020. The Company recognises that the aims set by Hampton-Alexander should be considered to extend down to the Management Board, as well as direct reports to them. With a relatively low turnover and small number of staff across the Group, the Boards are mindful of the limited opportunities that exist to appoint more women and employees of more diverse nationality, race and ethnicity to senior roles within the Company. Since becoming a FTSE 350 constituent, 50 per cent of appointments at both Boards and direct reporting levels were female, and 25 per cent were from a non-white background. As at 31 December 2019, 14 different nationalities were represented by the Group's employee base of 21 people.

In recruiting new Directors, the Nominations Committee actively seek greater diversity by gender, ethnicity, nationality and other criteria, whilst remaining committed to selecting members on merit with relevant and complementary skills to help the Company maximise stakeholder value.

The Company will continue to make future appointments at all levels on the basis of the full merits of the individual candidates, and the strengths, skills and experience that they would bring to the composition and balance of the Boards or Company as a whole. The process of appointing any new Directors is led by the Independent Directors.

General Meetings

2019

The AGM on 30 April 2019 was the only shareholder meeting held during the year. The notice of this meeting (and associated documents) and the results of the meeting may be found in the Investor Relations section of the Company's website. Under AIC Code Provision 4, no votes of 20 per cent or more were cast against the Board recommendation for a resolution.

2020

The next Company AGM will be held on Thursday 30 April 2020 at the registered office address. The Notice of Meeting, proposed Resolutions and Explanatory Notes, and the associated Proxy Form, will be circulated to shareholders to meet the regulatory deadlines. These will also be made available on the Company's website.

Substantial shareholdings

As at 31 December 2019, pursuant to DTR5 of the FCA's Disclosure Guidance and Transparency Rules, the Company had received notice of substantial interests (5 per cent or more) in the total voting rights of the Company as follows, in compliance with DTR 7.2.6R:

Name	Held	% of total share capital
M&G plc	80,186,622	12.72%
Schroders plc	47,392,362	8.96%
Newton Investment Management Limited	39,947,825	8.46%
Baillie Gifford & Co[34]	31,444,153	5.42%
Investec Wealth & Investment Limited	31,569,569	5.01%
Smith & Williamson Holdings Limited	28,885,124	5.00%

34 Holding fell below 5 per cent subsequent to the balance sheet date.

Administration

Incorporation and administration

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

Articles of Association

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

A copy of the current Articles, which were most recently amended by shareholder approval on 29 August 2018, is available for inspection at the Company's registered office during normal business hours.

Viability

Viability statement

As part of their ongoing process of monitoring risk, and as required by the AIC Code Principle N and Provision 36, the Directors have considered the viability and prospects of the Company for a period of the next five years.

This period continues to be considered an appropriate and acceptable length of time in which to consider the risks of the Company continuing in existence. In making this judgement, the Directors have considered detailed information provided at Board meetings, including:

- The Company's investment policy and the investment pipeline.
- The long-term and contractual nature of the Company's investments.
- Investment reviews.
- The Company's risk profile and key risk indicators (including the principal risks and uncertainties).
- Current relevant financial and economic information.
- Long-term economic assumptions.
- Scenario testing.
- Annual and semi-annual valuations.

Each of the principal risks and uncertainties the Company faces, along with detailed descriptions of the areas and factors of the risks as well as explanations of the processes by which the Boards monitor, review and assess them, can be found in the Governance section of this Annual Report and under the heading Risk.

The Company has put in place a robust risk and internal controls framework with the objectives of reducing the likelihood and impact of poor decision-making, risk-taking above agreed levels, and human error. More about this framework can be found within the corresponding section under the heading Committees of the Supervisory Board.

The Boards regularly review and assess the principal risks facing the Company including and in particular those that could threaten its business model, strategy, solvency, liquidity and future performance. All risks identified are assessed based on (i) probability of occurrence, (ii) impact and (iii) mitigation measures in place. They are then scored and ranked in accordance with remaining residual risk and monitored on an ongoing basis by the Management Board.

In addition to the risk management and mitigation in place, a valuation of each asset is carried out every six months at each of the Company's financial half-year and year-ends (30 June and 31 December, respectively). Such valuations are based on long-term discounted future cashflows that are themselves predominantly based on long-term contracts and other assumptions which together form a key part of the overall viability assessment. Once complete, each valuation is independently reviewed by an independent third-party valuer and is also subject to audit/review by the Company's External Auditor.

A key part of the viability assessment is analysing how the Company's NAV will be impacted in stressed macro-economic scenarios. This provides further insight into how the Company is likely to perform when affected by variables and events that are inherently outside of the control of the Boards and its risk management framework. As part of this assessment, the Management Board has given consideration to the risk posed by Covid-19 and the impact it could have on the Company and the performance of its underlying investment portfolio.

A more detailed description of the valuations, assumptions and stress-testing applied can be found in the Valuation section of the Strategic Report.

Following the assessment, the Board has a reasonable expectation that the Company will be able to continue in operation and meet all of its liabilities as they fall due up to March 2025. This assessment is subject to the continued availability of sufficient capital and market liquidity to allow for the refinancing/repayment of any short-term recourse RCF obligations which may be due and that the Company's investments are not materially affected by retrospective changes to government policy, laws or regulations.

The Company is also subject to a biennial shareholder continuation vote, the next of which is scheduled to take place at the 2021 AGM of shareholders.

Risk

The Company's approach to internal controls is risk based. The Company's Risk Management Function facilitates the Management Board's responsibility to effectively govern and manage the Company's approach to risk. The Company does not operate in a risk-free environment. In an uncertain environment, proactive action is required to address risks in order to achieve the business and investment objectives.

All material risks are identified, analysed, assessed, reported and managed. Risks to the Company are identified as early as possible so as to minimise their impact and are classified according to the following risk types;

- Market risk
- Counterparty risk
- Credit risk
- Liquidity risk
- Operational risk

All identified risks are analysed during the risk reporting process to identify the range of possible impacts on the Company. A review is undertaken to determine which risks are the material risks to pursue and respond to, and which risks require no further attention, thus arriving at a material risk universe. The Risk Management Function performs a risk assessment to determine the likelihood that a predefined event will occur and the impact it would have. This includes an estimation of the levels of risks involved in a particular situation, their comparison against benchmarks or standards, and determination of an acceptable level of risk.

The Risk Profile is designed to assess material risks. For the material risks identified, the Company's Risk Manager advises on the key risk indicators to be included in the Risk Profile and suggests appropriate quantitative and qualitative limits to mitigate the potential impact of those risks, which are discussed and approved by the Management Board before being formally included in the Risk Profile.

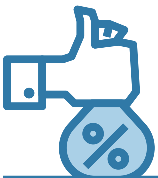
Below is a list of material risks related to the reporting period, as identified by the Risk Management Function, and validated by the Management Board. The inherent risk has been assessed and relevant mitigating factors been applied, to arrive at a remaining residual risk, which has been deemed manageable and acceptable by the Management Board.

ECONOMIC AND MARKET RISKS

	Risk description	Risk mitigation
Foreign Exchange	A significant proportion of the Company's underlying investments – 68 per cent of portfolio value at 31 December 2019 – are denominated in currencies other than Sterling. The Company maintains its financial statements, prepares the valuation and pays distributions in Sterling. There is a risk that fluctuations in exchange rates between Sterling and the relevant local currencies will adversely affect the value of the Company's underlying investments, the distributions and the ultimate rate of return realised by investors.	Currency-hedging arrangements in respect of the non-Sterling portfolio distributions denominated in Australian Dollars, Canadian Dollars, Norwegian Krone and US Dollars for a period of four years in order to mitigate some of this risk. In addition to cash flow hedging, our strategy is also to hedge a portion of the non-Sterling, non-Euro portfolio to reduce NAV sensitivity to approximately 3 per cent for a 10 per cent adverse FX movement. Euro-denominated fund running costs provide a natural hedge against the Euro-denominated portfolio distributions. Furthermore the ability to draw on the RCF in the currency of the underlying asset distributions provides an additional hedging possibility. BBGI has investments in five currencies other than Sterling, so there is some natural diversification amongst the underlying currencies. Refer to the sensitivity / stress test analysis in the Valuation section of the Strategic Report on page 35 in relation to foreign exchange rates.
Interest and deposit rates	The Company's performance may be adversely affected by changes in interest rates. BBGI has an exposure to interest rates through borrowings under the RCF, debt at the Project Company level and cash deposits. The Project Companies 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 that varies depending on country and historical long-term averages. The effect on investment returns if deposit rates exceed or fall below the projections for this long-term rate is dependent on the amount of deposits.	The Project Companies have sought to hedge substantially all of their floating rate interest liabilities against changes in underlying interest rates with interest rate swaps. At the Group level, BBGI maintains deposits at low levels with the Company only raising capital when there is a clear strategy for the deployment of proceeds. Refer to the sensitivity / stress test analysis in the Valuation section of the Strategic Report on page 35 in relation to deposit rates of the Project Companies.
Inflation	The Company's performance may be adversely or positively affected by higher or lower than expected inflation and prolonged periods of deflation could result in defaults under loan arrangements. The revenues and expenditure of Project Companies developed under PPP are frequently partly or wholly subject to indexation. From a financial modelling perspective, an assumption is usually made that inflation will increase at an assumed rate (which may vary depending on country). The effect on investment returns if inflation exceeds or falls below the projections for this rate is typically dependent on the nature of the underlying asset earnings, the extent to which the Project Company's costs are affected by inflation and any unitary charge indexation provisions agreed with the client on any asset.	Project companies typically mitigate this risk to some extent by seeking to match the indexation of the revenues to the indexation of the operational cost. The Company and the service providers for the underlying project companies continually monitor any potential or actual changes. Refer to the sensitivity / stress test analysis in the Valuation section on page 35 of the Strategic Report in relation to inflation rates of the Project Companies.
Volatility of discount rates	The Company uses a discounted cash flow methodology to value its portfolio of investments. Higher rates may have a negative impact on valuation while lower rates may have a positive impact.	BBGI uses a market-based evaluation to determine a base discount rate for steady-state, operational availability-style projects. Adjustments may then be applied to the base rate to reflect variances from the average benchmark when determining the project-specific adjustments. Changes in market rates of interest (particularly government bond yields) may impact the discount rate used to value the Company's future projected cashflows and thus its valuation. The NAV is stress tested periodically for changes in discount rates. Refer to the sensitivity analysis in the Valuation section of the Strategic Report in relation to discount rates of the Project Companies on page 35.

ECONOMIC AND MARKET RISKS CONTINUED

Coronavirus (Covid-19)	Since the outbreak of the coronavirus (Covid-19) in December 2019, it has since been declared a global pandemic by the World Health Organisation (WHO), post-period end. As a result, there has been materially increased market volatility and macroeconomic uncertainty, prompting several monetary and fiscal policy interventions to manage what has become a severe global economic shock. Due to a period of likely prolonged macroeconomic uncertainty, the ultimate long-term impact of Covid-19 remains unclear. Near-term, the operations of infrastructure assets could potentially be impacted due to supply-chain disruptions.	The Company's portfolio is 100 per cent operational and relies on 100 per cent availability-based revenues. This means that the Company is not exposed to changes in the underlying demand of each asset. At the time of publication of this Annual Report, there was no evidence to suggest material disruption to the Company and financial performance is not expected to be materially affected. However, as there is naturally significant uncertainty around how the pandemic will evolve and therefore it is difficult to foresee all consequences or disruptions potentially arising from the coronavirus. The timing of potential equity issuances may be impacted, but this will not likely restrict the Company's access to capital in the medium-term. The Group has a four-year £180 million Revolving Credit Facility, with a further £70 million incremental uncommitted accordion tranche. As at 31 December 2019, the Group had utilised £22.2 million. As an active asset manager, the Company continues to be in close dialogue with its facilities managers and operators. This is to ensure that where the Company can take mitigating actions to support the health and well-being of its stakeholders, it will. As part of this process Management have requested all FM and O&M contractors to review their Business Continuity Policies in light of the Covid-19 virus outbreak. At the time of publication there were no indications from any contractor that they would not be able to continue to deliver contracted services to their respective projects The Company does not foresee any material impact on its own workforce, given the already decentralised nature of the Management Board, asset management teams and our internal infrastructure (e.g. information technology), and its inherent flexibility to work from remote locations. The impact of global travel restrictions does mean that personal engagement with the Company's clients will be more limited, although easily mitigated through remote communication. The primary focus of the Company is to ensure the health and well-being of all its stakeholders, including employees – and with the support of the Company's facilities managers and operators – that our assets remain available to all users.



TAXATION RISKS

	Risk description	Risk mitigation
Changes to tax legislation, treaties and rates	There is a continued risk that enacted changes in tax law, tax rates and global tax initiatives could have an adverse effect on the Group's cashflows thereby reducing the returns to investors.	Certain risks, such as changes to corporation tax rates, cannot be prevented or mitigated. Management works closely with the Group's global tax advisers and are briefed periodically on relevant tax developments. BBGI has a globally diversified portfolio of assets, thereby reducing the tax concentration risk of any one country. Refer to the sensitivity analysis in the Valuation section of the Operating and Financial Review on page 35. Refer to the macro-economic assumptions in the Valuation section of the Strategic Report, in relation to tax rates of the Project Companies.

POLITICAL RISKS

	Risk description	Risk mitigation
Change in law/ regulation	Different laws and regulations apply within the countries where the Company and the Project Companies are located. There is a risk that changes in laws may have an adverse effect on the performance of the underlying investment that in turn will affect the cashflows derived from the investments and/or the valuation of the investments.	The Management Board seeks regular briefings from its legal and tax advisers to stay abreast of impending or possible changes in law. Change in law provisions are included in some contracts, thus providing further mitigation. BBGI has a globally diversified portfolio of assets, thereby reducing the Group's exposure to change to any one country.
Brexit	The Company is incorporated in Luxembourg and is listed on the London Stock Exchange raising questions around the continuity of listing and marketing in the UK after the transition period ends. The UK's departure from the EU also poses a risk to performance of the wider UK economy, which may adversely impact the performance of certain infrastructure asset classes.	*The UK Temporary Permissions Regime* EEA (European Economic Area) AIFMs can currently market in the UK through the AIFMD marketing passport. The passporting regime is subject to negotiation between the EU and UK following the UK's withdrawal from the EU ('the transition period'). To ensure that UK investors have continued access to these EEA AIFs, the UK government put forward legislation to establish a temporary permissions regime ('TPR') enabling EEA AIFs and AIFMs that have notified the FCA of their intention, to continue to access the UK market for a limited period after the transition period ends. To enter the regime, BBGI has informed the FCA and indeed the CSSF that it wishes to have temporary permission to be marketed in the UK. To continue marketing the Company in the UK after the end of the TPR, the Company must notify under the UK national private placement regime and will be directed by the FCA to make this notification within two years from the end of the transition period. Regarding portfolio performance, while the outcome of the UK's departure from the EU still contains some uncertainty, BBGI's portfolio cashflows are contracted and, unlike demand-based assets, are not sensitive to the performance of the wider economic environment.
Voluntary Termination Risk	While less a political issue given the outcome of the UK's December 2019 general election, there remains a risk in all countries where BBGI invests that public sector clients of portfolio companies choose to exercise their right to voluntarily terminate the contracts and take over management of the projects. In case of such a voluntary termination, the public sector is typically contractually obliged to pay compensation amounts on termination to both the equity holders and the debt providers and depending on the circumstances to other parties. While the provisions vary between PFI contracts, they generally ensure that the investor is paid either market value for the equity interests or a value to achieve the originally projected IRR and in these cases, where the compensation amount is less than current valuation levels the Company would suffer a loss.	We remain unconvinced by the practicalities of terminating PPP contracts given the complexities involved and the overall compensation that would currently be required to terminate these contracts. The Management Board believes there are several mitigants or deterrents to the risk of voluntary termination of contracts: Most transactions were agreed at a time when interest rates were significantly higher than currently. As interest rates have fallen, swaps have become 'out of the money' for the project companies, so any public body wishing to terminate a contract would need to cover the cost of the swap breakage fee. The project company equity investors would typically also need to be compensated, often requiring a compensation payment, as well as the public sector being required to budget for the on-going provision of the service.

FINANCIAL RISKS

	Risk description	Risk mitigation
Valuation/poor investment selection	The most significant risk of material misstatement in the Company's financial statements continues to be the fair valuation of the investment portfolio, and the discount rates applied and the key Assumptions when valuing these investments. There is a risk that errors may be made in the assumptions, calculations or methodology used in a periodic valuation process or during the acquisition due diligence process. In such circumstances, the figures and/or the returns generated by the Project Company may be different to those estimated or projected.	The Company's portfolio value is prepared semi-annually by an experienced internal team, overseen by the Management Board. The valuation is then independently reviewed by an independent, third-party valuer, and finally reviewed/audited by the Company's auditor. BBGI has developed a robust asset acquisition due diligence process. Typical due diligence includes model audit, legal, tax, technical, ESG, anti-money laundering and insurance reviews. All key assumptions used in the valuation process are subject to sensitivity testing. The outcome of this sensitivity / stress test analysis is included in the Valuation section of this Strategic Report on page 35.

OPERATIONAL RISKS

	Risk description	Risk mitigation
Construction defects	The budget, and therefore the risk, of certain key operational costs in relation to construction defects lies with the portfolio company. There is a risk that the budget to rectify lifecycle risks could prove to be insufficient.	In general, project companies are able to submit claims against construction subcontractors when it comes to defects in the design, construction or commissioning of project assets. This right to claim applies for a pre-determined period of time following the completion of construction (the 'statutory limitations period') and this may differ between jurisdictions. If disputes were to arise, an arbitration or court process may be used, however escalations in this manner have historically been remote. At the point that the statutory limitations period has ended, the risk of remediation of construction defects which are identified after this point typically falls to the project company itself and is an equity risk. In addition, there may be other situations, for example where a subcontractor becomes insolvent, and may no longer be able to fulfil its obligations to correct these defects.
Lifecycle risk	During the life of an investment, components of the assets (such as for example asphalt or concrete in the case of roads and elevators, and roofs and air handling plants in the case of buildings) are likely to need *inter alia* to be replaced or undergo a major refurbishment. There is a risk that the actual cost of replacement/refurbishment will be greater than the forecast cost or the timing of the intervention may be earlier than forecast.	Of the 48 assets in the BBGI portfolio, 16 Project Companies retain the lifecycle obligations. The remaining 32 assets have this obligation passed down to the subcontractor. The timing and costs of such replacements or refurbishments is forecast, modelled and provided for by each Project Company based upon manufacturers' data and warranties, and specialist advisers are usually retained by the Project Companies to assist in such forecasting of lifecycle timings, scope of work and costs. Refer to the sensitivity/stress test analysis in the Valuation section of the Strategic Report on page 35 in relation to lifecycle costs.
Subcontractor credit risk	The risk of a subcontractor service failure or subcontractor insolvency which is sufficiently serious to cause a Project Company to terminate or to be required by the client to terminate a subcontract. There may be a loss of revenue during the time taken to find a replacement subcontractor. Furthermore, the replacement subcontractor may levy a surcharge to assume the subcontract or charge more to provide the services.	For assets under construction, there are a number of mitigants and steps taken to manage this risk: – In the case of a construction joint venture consisting of two or more counterparties, these are typically jointly and severally liable, meaning if one party fails, the other is obligated to take over the obligations. – A contractor replacement analysis is performed as part of the initial due diligence. – The construction subcontractors are typically required by lenders to provide a robust security package often consisting of letters of credit, parent company guarantees and performance bonding. Many of the same mitigants are in place for assets once they become operational. Other mitigants during operations include: – Periodic benchmarking of defined facility services on some assets. – Diversified group of subcontractors with no substantial concentration risk. – Ongoing subcontractor monitoring.

OPERATIONAL RISKS CONTINUED

	Risk description	Risk mitigation
Cyber attack	The threat of cyber-attack has meant that businesses can no longer afford to be reactive. A cyber-attack could not only affect BBGI's reputation but could also affect the Group legally, financially and operationally.	BBGI has taken a number of measures in order to reduce the risk of a cyber-attack, some of which are outlined below. The Company has outsourced the hosting of its IT platform to an industry specialist. In doing so, BBGI obtains the benefit of having access to IT security experts, with the platform being monitored by an advanced IT security system, something that might not be cost effective if the Company's IT infrastructure was maintained onsite. BBGI engages an external expert to carry out an annual intrusion test on the IT platform in order to identify and patch any vulnerabilities that might be identified. Business continuity tests are performed regularly, disaster recovery tests are performed annually and staff undergo cyber security training.

STRATEGIC RISKS

	Risk description	Risk mitigation
Premium/discount to NAV	The risk of share price volatility or trading at a discount to NAV leading to shareholder dissatisfaction.	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 cent per annum of the ordinary shares in issue. In addition, a continuation vote is offered to shareholders every two years, the next of which will be proposed at the Company's AGM on 30 April 2021. Furthermore, the Management Board meets regularly with shareholders and receives regular briefings from the Company's brokers to manage investor relations.
Access to capital	There is a risk that a disruption to the equity markets could lead to an inability to raise new capital. Such a disruption could limit the Company's ability to grow and its ability to repay debt drawn under its RCF. 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. Although the Company has had a credit facility in place since July 2012 (which was subsequently refinanced), 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 need to issue new equity capital primarily relates to the repayment of drawings under the RCF. The Boards and its Corporate Brokers regularly assess market sentiment. Furthermore, the Boards can consider refinancing the RCF to extend its maturity and reduce the near-term requirement to repay drawings, though it is not the Company's intention to be drawn for substantial periods of time. The Company has a two-year term remaining on its RCF which expires in January 2022.

Audit Committee Report

I am pleased to present the Audit Committee's (the 'Committee') report to shareholders on its activities in respect of the year ended 31 December 2019. The Committee has been operating throughout the year in line with its terms of reference.

Composition of the Committee

Each of the four Independent Non-Executive Directors is a member of the Committee, which is chaired by me, and our biographies can be found in the Corporate Governance section of this Annual Report. The Supervisory Board considers that at least one Committee member has recent and relevant financial experience for the Committee to discharge its functions effectively.

Due to the size of the Supervisory Board, its Chairman, Colin Maltby, is also a member of the Committee.

During the year, Ms Sarah Whitney was appointed as a member of the Committee.

Responsibilities

The Committee's terms of reference include all matters indicated by the Disclosure and Transparency Rule 7.1 and the AIC Code. The terms of reference are reviewed at each formally scheduled meeting by the Committee and any changes are then referred to the Supervisory Board for approval. A copy of the terms of reference is available on the Company website.

The Committee's main responsibilities are as follows:

- Where requested, providing advice to the Supervisory Board on whether the Group's Annual and Interim Reports and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 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 including consistency of accounting policies and practices on a year to year basis, and, unless expressly addressed by the Supervisory Board itself, the Group's internal control and risk management systems, including reviewing the Internal Auditors annual regulatory report.
- Monitoring and reviewing the effectiveness of the Company's internal audit function, including the appointment and removal of the third-party service provider and reviewing and approving the tri-annual internal audit plan.
- Making recommendations to the Supervisory Board for resolutions to be put to shareholders for approval at the AGM on the appointment, re-appointment and removal of the External Auditor, and for approval of their associated remuneration and terms of engagement.
- Reviewing and monitoring the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and Luxembourg professional and regulatory requirements.
- Developing and implementing a policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant guidance and legislation regarding the provision of non-audit services by the external audit firm.
- Reviewing the Company's procedures for detecting and reporting any wrongdoing in financial reporting, fraud, bribery and other matters, including arrangements for employees and contractors to do so in confidence.
- Reviewing the Group's Annual and Interim Reports and Financial Statements.

2019 overview

The Committee met three times in the year to 31 December 2019 and member attendance can be found within the Corporate Governance section of this Annual Report, under the heading 'Committees of the Supervisory Board' on page 54. At these meetings, the Committee considered, *inter alia*:

- The Committee's terms of reference.
- The 2018 Annual and 2019 Interim Reports and Financial Statements.
- The valuation reports in respect of the Company's investments.
- The Reports of the External Auditor.
- The External Auditor's terms of appointment and remuneration (including overseeing the independence of the Auditor, particularly as it relates to the provision of non-audit services).
- Review and approval of the External Auditor's plan for the following financial year and the key business risks relevant to the audit.
- The appropriateness of the Group's accounting policies.
- New IFRS reporting standards, including IFRS 16 'Leases' and IFRIC 23 'Uncertainty over income tax treatments', as well as the impact, if any, that new IFRS reporting standards might have on Group financial reporting.
- The Company's new Risk Profile and Key Reporting Indicators (replacing the previous Risk Matrix)
- The adequacy of the internal control systems and standards.
- The Internal Auditor's Annual Report and changes to the tri-annual internal audit plan resulting from a gap analysis carried out in relation to the CSSF 18/698 circular ('Circular').

During the year the Committee was periodically briefed by members of the Management Board on the status of its plan to become fully compliant with the Circular. The purpose of the Circular is to provide additional clarifications on certain conditions for authorisation, more particularly the shareholding structure, the minimum own funds requirements, the administrative bodies, the arrangements concerning the central administration and governance and the rules governing the delegation framework. The Company worked closely with Deloitte Luxembourg throughout the year on identifying gaps and implementing the necessary measures to achieve full compliance. Where gaps were identified, the Management Board worked closely with the Supervisory Board, where applicable, to agree on suitable rectification measures and an appropriate implementation plan. I am satisfied that, in addition to complying with the regulatory requirements of the Circular, this rigorous review has further strengthened the Company's internal control framework.

Significant risks considered

During the year under review, the Committee held discussions with each of the Management Board, the External Auditor and the Internal Auditor. Once again, the Committee concluded from these discussions that the most significant risk of material misstatement in the Company's financial statements continues to be the fair valuation of the investment portfolio which makes up 98 per cent of the Company's NAV at 31 December 2019. The Management Board carries out a fair market valuation of the investments every six months at 30 June and 31 December respectively, which is then reviewed by an independent third-party valuer, after which it is presented to the Supervisory Board. The External Auditor was invited to attend the Committee meetings at which the Annual and Interim Financial Statements were considered in order to present the conclusion of its work, which included a review of the adequacy of the valuation. During these meetings, the External Auditor, including the External Auditor's valuation specialist, delivered a review of the Company's Annual and Interim Financial Statements, paying particular attention to the portfolio valuation, discount rates applied, and key assumptions used in deriving the fair valuation of the investments. This risk of material misstatement is therefore carefully considered when the Committee reviews the Company's annual and interim financial statements.

The Management Board members were available during the Committee review process to provide detailed explanations of the rationale used for the valuation of investments.

Subsequent to the valuation and ensuing reviews, the Committee concluded that the valuation process of the Company's investments for the year ended 31 December 2019 had been properly carried out and the investments fairly valued.

The Committee considered the UK's exit from the European Union and in particular the risk it could pose to the Company's listing on the London Stock Exchange ('LSE'). While there remains significant uncertainty surrounding the terms of a withdrawal that can be agreed during the transition period, it was established early on that, even in a 'no deal' scenario, the Company would be able to continue to list as a result of the TPR put in place by the UK FCA and which will come into effect at the end of the transition period.

Non-Audit Services

The Committee considered the extent of non-audit services ('NAS') provided by the External Auditor. To the extent that the NAS are not prohibited, the Committee will continue to review and, where appropriate, approve NAS engagements performed by the External Auditor on controlled subsidiaries. As a general principle the Company will not look to retain the services of the External Auditor for NAS unless there is a specific justification for doing so, for example legacy knowledge whereby the appointment of another advisor would potentially be sub optimal to the business.

Appointment of External Auditor

As stated above in the '2019 overview', the Committee annually reviews the performance of KPMG Luxembourg, Société coopérative ('KPMG'), the Company's External Auditor. In doing so, we consider a range of factors including the quality of service, specialist expertise and the level of audit fee. Following that review, the Committee remains satisfied with KPMG's effectiveness and therefore has not considered it necessary, to date, to require it to tender for the audit work. There are no contractual obligations restricting the choice of External Auditor. The reappointment of the External Auditor is subject to shareholder approval at the Annual General Meeting. In accordance with the new Audit Reform Law, a mandatory audit tendering process will be carried out in 2021 after the completion of a ten-year audit cycle by KPMG. The audit partner on the Group audit engagement has been rotated, with Emmanuelle Ramponi, the former audit partner providing a handover to Joseph de Souza. Mr de Souza has taken on the lead audit engagement partner role for 2019 onwards, building on his involvement with the Group audit as engagement quality control review partner in 2018, ensuring a continuation of the approach to the Group and standalone audits.

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

On behalf of the Audit Committee

Jutta af Rosenborg

Jutta af Rosenborg
Chair of the Audit Committee
25 March 2020

Management Board Responsibilities Statement

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

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

ii) Give a true and fair view of the development and performance of the business and the position of the Group.

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

In addition, the Management Board is responsible for ensuring that the Company complies with applicable company law and other UK or Luxembourg applicable laws and regulations.

In preparing such Financial Statements, the Management Board is responsible for:

– Selecting suitable accounting policies and applying them consistently.

– Making judgements and estimates that are reasonable and prudent.

– Stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

– Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

– Maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Group and enable it to ensure that the financial statements comply with all relevant regulations.

– Safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management Board Responsibilities Statement
We confirm that to the best of our knowledge:

– The financial statements have been prepared in accordance with the applicable set of accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group included in the consolidation as a whole.

– The Chairman's Statement and the Report of the Management Board ('Strategic Report') 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 2020

Duncan Ball
Co-CEO

Frank Schramm
Co-CEO

Michael Denny
CFO

Avon & Somerset Police HQ, UK

Report on the Audit of the Consolidated Financial Statements

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

Report of the Reviseur d'Entreprises agréé

Opinion
We have audited the consolidated financial statements of BBGI SICAV S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments at fair value through profit or loss
a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements of the current period
We refer to the accounting policy "Investments at fair value through profit or loss" and to Note 10 in the consolidated financial statements. 95% of the Group's assets are infrastructure assets that have been developed predominantly under the PPP/PFI or similar procurement models ("Infrastructure Investments"), held at fair value through profit or loss. The valuation of infrastructure investments is a significant judgement area resulting from a number of assumptions in the financial models. The valuation is inherently subjective due to the absence of a liquid market for these investments. The complexity of this methodology as well as assumptions taken in the financial models mean that there is a risk that the fair value of these investments may not be appropriate. The key assumptions used by the Management Board are among others in respect of discount rates and components of budgets used being part of long term forecast cash flows. In addition, the Management Board also used assumptions such as inflation, deposit interest and tax rates that have an impact on the long term forecast cash flows.

The significance of the estimates and judgements involved, coupled with the fact that a small percentage difference in the key assumptions in individual infrastructure investment valuations, when aggregated, could result in a material misstatement on the consolidated income statement and consolidated statement of financial position, warrants specific audit focus in this area.

b) How the matter was addressed in our audit
Our audit procedures over the valuation of investments at fair value through profit or loss included, but were not limited to the following:

- We tested the design, implementation and effectiveness of the controls around the determination and monitoring of the discounted cash flows and the determination and monitoring of related key macroeconomic assumptions;

Key audit matters *continued*

— We involved KPMG valuation specialists and their market knowledge to perform the following procedures:

- We considered and commented the approach and methodology documented by Management Board used in BBGI's Valuation Report against International Private Equity and Venture Capital Valuation Guidelines;
- We obtained market benchmarks for discount rates from public and private sources. We considered the discount rates applied in BBGI's Valuation Report against market benchmarks in the light of market, project, sector and country issues;
- We performed research on key assumptions and commented and compared those against the assumptions applied in BBGI's Valuation Report;
- We reviewed the results of the sensitivity analysis on key assumptions taken by Management;
- We challenged and determined the appropriateness of the Management Board's assumptions used for the valuation of a sample of Infrastructure Investments applying following procedures:
  - > We agreed the underlying shareholder cash flows inputs (such as dividends, subordinated debt interest and principal repayment and director's fees) from the underlying project model to the Group's valuation model;
  - > We considered if the methodology for assessing fair value has been applied consistently across the assets;
  - > We read the latest board minutes, board packages and other supporting documents and information in respect of the sampled investments and raised Q&A comments to challenge the inputs in the valuation;

— We reviewed the Valuation Report prepared by the Management Board and assessed whether the valuation inputs and results are consistent with our other audit procedures performed as part of our audit of the consolidated financial statements; and

— We tested the design, implementation and effectiveness of the management review controls over the valuation process.

Other information
The Management Board is responsible for the other information. The other information comprises the information stated in the annual report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board for the consolidated financial statements
The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs 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 that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d´Entreprises agréé for the audit of the consolidated financial statements
The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements *continued*

Key audit matters *continued*

Responsibilities of the Réviseur d´Entreprises agréé for the audit of the consolidated financial statements continued

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d´Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d´Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d´Entreprises agréé" by the General Meeting of the Shareholders on 30 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is nine years.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Luxembourg, 25 March 2020

KPMG Luxembourg, Société coopérative

Cabinet de révision agréé

Joseph de Souza

Consolidated Income Statement

For the year ended 31 December 2019

In thousands of Pounds Sterling	Note	2019	2018
Continuing operations			
Income from investments at fair value through profit or loss	10	**69,772**	70,149
Other operating income	9	**–**	3,937
Operating income		**69,772**	74,086
Administrative expenses	6	**(8,488)**	(7,823)
Other operating expenses	7	**(5,271)**	(4,057)
Operating expenses		**(13,759)**	(11,880)
Results from operating activities		**56,013**	62,206
Net finance result	8	**(2,029)**	(3,874)
Profit before tax		**53,984**	58,332
Tax expense	12	**(3,000)**	(2,402)
Profit from continuing operations		**50,984**	55,930
Profit from continuing operations attributable to the owners of the Company		**50,984**	55,930
Earnings per share			
Basic earnings per share (pence)	14	**8.43**	10.06
Diluted earnings per share (pence)	14	**8.41**	10.06

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

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2019

In thousands of Pounds Sterling	Note	2019	2018
Profit from continuing operations attributable to the owners of the Company		**50,984**	55,930
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year attributable to the owners of the Company		**50,984**	55,930

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

Consolidated Statement of Financial Position

As at 31 December 2019

In thousands of Pounds Sterling	Note	2019	2018
Assets			
Property plant and equipment		**61**	33
Investments at fair value through profit or loss	10	**845,967**	780,356
Derivative financial assets	18	**605**	1,009
Non-current assets		**846,633**	781,398
Trade and other receivables	20	**3,876**	811
Other current assets		**594**	669
Derivative financial assets	18	**756**	2,446
Cash and cash equivalents	11	**34,778**	10,444
Current assets		**40,004**	14,370
Total assets		**886,637**	795,768
Equity			
Share capital	13	**714,280**	639,160
Additional paid-in capital	20	**965**	837
Translation reserves	13	**(597)**	(597)
Retained earnings		**146,984**	137,620
Equity attributable to the owners of the Company		**861,632**	777,020
Liabilities			
Loans and borrowings	15	**20,318**	14,311
Non-current liabilities		**20,318**	14,311
Loans and borrowings	15	**116**	18
Trade payables		**353**	97
Other payables	16	**2,515**	3,239
Tax liabilities	12	**1,703**	1,083
Current liabilities		**4,687**	4,437
Total liabilities		**25,005**	18,748
Total equity and liabilities		**886,637**	795,768
Net asset value attributable to the owners of the Company	13	**861,632**	777,020
Net asset value per ordinary share (pence)	13	**136.72**	133.97

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

In thousands of Pounds Sterling	Notes	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total equity
As at 1 January 2018		506,061	763	(597)	115,133	621,360
Total comprehensive income for the year ended 31 December 2018						
Profit from continuing operations attributable to the owners of the Company		–	–	–	55,930	55,930
Total comprehensive income for the year		–	–	–	55,930	55,930
Transactions with the owners of the Company, recognised directly in equity						
Issuance of shares from placing of ordinary shares – net of issue cost	13	126,128	–	–	–	126,128
Scrip dividends	13	6,980	–	–	(6,980)	–
Cash dividends	13	–	–	–	(26,463)	(26,463)
Equity settlement of share based compensation	13,20	411	(411)	–	–	–
Tax settlement of share based compensation	13,20	(420)	–	–	–	(420)
Share-based payment	20	–	485	–	–	485
Balance as at 31 December 2018		639,160	837	(597)	137,620	777,020
Total comprehensive income for the year ended 31 December 2019						
Profit from continuing operations attributable to the owners of the Company		**–**	**–**	**–**	**50,984**	**50,984**
Total comprehensive income for the year		**–**	**–**	**–**	**50,984**	**50,984**
Transactions with the owners of the Company, recognised directly in equity						
Issuance of shares from placing of ordinary shares – net of issue cost	13	**73,915**	**–**	**–**		**73,915**
Scrip dividends	13	**772**	**–**	**–**	**(772)**	**–**
Cash dividends	13	**–**	**–**	**–**	**(40,848)**	**(40,848)**
Equity settlement of share based compensation	13,20	**433**	**(433)**	**–**	**–**	**–**
Share-based payment	20	**–**	**561**	**–**	**–**	**561**
Balance as at 31 December 2019		**714,280**	**965**	**(597)**	**146,984**	**861,632**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

In thousands of Pounds Sterling	Notes	2019	2018
Operating activities			
Profit from continuing operations		**50,984**	55,930
Adjustments for:			
Depreciation expense	6	**21**	24
Net finance cost	8	**2,029**	3,874
Income from investments at fair value through profit or loss	10	**(69,772)**	(70,149)
Loss (gain) on derivative financial instruments – net	7,9	**930**	(3,867)
Foreign currency exchange loss – net	7	**3,250**	3,008
Share-based compensation	20	**561**	485
Income tax expense	12	**3,000**	2,402
		(8,997)	(8,293)
Working capital adjustments:			
Trade and other receivables		**8**	6
Other current assets		**75**	181
Trade and other payables		**(126)**	684
Cash used in operating activities		**(9,040)**	(7,422)
Interest paid		**(721)**	(4,285)
Interest received		**62**	140
Realised loss (gain) on derivative financial instruments – net		**1,164**	(1,520)
Tax settlement of share based compensation	13	**–**	(420)
Taxes paid		**(2,379)**	(1,932)
Net cash flows used in operating activities		**(10,914)**	(15,439)
Investing activities			
Acquisition of/additional investments at fair value through profit or loss	10	**(62,900)**	(90,515)
Distributions received from investments at fair value through profit or loss	10	**63,988**	55,067
Acquisition of property, plant and equipment		**(49)**	(6)
Net cash flows from/(used in) investing activities		**1,039**	(35,454)
Financing activities			
Issuance of share capital through placing (net of issuance cost)	13	**73,915**	126,128
Dividends paid	13	**(40,848)**	(26,463)
Repayment of loans and borrowings	15	**(80,057)**	(257,283)
Proceeds from issuance of loans and borrowings	15	**81,780**	198,623
Debt issue cost		**(934)**	(1,156)
Net cash flows from financing activities		**33,856**	39,849
Net increase (decrease) in cash and cash equivalents		**23,981**	(11,044)
Impact of foreign exchange gain on cash and cash equivalents		**353**	840
Cash and cash equivalents at 1 January		**10,444**	20,648
Cash and cash equivalents at 31 December	11	**34,778**	10,444

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. Corporate information

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

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

The Company is a closed-ended investment company that invests principally in a diversified portfolio of Public-Private Partnership ("PPP")/ Private Finance Initiative ("PFI") infrastructure or similar style assets. At 31 December 2019 the Company has no investment in assets that are under construction.

As at 31 December 2019, the Group employed 21 staff (31 December 2018: 18 staff).

Reporting period

The Company's reporting period runs from 1 January to 31 December each year. The Company's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows include comparative figures as at 31 December 2018.

The amounts presented as "non-current" in the consolidated statement of financial position are those expected to be settled after more than one year. The amounts presented as "current" are those expected to be settled within one year. These consolidated financial statements were approved by the Management Board on 24 March 2020.

2. Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Group follows, to the fullest extent possible, the provisions of the Standard of Recommended Practices issued by the Association of Investment Companies ("AIC SORP"). If the provisions of the AIC SORP is in direct conflict with IFRS as adopted by the EU, the standards of the latter shall prevail.

The consolidated financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss ("investments at FVPL") and derivative financial instruments that have been measured at fair value.

Changes in accounting policy

New and amended standards applicable to the Group are as follows:

IFRS 16: Leases

IFRS 16: Leases establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard replaces *IAS 17: Leases* and *IFRIC 4: Determining whether an Arrangement contains a lease*. The main impact of IFRS 16 on the Group's consolidated financial statements is regarding the classification of leases.

As a practical expedient under the standard, the Group is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Accordingly, comparative information presented for 2018 has not been restated, rather it is presented, as previously reported, under IAS 17 and related interpretations. The Group has not entered into any new leases during the year ended 31 December 2019, other than leases of low-value office equipment.

2. Basis of preparation continued

***IFRS 16: Leases** continued*

The Group adopts new standards and amendments effective 1 January 2019, where applicable. The new standards and amendments disclosed above did not have a material impact on the preparation of the Group's financial statements.

IFRIC 23: Uncertainty over Income Tax Treatments

The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirements of IFRIC 23 and does not result to any additional disclosure on the Group's consolidated financial statements.

Functional and presentation currency

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

The Company as an Investment Entity

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

a) *Obtains funds from one or more investors for the purpose of providing those investors with investment management services* – The Group is internally managed with management focused solely on managing those funds received from its shareholders in order to maximise investment income/returns.

b) *Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both* – The investment objectives of the Company are to:

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

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

c) *Measures and evaluates performance of substantially all of its investments on a fair value basis* – The investment policy of the Company is to invest in equity, subordinated debt or similar interests issued in respect of infrastructure assets that have been developed predominantly under the PPP/PFI or similar styled procurement models. Each of these assets is valued at fair value. The valuation is carried out on a six-monthly basis as at 30 June and 31 December each year.

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

a) *it has more than one investment* – as at 31 December 2019, the Company has 48 investments;

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

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

d) *it has ownership interests in the form of equity or similar interests* – ownership in the Company is through equity interest.

3. Summary of significant accounting policies

a) Basis of consolidation

Business combination

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 there is an excess of value over consideration, a bargain purchase gain is recognised immediately in the consolidated income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the consolidated income statement. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

Subsidiaries

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

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

Although the Company qualifies as an Investment Entity and is required to value certain subsidiaries at fair value, the Company has a number of subsidiaries which provide services that relate to the Company's investment activities. These subsidiaries are consolidated on a line by line basis (see Note 19).

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 the consolidated income statement. 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, at the date of the consolidated statement of financial position, 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.

3. Summary of significant accounting policies continued

b) 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 on 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 on the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the consolidated income statement as a gain or loss on currency translation.

c) Foreign currency translations

The assets and liabilities of foreign operations are translated to Pounds Sterling at the exchange rates on the reporting date. The income and expenses of foreign operations are translated to Pounds Sterling at the average exchange rates during the year, if such does not significantly deviate from the exchange rates at the date on which the transaction is entered into. If significant deviations arise, then the exchange rate at the date of the transaction is used.

Foreign currency differences are recognised in consolidated statement of other comprehensive income, and presented in "translation reserve" in equity, except for exchange differences from intra-Group monetary items which are reflected in the consolidated income statement. However, since the Company qualifies as an investment entity under IFRS 10 and records its investments in subsidiaries and associates at investment at FVPL, "translation reserve" movements during the reporting period relating to investments are classified as "Income from investments at fair value through profit or loss" (income from investments at FVPL). 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 the consolidated income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a consolidated subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified at initial recognition at either: (i) amortised cost; (ii) fair value through other comprehensive income – debt instruments; (iii) fair value through other comprehensive income – equity instruments; or (iv) fair value through profit or loss.

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.

At the date of the consolidated statement of financial position, except for investments at FVPL and derivative financial assets, all non-derivative financial assets of the Group have been classified as financial assets at amortised cost.

Investments at FVPL

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 IFRS 13, with changes in fair value recognised in consolidated income statement in the period of change. The fair value estimation of investments in subsidiaries is described in Note 18.

3. Summary of significant accounting policies continued

d) Financial instruments *continued*

Investments at FVPL continued

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

The Company meets the definition of IAS 28 paragraph 18 for a venture capital organisation or a similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Group manages the performance of each of the joint ventures and associates on a fair value basis in accordance with the Group's investment strategy. The information about associates and joint ventures is provided internally on a fair value basis to the Group's Management Board and Supervisory Board. The Group therefore measures its associates and joint ventures at fair value in accordance with IFRS 9 with changes in fair value recognised in the consolidated income statement in the period of change.

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 per cent and 50 per cent 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.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the consolidated statement of income when the asset is derecognised, modified or impaired.

Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities as liabilities at amortised cost. 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 EIR method.

The Company derecognises a financial liability (or part of a financial liability) from the consolidated 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 has 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 the consolidated income statement.

e) Fair value measurement

The Group accounts for its investments in PPP/PFI entities ("Project Companies") as investments at FVPL. The valuation is determined using the discounted cash flow methodology. The cash flows forecasted to be received by the Company or its consolidated subsidiaries, generated by each of the underlying assets, and adjusted as appropriate to reflect the risk and opportunities, have been discounted using asset-specific discount rates. The valuation methodology is the same one used in previous reporting periods.

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

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

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

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

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

3. Summary of significant accounting policies continued

f) Provisions

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

g) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and term deposits with maturities of three months or less from the date when the deposits were made and 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.

h) Share capital

Ordinary shares are classified as equity. 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.

i) 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.

j) Employee benefits

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

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

k) Finance income and finance costs

Interest income and expenses are recognised in the consolidated income statement using the EIR method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest received or receivable and interest paid or payable are recognised in the consolidated income statement as finance income and finance costs, respectively.

l) Leases

Under IFRS 16, upon lease commencement, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

m) Tax

According to the Luxembourg regulations regarding SICAV companies, the Company itself, as an undertaking for collective investment, is exempt from paying income and/or capital gains taxes in Luxembourg. It is, however, liable to annual subscription tax of 0.05 per cent on its consolidated net asset value ("NAV"), payable quarterly and assessed on the last day of each quarter.

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

3. Summary of significant accounting policies continued

m) Tax *continued*

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

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

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

n) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

4. Significant accounting judgements, estimates and assumptions

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

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

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

4.1 Assessment as an investment entity

Refer to Note 2 for the discussion of this topic.

4.2 Fair value determination

Refer to Note 3 e) for the discussion of this topic.

4.3 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with the Management Board at the grant date, the Group uses a Monte-Carlo simulation model for the Long Term Incentive Plan ("LTIP"). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

4.4 Going concern basis of accounting

The Management Board has examined significant areas of possible financial risk including cash and cash requirements. It has not identified any material uncertainties which would cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of the consolidated financial statements. As part of its assessment, the Management Board has considered the risk posed by the Covid-19 pandemic. The Management Board has satisfied itself that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

5. Segment reporting

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

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

5. Segment reporting continued

Segment information is presented below:

For the year ended 31 December 2019

In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from investments at FVPL	**24,709**	**40,720**	**2,024**	**2,319**	**–**	**69,772**
Administration expenses	**–**	**–**	**–**	**–**	**(8,488)**	**(8,488)**
Other operating expenses	**–**	**–**	**–**	**–**	**(5,271)**	**(5,271)**
Results from operating activities	**24,709**	**40,720**	**2,024**	**2,319**	**(13,759)**	**56,013**
Finance cost	**–**	**–**	**–**	**–**	**(2,091)**	**(2,091)**
Finance income	**–**	**–**	**–**	**–**	**62**	**62**
Tax expense	**–**	**–**	**–**	**–**	**(3,000)**	**(3,000)**
Profit or loss from continuing operations	**24,709**	**40,720**	**2,024**	**2,319**	**(18,788)**	**50,984**

For the year ended 31 December 2018

In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from investments at FVPL	29,471	27,695	6,823	6,160	–	70,149
Administration expenses	–	–	–	–	(7,823)	(7,823)
Other operating income – (net)	–	–	–	–	(120)	(120)
Results from operating activities	29,471	27,695	6,823	6,160	(7,943)	62,206
Finance cost	–	–	–	–	(4,014)	(4,014)
Finance income	–	–	–	–	140	140
Tax expense	–	–	–	–	(2,402)	(2,402)
Profit or loss from continuing operations	29,471	27,695	6,823	6,160	(14,219)	55,930

Statement of financial position per segment information as at 31 December 2019 and 2018 are presented below:

as at 31 December 2019

In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Investments at FVPL	**272,281**	**372,696**	**103,410**	**97,580**	**–**	**845,967**
Other non-current assets	**–**	**–**	**–**	**–**	**666**	**666**
Current assets	**–**	**–**	**–**	**–**	**40,004**	**40,004**
Total assets	**272,281**	**372,696**	**103,410**	**97,580**	**40,670**	**886,637**
Liabilities						
Non-current	**–**	**–**	**–**	**–**	**20,318**	**20,318**
Current	**–**	**–**	**–**	**–**	**4,687**	**4,687**
Total liabilities	**–**	**–**	**–**	**–**	**25,005**	**25,005**

5. Segment reporting continued

as at 31 December 2018

In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Investments at FVPL	264,541	325,382	110,558	79,875	–	780,356
Other non-current assets	–	–	–	–	2,479	2,479
Current assets	–	–	–	–	12,933	12,933
Total assets	264,541	325,382	110,558	79,875	15,412	795,768
Liabilities						
Non-current	–	–	–	–	14,311	14,311
Current	–	–	–	–	4,437	4,437
Total liabilities	–	–	–	–	18,748	18,748

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

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

6. Administrative expenses

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Personnel expenses	**4,842**	4,560
Legal and professional fees	**2,040**	1,381
Office and other expenses	**1,585**	1,858
Depreciation expense	**21**	24
	8,488	7,823

The Group has engaged certain third parties to provide legal, depositary, custodian, audit, tax and other services to the Group. The expenses incurred in relation to such services are treated as legal and professional fees. Depositary and custodian related charges during the year amounted to £287,000 (2018: £238,000).

Legal and professional fees include amounts incurred for audit related services provided by the Group's external auditor. The audit fees for the year amounted to £195,000 (2018: £182,000) and audit related fees amounted to £60,000 (2018: £55,000). Audit fees consist of fees for the consolidated audit of the Group, the statutory audit of the Company's stand-alone financial statements and the statutory audits of the consolidated subsidiaries financial statements, where carried out by the Group's external auditor. There were no non-audit related fees charged by the Group's external auditor during the year (31 December 2018: nil).

7. Other operating expenses

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Foreign currency exchange loss – net	**3,250**	3,008
Acquisition-related costs	**1,086**	1,049
Loss on derivative financial instruments at FVPL	**930**	–
Others	**5**	–
	5,271	4,057

For the year ended 31 December 2019

8. Net finance result

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Interest expense on loan and borrowings (Note 15)	**(2,091)**	(4,014)
Interest income on bank deposits	**62**	140
	(2,029)	(3,874)

9. Other operating income

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Gain on derivative financial instruments at FVPL	**–**	3,867
Other income	**–**	70
	–	3,937

10. Investments at FVPL

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Balance at 1 January	**780,356**	675,314
Acquisitions of/additions in investments at FVPL	**62,900**	90,515
Income from investments at FVPL	**69,772**	70,149
Distributions received from investments at FVPL	**(63,988)**	(55,067)
Reclassification to other receivables	**(3,073)**	(555)
	845,967	780,356

The impact of foreign exchange gains or losses on the income from investments at FVPL for the year ended 31 December 2019 amounted to £6.2 million loss (year ended 31 December 2018: £7.4 million loss). Refer to Note 18 of the consolidated financial statements and the Valuation section of the Annual Report for further information on investments at FVPL.

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

As at 31 December 2019 and 2018, loan and interest receivable from unconsolidated subsidiaries is embedded within the investments at FVPL.

The valuation of investments at FVPL considers all cash flows related to individual assets.

Interest income, dividend income, asset-related management fee income and other income, recorded under the accruals basis at the level of the consolidated subsidiaries for the year ended 31 December 2019, amounted to £62,322,000 (31 December 2018: £52,817,000). The associated cash flows from these items were taken into account when fair valuing the investments.

10. Investments at FVPL continued

Acquisitions during the year include the following:

– *A1/A6 Motorway (Netherlands):* In June 2019, the Company completed the acquisition of a further equity interest in the A1/A6 PPP road project in the Netherlands. This road is part of the Schiphol-Amsterdam-Almere (SAA) expansion involving the reconstruction and widening of an 18km motorway including reversible lanes.

  Furthermore, in August 2019, the Company acquired the remaining interests of Boskalis and VolkerWessels (the original vendors) in the A1/A6 Motorway to increase the Company's effective equity interest from 20 per cent to 37.14 per cent. The asset became operational in 2017 and the concession runs until 2042.

– *Westland Town Hall (Netherlands):* In August 2019, the Company completed the acquisition of a further equity interest in the project, acquiring the remaining interests from original vendors, VolkerWessels. The Company now owns 100 per cent of the equity interest.

– *Ohio River Bridges (US) ("ORB"):* In May 2019, the Company completed the acquisition of a further 33.33 per cent equity interest in the ORB - East End Crossing PPP Project and now owns 66.67 per cent of the equity in the project. ORB is a high-quality, stable, operational US PPP project and is now one of the largest investments in the Company's portfolio. The asset became operational in 2016 and the concession runs until 2051.

– *Stanton Territorial Hospital (Canada) ("Stanton"):* In December 2019, the Company signed a sales and purchase agreement to acquire a 25 per cent interest of Bird Capital (a 100 per cent subsidiary of Bird Construction). Refer to Note 24 for further details.

– *Unna Administrative Buildings (Germany)*: In December 2019, the Company signed an agreement to acquire the remaining 51 per cent legal interest of Bilfinger S.E., in the Unna project holding company, with the effective transfer date of 1 January 2020.

Details of various asset investments in the Group's portfolio and their respective acquisition dates are as follows:

Company	Asset	Country of Incorporation	Ownership Interest	Year Acquired
RW Health Partnership Holdings Pty Limited*	Royal Women's Hospital	Australia	100%	2012
Victorian Correctional Infrastructure Partnership Pty Limited	Victoria Prisons	Australia	100%	2012
BBPI Sentinel Holdings Pty Limited* BBGI Sentinel Holdings 2 Limited*, and Sentinel Financing Holdings Pty Limited*	Northern Territory Secure Facilities	Australia	100%	2014 and 2015
Golden Crossing Holdings Inc.*	Golden Ears Bridge	Canada	100%	2012 and 2013
Trans-Park Highway Holding Inc.*	Kicking Horse Canyon	Canada	50%	2012
NorthwestConnect Holdings Inc.*	Northwest Anthony Henday Drive	Canada	50%	2012
BBGI KVH Holdings Inc.*	Kelowna and Vernon Hospital	Canada	50%	2013
WCP Holdings Inc.*	Women's College Hospital	Canada	100%	2013
Stoney Trail Group Holdings Inc.*	Northeast Stoney Trail	Canada	100%	2013
BBGI NCP Holdings Inc.*	North Commuter Parkway	Canada	50%	2015
SNC-Lavalin Infrastructure Partners LP*	William R. Bennet Bridge	Canada	80%	2017
	Southeast Stoney Trail	Canada	40%	2017
	Canada Line	Canada	26.7%	2017
	Restigouche Hospital Centre	Canada	80%	2017
	McGill University Health Centre	Canada	40%	2018
BBGI Stanton Holdco 1 Inc.*	Stanton Territorial Hospital	Canada	25%	2018
Kreishaus Unna Holding GmbH*	Unna Administrative Centre	Germany	44.1%**	2012
PJB Beteiligungs - GmbH*	Burg Prison	Germany	90%	2012

10. Investments at FVPL continued

Company	Asset	Country of Incorporation	Ownership Interest	Year Acquired
Hochtief PPP 1 Holding GmbH & Co.KG*	Cologne Schools	Germany	50%	2014
Hochtief PPP 1 Holding GmbH & Co. KG	Rodenkirchen Schools	Germany		
	Frankfurt Schools	Germany		
	Fürst Wrede Military Base	Germany		
Participatiemaatschappij VolkerInfra PPP B.V.*	N18 Motorway	Netherlands	25.48%***	2018 and 2019
De GroeneSchakelHolding B.V.	Westland Town Hall	Netherlands	100%	2018 and 2019
SAAone PPP B.V	A1/A6 Motorway	Netherlands	37.14%	2018 and 2019
SAAone Holding B.V.				
Agder OPS Vegselskap AS	E18 Motorway	Norway	100%	2013 and 2014
Kent Education Partnership (Holdings) Limited*	Kent Schools	UK	50%	2012
Healthcare Providers (Gloucester) Ltd.*	Gloucester Royal Hospital	UK	50%	2012
Highway Management M80 Topco Limited*	M80 Motorway	UK	50%	2012
Bedford Education Partnership Holdings Limited*	Bedford Schools	UK	100%	2012
Lisburn Education Partnership Holdings Limited*	Lisburn College	UK	100%	2012
Clackmannanshire Schools Education Partnership (Holdings) Limited*	Clackmannanshire Schools	UK	100%	2012
Primaria (Barking & Havering) Limited*	Barking & Havering Clinics (LIFT)	UK	60%	2012
East Down Education Partnership (Holdings) Limited*	East Down Colleges	UK	100%	2012 and 2018
Scottish Borders Education Partnership (Holdings) Limited*	Scottish Borders Schools	UK	100%	2012
Coventry Education Partnership Holdings Limited*	Coventry Schools	UK	100%	2012
Fire Support (SSFR) Holdings Limited*	Stoke & Staffs Rescue Service	UK	85%	2012
GB Consortium 1 Limited*	North London Estates Partnership (LIFT)	UK	60% (both)	2012, 2014
	Liverpool & Sefton Clinics (LIFT)	UK		and 2018
Mersey Care Development Company 1 Limited*	Mersey Care Hospital	UK	79.6%	2013 and 2014
MG Bridge Investments Limited*	Mersey Gateway Bridge	UK	37.5%	2014
Tor Bank School Education Partnership (Holdings) Limited*	Tor Bank School	UK	100%	2013
Lagan College Education Partnership (Holdings) Limited*	Lagan College	UK	100%	2014
Highway Management (City) Holding Limited*	M1 Westlink	UK	100%	2014
Blue Light Partnership (ASP) NewCo Limited*	Avon and Somerset Police	UK	100%	2014, 2015
Blue Light Partnership (ASP) NewCo 2 Limited*	HQ			and 2016
Northwin Limited	North West Regional College	UK	100%	2015
Northwin (Intermediate) (Belfast) Limited*	Belfast Metropolitan College	UK	100%	2016
BBGI East End Holdings Inc.	Ohio River Bridges	USA	66.67%	2014 and 2019

* and its subsidiary companies
** legal ownership is 44.1 per cent but economic interest is 100 per cent. Starting 1 January 2020, the legal ownership is 90 per cent
*** legal ownership is 25.48 per cent but economic interest is 46.8 per cent

11. Cash and cash equivalents
Cash and cash equivalents relates to bank deposits amounting to £34,778,000 (31 December 2018: £10,444,000).

12. Taxes
The Company, as an undertaking for collective investment, is exempt from corporate income tax at Luxembourg and instead pays an annual subscription tax of 0.05 per cent on the value of its total net assets.

For the year ended 31 December 2019, the Company incurred a subscription tax expense of £406,000 (31 December 2018: £330,000). The Company as a SICAV is not subject to taxes on capital gains or income. All other consolidated companies are subject to taxation at the applicable rate in their respective jurisdictions (refer to Note 3 m) for further details).

12. Taxes continued

Reconciliation of tax expense and the accounting profit multiplied by the Company's effective corporate tax rate for the year is as follows:

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Profit before tax	**53,984**	58,332
Income tax using the Luxembourg domestic tax rate (2019: 24.94% and 2018: 26.01%)	**13,464**	15,172
Subscription tax during the year	**406**	330
Reconciling difference mainly due to fair valuation of assets, net of gain/loss on derivatives (unrealised)	**(10,870)**	(13,100)
Tax charge for the year	**3,000**	2,402

A significant portion of the profit before tax results from fair valuation of investments at FVPL and unrealised gain on derivative financial instruments. The net income of the unconsolidated subsidiaries is taxed in their respective jurisdictions.

As a consequence of the adoption of IFRS 10, the Company is classified as an Investment Entity (see Note 2), meaning the tax expenses of the unconsolidated subsidiaries are not included within these consolidated financial statements. Therefore, the consolidated tax expense and tax assets/liabilities, if any, do not include those of the Project Companies. The tax liabilities of the Project Companies are embedded in the fair value calculation of the investments at FVPL.

There are no unrecognised taxable temporary differences. The Group has tax losses carried forward amounting to £5,931,000 (2018:£4,722,000). The Group did not recognise any deferred tax asset on tax losses carried forward.

Tax liability as at 31 December 2019 amounted to £1,703,000 (31 December 2018: £1,083,000).

13. Capital and reserves

Share capital

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

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Share capital as at 1 January	**639,160**	506,061
Issuance of ordinary shares through placing	**75,000**	128,033
Shares issuance cost on placing	**(1,085)**	(1,905)
Share capital issued through scrip dividends	**772**	6,980
Equity settlement of share based compensation (see Note 20)	**433**	411
Tax settlement of share based compensation	**–**	(420)
	714,280	639,160

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

In thousands of shares	31 December 2019	31 December 2018
In issue at beginning of the year	**580,005**	479,105
Shares issued through placing of ordinary shares	**49,020**	95,525
Shares issued through scrip dividends	**491**	5,018
Shares issued as share based compensation	**697**	357
	630,213	580,005

In June 2019, the Company raised gross proceeds of £75,000,000 through a placing of 49,019,601 new ordinary shares of no par value ('Placing'). The Placing price was 153.0 pence per Placing share. The related share issuance cost amounted to £1,085,000.

13. Capital and reserves continued

Share capital *continued*

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

The Company meets the minimum share capital requirement as imposed under the applicable Luxembourg regulation.

Translation reserve

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

Dividends

The dividends declared and paid by the Company during the year ended 31 December 2019 are as follows:

In thousands of Pounds Sterling except as otherwise stated	31 December 2019
2018 2nd interim dividend of 3.375 pence per qualifying ordinary share – for the period 1 July 2018 to 31 December 2018	**19,575**
2019 1st interim dividend of 3.5 pence per qualifying ordinary share – for the period 1 January 2019 to 30 June 2019	**22,044**
Total dividends declared and paid during the year	**41,619**

The 31 December 2018 2nd interim dividend was paid in April 2019. The value of the scrip election was £181,000, with the remaining amount of £19,394,000 paid in cash to those investors that did not elect for the scrip.

The 30 June 2019 1st interim dividend was paid in October 2019. The value of the scrip election was £591,000 with the remaining amount of £21,453,000 paid in cash to those investors that elected for a cash dividend.

The dividends declared and paid by the Company during the year ended 31 December 2018 are as follows:

In thousands of Pounds Sterling except as otherwise stated	31 December 2018
2017 2nd interim dividend of 3.25 pence per qualifying ordinary share – for the period 1 July 2017 to 31 December 2017	15,582
2018 1st interim dividend of 3.375 pence per qualifying ordinary share – for the period 1 January 2018 to 30 June 2018	17,861
Total dividends declared and paid during the year	33,443

The 31 December 2017 2nd interim dividend was paid in June 2018. The value of the scrip election was £2,903,000 with the remaining amount of £12,679,000 paid in cash to those investors that elected for a cash dividend.

The 30 June 2018 1st interim dividend was paid in October 2018. The value of the scrip election was £4,077,000 with the remaining amount of £13,784,000 paid in cash to those investors that elected for a cash dividend.

Net Asset Value ("NAV")

The consolidated NAV and NAV per share as at 31 December 2019, 31 December 2018 and 31 December 2017 were as follows:

In thousands of Pounds Sterling/pence	2019	2018	2017
NAV attributable to the owners of the Company	**861,632**	777,020	621,360
NAV per ordinary share (pence)	**136.72**	133.97	129.69

14. Earnings per share

a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding.

In thousands of Pounds Sterling / in thousands of shares	Year ended 31 December 2019	Year ended 31 December 2018
Profit attributable to the owners of the Company	**50,984**	55,930
Weighted average number of ordinary shares in issue	**605,115**	556,005
Basic earnings per share (in pence)	**8.43**	10.06

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

In thousands of shares	Year ended 31 December 2019	Year ended 31 December 2018
Shares outstanding as at 1 January	**580,005**	479,105
Effect of shares issued on placing of ordinary shares participating for the interim and final dividend of the year	**24,510**	47,525
Effect of shares issued on placing of ordinary shares participating for the second interim dividend of the year	**–**	24,000
Effect of scrip dividends issued	**164**	5,018
Shares issued as share based compensation	**436**	357
Weighted average – outstanding shares	**605,115**	556,005

b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding, after adjusting for the effects of all potential dilutive ordinary shares.

The weighted average number of potential diluted ordinary shares for the purpose of calculating the diluted earnings per share is computed as follows:

In thousands of shares	Year ended 31 December 2019
Weighted average number of ordinary shares for basic Earnings per share	**605,115**
Effect of potential dilution from share-based payment	**1,152**
Weighted average number of ordinary shares adjusted for the effect of dilution	**606,267**

The price of the Company's shares for the purpose of calculating the potential dilutive effect of award letters (Note 20) was based on the average market price for 2019, during which period the awards were outstanding. In 2018, there was no material effect of potential dilution on the earnings per share calculation, resulting from share-based payments.

15. Loans and borrowings

The Group has a four year £180 million Revolving Credit Facility from ING Bank and KfW IPEX-Bank and DZ Bank AG ('RCF') which commenced in January 2018 and matures in January 2022. DZ Bank AG acceded as a lender in February 2018. The borrowing margin amounts to 165 bps over LIBOR. Under the RCF, the Group retains the possibility to consider larger transactions by virtue of having structured a further £70 million incremental accordion tranche, for which no commitment fees will be paid.

As at 31 December 2019, the Group had utilised £22.2 million (31 December 2018: £16.5 million) of the £180 million RCF, of which £1.2 million (31 December 2018: £1.2 million) was being used to cover letters of credit.

15. Loans and borrowings continued

The interest payable under the credit facility as at 31 December 2019 amounted to £116,000 (31 December 2018: £18,000).

The RCF unamortised debt issuance cost amounted to £682,000 as at 31 December 2019 (2018: £966,000). The unamortised debt issuance cost is netted against the amount withdrawn from the credit facility.

The total finance cost incurred under the RCF for the year ended 31 December 2019 amounted to £2,091,000 (31 December 2018: £4,014,000) which includes amortisation of debt issue expense of £339,000 (31 December 2018: £290,000).

Changes in liabilities arising from financing activities

Total cash utilisation of the RCF during the year amounted to £81,780,000 (2018: £198,623,000) and total repayments amounted to £80,057,000 (2018: £257,283,000). Foreign exchange loss incurred by the Group in relation to loans and borrowings amounted to £4,000,000 (31 December 2018: £3,877,000).

Pledges and collaterals

As of 31 December 2019, and 31 December 2018, the Group has provided a pledge over all shares issued by consolidated subsidiaries, pledge over receivables between consolidated subsidiaries and a pledge over the bank accounts of the consolidated subsidiaries.

Based on the provisions of the RCF, in the event of continuing event default, the lender, among other things, will have the right to cancel all commitments and declare all or part of utilisations to be due and payable, including all related outstanding amounts, and exercise or direct the security agent to exercise any or all of its rights, remedies, powers or discretions under the RCF.

The Group operated comfortably within covenant limits of the RCF during the year. Moreover, all the amounts borrowed by the Group under the RCF were repaid subsequent to the balance sheet date.

16. Other payables

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Accruals	**2,511**	3,216
Others	**4**	23
	2,515	3,239

Accruals are non-interest bearing and are usually settled within six months.

17. Financial risk review and management

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

— Credit risk

— Liquidity risk

— Market risk

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

Risk management framework

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

17. Financial risk review and management continued

Credit risk

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

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

2) non-recoverability, in part or in whole, of cash and cash equivalents deposited with banks.

Exposures to credit risks

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

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Derivative financial assets	**1,361**	3,455
Trade and other receivables	**3,876**	811
Cash and cash equivalents	**34,778**	10,444
	40,015	14,710

The maximum exposure to credit risk on receivables that are neither overdue nor impaired as of 31 December 2019, amounts to £3,876,000 (2018: £811,000).

As of 31 December 2019, the Group is also exposed to credit risk on the loan receivable, interest and other receivable components of investments at FVPL (loans provided to Project Companies) totalling to £187,474,000 (2018: £173,240,000).

Cash and cash equivalents and foreign currency forwards

The cash and cash equivalents and foreign currency forward contracts are maintained with reputable banks with ratings that are acceptable based on the established internal policy of the Group. Based on the assessment of the Management Board, there are no significant credit risks related to the cash and cash equivalents and foreign currency forward contracts maintained. The main counterparty banks of the Group has an S&P/Moody's credit rating between A+/Aa3 and AA-/Aa2.

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 they fall due.

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

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

		Contractual cash flows		
31 December 2019 **In thousands of Pounds Sterling**	**Carrying amount**	**Total**	**Within 1 year**	**1-5 years**
Loans and borrowings (Note 15)	**20,434**	**21,056**	**56**	**21,000**
Trade payables	**353**	**353**	**353**	**–**
Other payables	**2,513**	**2,513**	**2,513**	**–**
	23,300	**23,922**	**2,922**	**21,000**

17. Financial risk review and management continued
Liquidity risk *continued*

31 December 2018 In thousands of Pounds Sterling	Carrying amount	Contractual cash flows Total	Within 1 year	1–5 years
Loans and borrowings (Note 15)	14,329	15,295	18	15,277
Trade payables	97	97	97	–
Other payables	3,239	3,239	3,239	–
	17,665	18,631	3,354	15,277

The Group needs to maintain certain financial covenants under the RCF. Non-compliance with such covenants may trigger an event of default (see Note 15). At 31 December 2019 and 2018, the Group was not in breach of any of the covenants under the credit facility. The Group has operated and continues to operate comfortably within covenant limits.

The Company has the possibility of raising capital through the issuance of shares in order to finance further acquisitions or repay debt.

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

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

UK departure from the European Union
European Economic Area ("EEA") AIFMs can currently market EEA AIFs in the UK through the AIFMD marketing passport. To ensure that UK investors have continued access to EEA AIFs that are currently marketed in the UK, the UK government announced on 20 December 2017 that it would put forward legislation to establish a temporary permissions regime ('TPR') enabling EEA AIFs and AIFMs that have notified the FCA of their intention to market in the UK via a passport before exit day to continue to access the UK market for a limited period after exit day, 31 January 2020.

The TPR is expected to last for three years after exit day, with a power for HM Treasury to extend the regime by no more than 12 months at a time in certain circumstances. The Company made the necessary notification to the FCA in March 2019. During the TPR, the Company will be able to be marketed in the UK on the same terms and subject to the same conditions as it could before exit day. To continue marketing the Company in the UK after the end of the TPR, the Company must notify under the UK national private placement regime. The Company will be directed by the FCA to make this notification within two years from exit day.

The Group maintains a preference for low-risk, availability-based assets, fully committed to a strict investment strategy. This generates stable, predictable cashflows backed by secure, highly visible contracted public sector revenues and significantly carry no exposure to demand or regulatory risk. While the outcome of the negotiations between the UK and their EU trade counterparties remains uncertain, we can say that, regardless of the outcome, the Group's portfolio cashflows are contracted and, unlike demand based assets, are not sensitive to the performance of the wider economic environment.

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. In the event of a hard Brexit, a contingency plan is in place to report all trades under these hedging instruments, for European Market Infrastructure Regulations purposes, to an EU branch of the derivative repository.

Currency risk
The Group is exposed to currency risk as a result of its underlying investments at FVPL and cash and cash equivalents being denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Australian dollars (A$), Canadian dollars (C$), euros (€), Norwegian kroner (kr) and US dollars (US$).

17. Financial risk review and management continued

Currency risk continued

The Group actively seeks to manage geographical concentration and mitigate foreign exchange risk by balance sheet hedging through foreign exchange forward contracts, hedging of forecast portfolio distributions and borrowing in non-Sterling currencies. Furthermore, Euro-denominated running costs provide a natural hedge against the Euro-denominated portfolio distributions.

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

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

	31 December 2019				
In thousands of Pounds Sterling	**A$**	**C$**	**€**	**kr**	**US$**
Financial assets measured at fair value					
Investments at FVPL	**103,410**	**296,335**	**67,753**	**29,827**	**76,362**
Financial assets measured at amortised cost					
Cash and cash equivalents	**22**	**13,172**	**1,851**	**3**	**29**
Trade and other receivables	**250**	**214**	**1,194**	**–**	**2,034**
	272	**13,386**	**3,045**	**3**	**2,063**
Financial liabilities measured at amortised cost					
Trade payables	**–**	**(54)**	**(104)**	**–**	**–**
Other payables	**–**	**(1)**	**(1,847)**	**–**	**–**
	–	**(55)**	**(1,951)**	**–**	**–**

	31 December 2018				
In thousands of Pounds Sterling	**A$**	**C$**	**€**	**kr**	**US$**
Financial assets measured at fair value					
Investments at FVPL	110,558	288,568	48,160	31,715	36,814
Financial assets measured at amortised cost					
Cash and cash equivalents	25	3,441	450	3	430
Financial liabilities measured at amortised cost					
Trade payables	–	–	(30)	–	–
Other payables	–	(46)	(2,994)	(112)	–
	–	(46)	(3,024)	(112)	–

The significant exchange rates applied during the year ended 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	
	Average £	**Spot rate £**
A$ 1	**0.544**	**0.531**
C$ 1	**0.590**	**0.582**
€ 1	**0.877**	**0.850**
kr 1	**0.089**	**0.086**
US$ 1	**0.783**	**0.758**

17. Financial risk review and management continued

Currency risk continued

	31 December 2018	
	Average £	Spot rate £
A$ 1	0.561	0.554
C$ 1	0.578	0.576
€ 1	0.886	0.899
kr 1	0.092	0.090
US$ 1	0.748	0.785

The sensitivity of the NAV to a 10 per cent positive and adverse movement in foreign exchange rates is disclosed in Note 18 to the consolidated financial statements. This is a scenario that the Group considers to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted revenues and other related costs.

Interest rate risk

Except for the loans and other receivables from Project Companies which are included as part of investments at FVPL, the Group does not account for other fixed-rate financial assets and liabilities at fair value through profit or loss. For the years ended 31 December 2019 and 2018, the main variable interest rate exposure of the Group is on the interest rates applied to the Group's cash and cash equivalents, including deposit rates used in valuing the investments at FVPL and the loans and borrowings of the Group. A change in the deposit rates used in valuing investments at FVPL would have an impact on the value of such and a corresponding impact on the Group's NAV. Refer to Note 18 for a sensitivity analysis of the impact of a change in deposit rates on the Group's NAV.

Investment risk

The valuation of investments at FVPL depends on the ability of the Group to realise cash distributions from Project Companies. The distributions to be received from the Project Companies are dependent on cash received by a particular Project Company from the service concession agreements. The service concession agreements are predominantly granted to the Project Company 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 Management Board consider that asset 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 the assets.

The Management Board continuously monitors the ability of a particular Project Company to make distributions to the Group. During the year, there have been no material concerns raised in relation to current and future distributions to be received from any of the Project Companies.

Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, avail of additional debt financing, pay down debt or issue new shares.

The Group regularly reviews compliance with Luxembourg regulations regarding restrictions on minimum capital. During the year, the Group complied with all externally imposed capital requirements and made no changes in its approach to capital management.

Derivative financial assets and liabilities for which hedge accounting is not applied

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

18. Fair value measurements and sensitivity analysis

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are presented below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value (ie, cash and cash equivalents; trade and other receivables; trade payables and other payables).

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).

31 December 2019	Fair value			
In thousands of Pounds Sterling	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	**–**	**–**	**845,967**	**845,967**
Derivative financial assets	**–**	**1,361**	**–**	**1,361**

31 December 2018	Fair value			
In thousands of Pounds Sterling	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	–	–	780,356	780,356
Derivative financial assets	–	3,455	–	3,455

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

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Balance at 1 January	**780,356**	675,314
Additions	**62,900**	90,515
Income from investments at FVPL	**69,772**	70,149
Distributions received from investments at FVPL	**(63,988)**	(55,067)
Reclassification to other receivables	**(3,073)**	(555)
	845,967	780,356

The impact of unrealised foreign exchange gains or losses on the income from investments at FVPL for the year ended 31 December 2019, amounted to £6.2 million loss (2018: £7.4 million loss).

Investments at FVPL

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. The valuation is reviewed by an independent third party professional.

The valuation is determined using the discounted cash flow methodology. The cash flow forecasts, generated by each of the underlying assets, are received by the Company or its subsidiaries, adjusted as appropriate to reflect risks and opportunities, and discounted using asset-specific discount rates. The valuation methodology remains unchanged from previous reporting periods.

18. Fair value measurements and sensitivity analysis continued

Key Project Company and portfolio cash flow assumptions underlying NAV calculation include:

- The discount rates and the Assumptions as set out below continue to be applicable.
- The financial models for the Project Companies accurately reflect the terms of all agreements relating to the Project Companies and represent a fair and reasonable estimation of future cash flows accruing to the Project Companies.
- Non-UK assets are valued in local currency and converted to Pounds Sterling at either the period-end exchange rates or the contract hedge rate.
- Cash flows from and to the Project Companies are received and paid at the times anticipated.
- Where the operating costs of the Project Companies are fixed by contract, such contracts are performed, and where such costs are not fixed, they remain within the current budgets.
- Where lifecycle costs/risks are borne by the Project Companies they remain in line with the current budgets.
- Contractual payments to the Project Companies remain on track and are not terminated before their contractual expiry date.
- Any deductions or abatements during the operations period of the Project Companies are fully passed down to subcontractors under contractual arrangements or are part of the planned (lifecycle) budgets.
- Where the Project Companies own the residual property value in an asset, that the projected amount for this residual value is realised.
- In cases where the Project Companies have contracts which are in the construction phase, they are either completed on time or any delay costs are borne by the construction contractors.
- There are no tax or regulatory changes in the future which negatively impact cash flow forecasts

In forming the above assessments, the Group works with Project Company management teams, as well as using due diligence information from, or working with, suitably qualified third parties such as technical, legal and insurance advisors.

18. Fair value measurements and sensitivity analysis continued

The Group uses the following assumptions ('Assumptions') for the cash flows:

		31 December 2019	31 December 2018
Discount rate	Weighted average	7.07%	7.20%
Indexation	UK Canada Australia Germany Netherlands[1] Norway[1] USA[2]	2.75% 2%/2.35% 2.5% 2% 2% 2.25% 2.5%	2.75% 2%/2.35% 2.5% 2% 2% 2.25% 2.5%
Deposit rates (p.a.)	UK Canada Australia Germany Netherlands Norway USA	1% to 2023, then 2.5% 1% to 2023, then 2.5% 2% to 2023, then 3% – 4% (medium term) 1% to 2023, then 2.5% 1% to 2023, then 2.5% 1.8% to 2023, then 3% 1% to 2023, then 2.5%	1% to 2020, then 2.5% 1% to 2020, then 2.5% 2% to 2020, then 3% – 4% (medium term) 1% to 2020, then 2.5% 1% to 2020, then 2.5% 1.8% to 2020, then 3.5% 1% to 2020, then 2.5%
Corporate tax rates (p.a.)	UK Canada[3] Australia Germany[4] Netherlands Norway USA	17% long-term 26.5%/27%/29% 30% long-term 15.8% long-term (incl. Solidarity) 25% until 2020, then 21.7% 22% long-term 21% long-term	19% to 2019, then 17% 26.5%/27%/29% 30% 15.8% (incl. Solidarity) 25% in 2019, 22.5% in 2020, then 20.5% 23% 21%

1 CPI indexation only. Where assets are subject to a basket of indices, these non-CPI indices are not considered.
2 80 per cent of ORB indexation factor for revenue is contractual and is not tied to CPI.
3 Individual tax rates vary among Canadian Provinces, the tax rate for Alberta is decreasing gradually from 12 per cent to 8 per cent by 2022.
4 Individual local trade tax rates are considered additionally.

Discount rate sensitivity

The discount rates used for individual Project Companies are based on the Group's knowledge of the market, taking into account intelligence received from bidding activities, advisers and publicly available information on relevant transactions. Furthermore, the discount rates used as part of the portfolio valuation process are reviewed by an independent third party valuation professional.

The discount rates used for individual assets range between 6.7 per cent and 9 per cent. The value weighted average rate is approximately 7.07 per cent (31 December 2018: 7.2 per cent), which represents a reduction of 13 bps from 31 December 2018, and management believes to be towards the conservative end of the range. This methodology calculates the weighted average based on the value of each asset in proportion to the total portfolio value, i.e. based on the net present value of their respective future cash flows.

The following table shows the sensitivity of the NAV, by applying a change in the discount rate on investments at FVPL:

	+1% to 8.07% in 2019[1]		–1% to 6.07% in 2019[1]	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2019	**(70,769)**	**(70,769)**	**82,003**	**82,003**
31 December 2018	(65,140)	(65,140)	75,503	75,503

1 Based on the weighted average discount rate of 7.07 per cent (31 December 2018: 7.2 per cent).

18. Fair value measurements and sensitivity analysis continued

Foreign exchange rate sensitivity

A significant proportion of the Group's underlying investments are denominated in currencies other than Pounds Sterling. The Group maintains its accounts, prepares the valuation and pays dividends in Pounds Sterling.

Accordingly, fluctuations in exchange rates between Pounds Sterling and the relevant local currencies will affect the value of the Group's underlying investments. During 2019, the appreciation of Pounds Sterling against the Euro, Norwegian Krone, US Dollar and Australian Dollar, and the depreciation of Pounds Sterling against the Canadian Dollar accounted for a net decrease in the portfolio value of £6.2 million. This decrease was partially offset by a gain of £2.1 million from balance sheet hedging.

The following table shows the sensitivity of the NAV, by applying a change to foreign exchange rates on investments at FVPL:

	Increase by 10%[1]		Decrease by 10%[1]	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2019	**(26,578)**	**(26,578)**	**24,643**	**24,643**
31 December 2018	(20,442)	(20,442)	21,588	21,588

1 Sensitivity in comparison to the spot foreign exchange rates at 31 December 2019 and taking into account the contractual and natural hedges in place, derived by applying a 10 per cent increase or decrease to the Pounds Sterling/foreign currency rate.

Inflation sensitivity

The asset cash flows are positively correlated with inflation (e.g. Retail Price Index ("RPI") or Consumer Price Index ("CPI") or a basket of indices. Currently, there is an ongoing review by the UK Statistics Authority to align the RPI calculation methodology more closely with the CPI including owner occupiers' housing costs ("CPIH") methodology. The Company is closely monitoring developments around potential changes to the RPI but any change is unlikely to have a material effect as the portfolio's UK exposure is 32 per cent.

The following table shows the sensitivity of the NAV, by applying a change in the inflation rate to investments at FVPL:

	+1%		-1%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2019	**40,405**	**40,405**	**(33,236)**	**(33,236)**
31 December 2018	40,056	40,056	(32,959)	(32,959)

Deposit rate sensitivity

The asset cash flows are positively correlated with the deposit rates. The following table shows the sensitivity of the NAV by applying a change in the deposit rate to investments at FVPL:

	+1%		-1%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2019	**14,711**	**14,711**	**(14,616)**	**(14,616)**
31 December 2018	15,534	15,534	(16,062)	(16,062)

18. Fair value measurements and sensitivity analysis continued

Lifecycle costs sensitivity

Of the Group's 48 investments at FVPL, 16 investments at FVPL retain the lifecycle obligations. The remaining 32 assets have this obligation passed down to the subcontractor.

The following table shows the sensitivity of the NAV by applying a change in lifecycle costs to investments at FVPL:

	Increase by 10% in 2019 and 5% in 2018[1]		Decrease by 10% in 2019 and 5% in 2018[1]	
Effects in thousands of Pounds Sterling	Equity	Profit or loss	Equity	Profit or loss
31 December 2019	**(16,975)**	**(16,975)**	**16,417**	**16,417**
31 December 2018	(7,717)	(7,717)	7,480	7,480

1 Sensitivity applied to the 16 assets in the portfolio which retain the lifecycle obligation, i.e. the obligation is not passed down to the subcontractor.

Corporate tax rate sensitivity

The profits of each portfolio company are subject to corporate tax in the country where that company is located. The following table shows the sensitivity of the NAV, by applying a change in the corporate tax rate to investments at FVPL:

	+1% in 2019[1]		-1% in 2019[1]	
Effects in thousands of Pounds Sterling	Equity	Profit or loss	Equity	Profit or loss
31 December 2019	**(7,230)**	**(7,230)**	**7,161**	**7,161**
31 December 2018	(6,296)	(6,296)	6,060	6,060

1 In November 2019, the Conservative government in the UK announced a postponement of the UK Corporation Tax cut from 19 per cent to 17 per cent which was due in April 2020. Whilst this postponement has not been made effective as of 31 December 2019, the Company recognises any change in the UK Corporate Tax rate will have an effect on the portfolio valuation. It is the Company's policy to value those tax rates that have been enacted into law at the reporting period date. Notwithstanding this, and to aid transparency, we have calculated that the postponement of this UK Corporation Tax cut would result in a £2.5million, 0.3 per cent reduction in NAV.

Senior debt refinancing sensitivity

Assumptions are used where a refinancing of senior debt financing is required for an asset during the remaining concession term. There is a risk that such assumptions may not be achieved.

The following table shows the sensitivity of the NAV, by applying a change in base rate to the investments at FVPL, of a +100bps adjustment to the forecasted margins. The base rate for senior debt is either fixed or a long-term interest swap is available with the effect that none of our assets is subject to changes in base rates.

	Margin +1%[1]	
In thousands of Pounds Sterling	Equity	Profit or loss
2019	**(6,943)**	**(6,943)**
2018	(6,563)	(6,563)

1 The Northern Territory Secure Facilities ("NTSF") asset is the only remaining asset in the Group's portfolio with refinancing risk.

Derivative financial instruments

The fair value of derivative financial instruments ("foreign exchange forwards") is calculated by discounting the difference between the contractual forward rate and the estimated forward exchange rates at the maturity of the forward contract. The foreign exchange forwards are fair valued periodically by the counterparty bank. The fair value of derivative financial instruments as of 31 December 2019 amounted to an asset of £1,361,000 (31 December 2018: £3,445,000 – asset). The counterparty bank has an S&P/Moody's credit rating of A+/Aa3.

The (loss)/gain on the valuation of foreign exchange forwards for the year ended 31 December 2019 amounted to a loss of £930,000 (31 December 2018: £3,867,000 – gain) (see Note 7 and 9).

18. Fair value measurements and sensitivity analysis continued

Derivative financial instruments *continued*

During the year ended 31 December 2019, the Group realised a gain of £1,164,000 on the cash settlement of foreign exchange forwards (31 December 2018: £1,520,000 – realised loss).

19. Subsidiaries

During the year ended 31 December 2019, the Company had the following consolidated subsidiaries ("Holding Companies" if referred to individually) which are included in the consolidated financial statements:

	Country of Incorporation	Effective Ownership Interest	Year Acquired/ Established
BBGI SICAV S.A.	Luxembourg	Ultimate Parent	2011
BBGI Management HoldCo S.à r. l. ("MHC")	Luxembourg	100.0%	2011
BBGI Inv, S.à r. l.	Luxembourg	100.0%	2012
BBGI Investments S.C.A.	Luxembourg	100.0%	2012
BBGI Holding Limited	UK	100.0%	2012
BBGI (NI) Limited	UK	100.0%	2013
BBGI (NI) 2 Limited	UK	100.0%	2015
BBGI CanHoldco Inc[1]	Canada	100.0%	2013
BBGI Guernsey Holding Limited	Guernsey	100.0%	2013
BBGI Ireland Limited	Ireland	100.0%	2017

1 During 2019, BBGI LP Invest "Inc." has been amalgamated with BBGI CanHoldco Inc.

The Company's subsidiaries which are not consolidated, by virtue of the Company being an Investment Entity, and are accounted for as investments at FVPL, are as follows:

Company	Asset Name	Country of Incorporation	Effective Ownership	Date Acquired Controlled
RW Health Partnership Holdings Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
RW Health Partnership Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
RWH Finance Pty Limited	Royal Women's Hospital	Australia	100.0%	2012
Victorian Correctional Infrastructure Partnership Pty Limited	Victoria Prisons	Australia	100.0%	2012
BBPI Sentinel Holdings Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2014
BBPI Sentinel Holding Trust	Northern Territory Secure Facilities	Australia	100.0%	2014
BBPI Sentinel Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2014
BBPI Member Trust	Northern Territory Secure Facilities	Australia	100.0%	2014
Sentinel Partnership Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Sentinel UJV	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Sentinel Financing Holdings Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Sentinel Financing Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Sentinel Finance Holding Trust	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
Sentinel Finance Trust	Northern Territory Secure Facilities	Australia	100.0%	2014 and 2015
BBGI Sentinel Holdings 2 Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2015
BBGI Sentinel Holding Trust 2	Northern Territory Secure Facilities	Australia	100.0%	2015
BBGI Sentinel 2 Pty Limited	Northern Territory Secure Facilities	Australia	100.0%	2015
BBGI Sentinel Trust 2	Northern Territory Secure Facilities	Australia	100.0%	2015
Golden Crossing Holdings Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing Finance Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing Inc.	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Global Infrastructure Limited Partnership	Golden Ears Bridge	Canada	100.0%	2012 and 2013
Golden Crossing General Partnership	Golden Ears Bridge	Canada	100.0%	2012 and 2013
BBGI KVH Holdings Inc.	Kelowna and Vernon Hospitals	Canada	100.0%	2013

19. Subsidiaries continued

Company	Asset Name	Country of Incorporation	Effective Ownership	Date Acquired Controlled
BBGI KVH Inc.	Kelowna and Vernon Hospitals	Canada	100.0%	2013
WCP Holdings Inc.	Women's College Hospital	Canada	100.0%	2013
WCP Inc.	Women's College Hospital	Canada	100.0%	2013
WCP Investments Inc.	Women's College Hospital	Canada	100.0%	2013
Women's College Partnership	Women's College Hospital	Canada	100.0%	2013
Stoney Trail Group Holdings Inc.	Northeast Stoney Trail	Canada	100.0%	2013
Stoney Trail LP Inc.	Northeast Stoney Trail	Canada	100.0%	2013
Stoney Trail Investments Inc.	Northeast Stoney Trail	Canada	100.0%	2013
Stoney Trail Inc.	Northeast Stoney Trail	Canada	100.0%	2013
Stoney Trail Global Limited Partnership	Northeast Stoney Trail	Canada	100.0%	2013
Stoney Trail General Partnership	Northeast Stoney Trail	Canada	100.0%	2013
BBGI NCP Holdings Inc.	North Commuter Parkway	Canada	100.0%	2015
BBGI Stanton Holdco 1 Inc.	Stanton Territorial Hospital	Canada	100.0%	2018
BBGI Stanton Holdco 2 Inc.	Stanton Territorial Hospital	Canada	100.0%	2018
PJB Beteiligungs – GmbH	Burg Prison	Germany	100.0%	2012
Projektgesellschaft Justizvollzug Burg GmbH & Co. KG	Burg Prison	Germany	90.0%	2012
PJB Management-GmbH	Burg Prison	Germany	100.0%	2012
BBGI PPP Investment S.à r.l.	Holding entity	Luxembourg	100.0%	2018
SAAone PPP B.V.	A1/A6 Motorway	Netherlands	100.0%	2019
De Groene Schakel Holding B.V.	Westland Town Hall	Netherlands	100.0%	2018 and 2019
De Groene Schakel B.V.	Westland Town Hall	Netherlands	100.0%	2018 and 2019
Agder OPS Vegselskap AS	E18	Norway	100.0%	2013 and 2014
Bedford Education Partnership Holdings Limited	Bedford Schools	UK	100.0%	2012
Bedford Education Partnership Limited	Bedford Schools	UK	100.0%	2012
Lisburn Education Partnership (Holdings) Limited	Lisburn College	UK	100.0%	2012
Lisburn Education Partnership Limited	Lisburn College	UK	100.0%	2012
Clackmannanshire Schools Education Partnership (Holdings)Limited	Clackmannanshire Schools	UK	100.0%	2012
Clackmannanshire Schools Education Partnership Limited	Clackmannanshire Schools	UK	100.0%	2012
Primaria (Barking & Havering) Limited	Barking & Havering Clinics (LIFT)	UK	100.0%	2012
Barking Dagenham Havering Community Ventures Limited	Barking & Havering Clinics (LIFT)	UK	60.0%	2012
Barking & Havering LIFT (Midco) Limited	Barking & Havering Clinics (LIFT)	UK	60.0%	2012
Barking & Havering LIFT Company (No.1) Limited	Barking & Havering Clinics (LIFT)	UK	60.0%	2012
Scottish Borders Education Partnership (Holdings) Limited	Scottish Borders Schools	UK	100.0%	2012
Scottish Borders Education Partnership Limited	Scottish Borders Schools	UK	100.0%	2012
Coventry Education Partnership Holdings Limited	Coventry Schools	UK	100.0%	2012
Fire Support (SSFR) Holdings Limited	Stoke & Staffs Rescue Service	UK	85.0%	2012
Fire Support (SSFR) Limited	Stoke & Staffs Rescue Service	UK	85.0%	2012
Highway Management M80 Topco Limited	M80 Motorway	UK	100.0%	2012
Tor Bank School Education Partnership (Holdings) Limited	Tor Bank School	UK	100.0%	2013
Tor Bank School Education Partnership Limited	Tor Bank School	UK	100.0%	2013 and 2014
Mersey Care Development Company 1 Limited	Mersey Care Hospital (LIFT)	UK	100.0%	2013 and 2014
MG Bridge Investments Limited	Mersey Gateway Bridge	UK	100.0%	2014
Lagan College Education Partnership (Holdings) Limited	Lagan College	UK	100.0%	2014
Lagan College Education Partnership Limited	Lagan College	UK	100.0%	2014
Highway Management (City) Holding Limited	M1 Westlink	UK	100.0%	2014
Highway Management (City) Finance Plc	M1 Westlink	UK	100.0%	2014
Highway Management (City) Limited	M1 Westlink	UK	100.0%	2014

19. Subsidiaries continued

Company	Asset Name	Country of Incorporation	Effective Ownership	Date Acquired Controlled
Blue Light Partnership (ASP) NewCo Limited	Avon and Somerset Police HQ	UK	100.0%	2014, 2015 and 2016
Blue Light Partnership (ASP) NewCo 2 Limited	Avon and Somerset Police HQ	UK	100.0%	2015
GT ASP Limited	Avon and Somerset Police HQ	UK	100.0%	2015
Blue Light Partnership (ASP) Holdings Limited	Avon and Somerset Police HQ	UK	100.0%	2014, 2015 and 2016
Blue Light Partnership (ASP) Limited	Avon and Somerset Police HQ	UK	100.0%	2015
Northwin Limited	North West Regional College	UK	100.0%	2015
Northwin (Intermediate) (Belfast) Limited	Belfast Metropolitan College	UK	100.0%	2016
Northwin (Belfast) Limited	Belfast Metropolitan College	UK	100.0%	2016
GB Consortium 1 Limited	North London Estates Partnership (LIFT) and Liverpool and Sefton Clinics (LIFT)	UK	100.0%	2012, 2014 and 2018
East Down Education Partnership (Holdings) Limited	East Down Colleges	UK	100.0%	2012 and 2018
East Down Education Partnership Limited	East Down Colleges	UK	100.0%	2012 and 2018
BBGI East End Holdings Inc.	Ohio River Bridges	USA	100.0%	2014
WVB East End Partners, LLC	Ohio River Bridges	USA	66.67%	2014 and 2019

20. Related parties and key contracts

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

Supervisory Board fee

The members of the Supervisory Board of the Company were entitled to a total of £215,000 in fees for the year ended 31 December 2019 (2018: £228,000).

Directors' shareholding in the Company

In thousands of shares	31 December 2019	31 December 2018
Duncan Ball	**431**	428
Frank Schramm	**418**	418
Michael Denny	**138**	79
Colin Maltby	**123**	123
Sarah Whitney	**25**	–
	1,135	1,048

Remuneration of the Management Board

Under the current remuneration program, all staff are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Management Board. The Management Board members are entitled to a fixed remuneration under their contracts and are also entitled to participate in a short-term incentive plan and a long-term incentive plan. Compensation under their contracts is reviewed annually by the Supervisory Board, acting in its capacity as the Remuneration Committee.

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

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Short-term benefits	**2,097**	1,980
Share-based payment	**561**	485
	2,658	2,465

20. Related parties and key contracts continued

Trade and other receivables

As at 31 December 2019, trade and other receivables include short-term receivables from non-consolidated subsidiaries amounting to £3,876,000 (2018: £803,000). The remaining amount pertains to third-party receivables.

Share-based compensation

Each of the members of the Management Board received award letters ("2018 Award", "2017 Award", and "2016 Award", respectively) under the Group's long-term incentive plan. These awards are to be settled by MHC in the Company's own shares. Of the awards granted, 50 per cent vests by reference to a performance measure based on the Company's Total Shareholder Return ("TSR condition") over the Return Periods (below), and the remaining vests by reference to a performance measure based on the increase in the Company's Investment Basis NAV per share ("NAV condition"). Further details are as follows:

	2018 Award	2017 Award	2016 Award
Return Period	**December 2018–December 2021**	December 2017–December 2020	December 2016–December 2019
Vesting period (by reference to performance Measure – NAV condition and TSR condition)	**36 mos. Ending 31/12/2021**	36 mos. Ending 31/12/2020	36 mos. Ending 31/12/2019
Maximum number of shares which will vest	**820,189**	881,626	785,562

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

	2018 Award	2017 Award	2016 Award
Share price at grant date	**£ 1.565**	£ 1.405	£ 1.395
Maturity	**3 years**	3 years	3 years
Annual target dividends (2019 to 2021)	**£0.0700**	–	–
Annual target dividends (2018 to 2020)	**–**	£0.0650	–
Annual target dividends (2017 to 2019)	**–**	–	£0.0625
Volatility	**11%**	10%	10%
Risk free rate	**Between 0.77%–0.79%**	Between 0.38%–0.56%	0.25%

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

The fair value of the awards and amounts recognised as additional paid in capital in the Group's consolidated statement of financial position are as follows:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
2018 Award	**157**	–
2017 Award	**268**	137
2016 Award	**540**	267
2015 Award	**–**	433
Amount recognised in additional paid-in capital	**965**	837

During the year ended 31 December 2019, the Company settled the outstanding obligation under the 2015 Award through (a) issuance of 696,998 shares at 154.5 pence per share. The total accrued amount under the 2015 Award as at 31 December 2018 was £433,000. This amount was transferred from Additional paid in capital to Share capital at the settlement date.

20. Related parties and key contracts continued

Share based compensation *continued*

The amounts recognised as part of "administrative expenses" in the Group's consolidated income statement are as follows:

In thousands of Pounds Sterling	2019	2018
2018 Award	**157**	–
2017 Award	**134**	137
2016 Award	**270**	132
2015 Award	**–**	216
Amount recognised in administrative expenses	**561**	485

In December 2019, each of the members of the Management Board received an award letter ("2019 Award"). The maximum number of shares that could be issued under this award was determined by using the closing price of the Company's share price on 23 December 2019, as ascertained from the Official List, which was 167.5 pence per share. Subject to the achievement of the performance conditions, the awards will vest after 21 December 2022. The terms of the 2019 Award are comparable to the 2018 Awards.

21. Commitments and contingencies

The Group has engaged, in the ordinary course of business, the services of certain entities to provide legal, custodian, audit, tax and other services to the Company. The expenses incurred in relation to such are treated as legal and professional fees under the administrative expenses grouping in the consolidated income statement.

MHC leases its current office under a cancellable operating lease agreement. The expenses incurred in relation to such are recognised as office and other expenses under administrative expenses (see Note 6).

22. Service Concession Agreements

As at 31 December 2019, the Group has a portfolio of 48 assets (see also Note 10), with a weighted average remaining concession length of 20.7 years. The Group has a diverse asset mix from which the service concession receivables are derived. All assets are availability-based.

The rights of both the concession provider and concession operator are stated within the specific asset agreement.

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

					Period of Concession (Operational Phase)		
Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Start Date	End Date	Investment Volume
Availability Roads	Kicking Horse Canyon	50.0%	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	C$ 148 million
	Golden Ears Bridge	100.0%	Design, build, finance and operate the Golden Ears Bridge that spans the Fraser River and connects Maple Ridge and Pitt Meadows to Langley and Surrey, near Vancouver, British Columbia.	Operational	June 2009	June 2041	C$ 1,117 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	End Date	Investment Volume
Availability Roads continued	Northwest Anthony Henday Drive	50.0%	Partly design, build, finance and operate a major transport infrastructure asset in Canada, a ring road through Edmonton, capital of the province of Alberta.	Operational	November 2011	October 2041	C$ 1,170 million
	M80 Motorway	50.0%	Design, build finance and operate 18 km of dual two/three lane motorway with associated slip roads and infrastructure from Stepps in North Lanarkshire to Haggs in Falkirk (Scotland).	Operational	July 2011	September 2041	£310 million
	E18 Motorway	100.0%	Design, build, finance, operate and maintain a 38 km dual carriageway in Norway, including 61 bridges and structures and 75 km of secondary roads, carving through a rugged and beautiful landscape between Grimstad and Kristiansand.	Operational	August 2009	August 2034	kr 3,604 million
	Northeast Stoney Trail	100.0%	Design, build, finance, operate and maintain a 21 km section of highway, forming part of a larger ring road developed in Calgary, Alberta, Canada.	Operational	November 2009	October 2039	C$ 424 million
	Ohio River Bridge	66.67%	Design, build, finance, operate and maintain East End Bridge asset which includes a cable-stay bridge, a tunnel and the connecting highway with a total length of 8 miles crossing the Ohio river in the greater Louisville-Southern Indiana region.	Operational	December 2016	September 2051	US$ 1,175 million
	Mersey Gateway Bridge	37.5%	Design, build, finance, operate and maintain of a new circa 1 km long six-lane toll cable-stay bridge (three towers) over the Mersey river to relieve the congested and ageing Silver Jubilee Bridge and upgrading works for 9.5 km of existing roads and associated structures.	Operational	October 2017	March 2044	£650 million

For the year ended 31 December 2019

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	Period of Concession (Operational Phase) End Date	Investment Volume
Availability Roads continued	M1 Westlink	100.0%	Design, build, finance, operate and maintain with significant amount of construction work completed in 2009 to upgrade key sections of approx. 60 km of motorway through Belfast and its vicinity, including O&M of the complete motorway.	Operational	February 2006	February 2036	£161 million
	North Commuter Parkway	50.0%	Design, build, finance, operate and maintain two new arterial roadways and a new river crossing located in the north area of Saskatoon, Saskatchewan, Canada, and design, construct, finance, operate and maintain a replacement river crossing located in Saskatoon's downtown core.	Operational	October 2018	September 2048	C$ 311 million
	Canada Line	26.7%	Design, build, finance, operate and maintain of a 19 km rapid transit line connecting the cities of Vancouver and Richmond with Vancouver International Airport in British Columbia, Canada.	Operational	August 2009	July 2040	C$ 1,895 million
	Southeast Stoney Trail	40.0%	Design, build, finance, operate and maintain of a 25 km section of highway, forming part of a larger ring road developed in Calgary, Alberta, Canada.	Operational	November 2013	September 2043	C$ 524 million
	William R. Bennett Bridge	80.0%	Design, build, finance, operate and maintain of a 1.1 km long floating bridge in Kelowna, British Columbia, Canada.	Operational	May 2008	June 2035	C$ 184 million
	A1/A6 Motorway	37.14%*	Design, build, finance, operate and maintain the enlargement of the A1/A6 in the Netherlands, which involves the reconstruction and widening of this 2x5 lanes motorway plus two reversible direction lanes. The asset involves some 70 new engineering structures.	Operational	July 2017	June 2042	€ 750 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	End Date	Investment Volume
Availability Roads continued	N18 Motorway	25.48%*	Design, build, finance, operate and maintain the extension of the N18 motorway between Varsseveld and Enschede in the eastern part of the Netherlands. It comprises of 15 km of existing and 27 km of a new 2x2-lane motorway with more than 30 ecological passages, aiming at a reduction in traffic in certain villages and safety improvement.	Operational	April 2018	April 2043	€ 130 million
Social Infrastructure	Victoria Prisons	100.0%	Design, build, finance, operate, and maintain 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	A$ 244.5 million
	Burg Prison	90.0%	Design, build, finance, operate, and maintain for a concession period of 25 years, a new prison for the state of Saxony-Anhalt, Germany.	Operational	May 2009	April 2034	€ 100 million
	Avon and Somerset Police HQ	100.0%	Design, build, finance, operate and maintain four new build police and custody facilities in the Avon and Somerset region (UK).	Operational	July 2014/July 2015	March 2039	£83 million
	Northern Territory Secure Facilities	100.0%	Design, build, finance, operate and maintain a new correctional facility, located near Darwin, including three separate centres of the 1,048 bed multi-classification men's and women's correctional centre and 24-bed Complex Behaviour Unit.	Operational	November 2014	October 2044	A$620 million
	Bedford Schools	100.0%	Design, build, finance, operate and maintain the redevelopment of two secondary schools in the County of Bedfordshire.	Operational	June 2006	December 2035	£29 million
	Coventry Schools	100.0%	Design, build, finance, operate and maintain one new school and community facilities for the Coventry City Council.	Operational	In stages from March 2006 to June 2009	December 2034	£27 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	End Date	Investment Volume
Social Infrastructure continued	Kent Schools	50.0%	Design, build, finance, operate and maintain the redevelopment, which included the construction of new build elements for each school as well as extensive reconfiguration and refurbishment of six schools.	Operational	June 2007	September 2035	£106 million
	Scottish Borders Schools	100.0%	Design, build, finance, operate and maintain three new secondary schools for Scottish Borders Council.	Operational	July 2009	November 2038	£92 million
	Clackmannanshire Schools	100.0%	Design, build, finance, operate and maintain the redevelopment of three secondary schools in Clackmannanshire, Scotland.	Operational	In stages from January to May 2009	March 2039	£77 million
	East Down Colleges	100.0%	Design, build, finance, operate and maintain the East Down Colleges in Northern Ireland.	Operational	June 2009	May 2036	£73.8 million (with Lisburn College)
	Lisburn College	100.0%	Design, build, finance, operate and maintain Lisburn College in Northern Ireland.	Operational	April 2010	May 2036	£73.8 million (with East Down Colleges)
	Tor Bank School	100.0%	Design, build, finance, operate and maintain a new school for pupils with special education needs in Northern Ireland.	Operational	October 2012	October 2037	£13 million
	Lagan College	100.0%	Design , build, finance operate and maintain the redevelopment of a school in Northern Ireland	Operational	October 2013	June 2038	£33 million
	Cologne Schools	50.0%	Design, build, finance operate and maintain the redevelopment of five schools in Cologne.	Operational	April 2005	December 2029	€32 million
	Rodenkirchen Schools	50.0%	Design, build, finance operate and maintain a school for approx. 1,200 pupils in Cologne.	Operational	November 2007	November 2034	€40 million
	Frankfurt Schools	50.0%	Design, build, finance operate and maintain the redevelopment of four schools in Frankfurt.	Operational	August 2007	July 2029	€89 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	Period of Concession (Operational Phase) End Date	Investment Volume
Social Infrastructure continued	North West Regional College	100.0%	Design, build, finance, operate and maintain the North West Regional College educational campus in Derry, Northern Ireland	Operational	February 2001	January 2026	£9 million
	Belfast Metropolitan College	100.0%	Design, build, finance, operate and maintain the Belfast Met educational campus in Milfield, Belfast, Northern Ireland	Operational	September 2002	August 2027	£20 million
	Westland Town Hall	100.0%	Design, build, finance, operate and maintain Westland Town Hall, a PPP accommodation asset consisting of a new approximately 11,000m² town hall for the Dutch Municipality of Westland.	Operational	August 2017	August 2042	€33 million
	Gloucester Royal Hospital	50.0%	Design, build, finance, operate and maintain a hospital scheme in Gloucester, UK.	Operational	April 2005	February 2034	£38 million
	Liverpool and Sefton Clinics (LIFT)	60.0%	Design, build, finance, operate and maintain the primary healthcare facilities in Liverpool and Sefton, UK.	Operational	In seven tranches starting April 2005 and ending February 2013	In seven tranches starting November 2037 and ending February 2043	£97 million
	North London Estates Partnership (LIFT)	60.0%	Design, build, finance, operate and maintain the primary healthcare facilities of the Barnet, Enfield and Haringey LIFT programme, UK.	Operational	In four tranches starting February 2006 and ending June 2013	In four tranches starting January 2031 and ending June 2043	£72 million
	Barking Dagenham Havering (LIFT)	60.0%	Design, build, finance, operate and maintain ten facilities/clinics in East London, UK with asset construction completions between 2005 and 2009.	Operational	In three tranches starting October 2005 and ending October 2008	In three tranches starting September 2030 and ending September 2033	£65 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	Period of Concession (Operational Phase) End Date	Investment Volume
Social Infrastructure continued	Royal Women's Hospital	100.0%	Design, build, finance, operate and maintain a new nine-storey Royal Women's Hospital in Melbourne.	Operational	June 2008	June 2033	A$316 million
	Mersey Care Hospital (part of Liverpool Sefton Clinics (LIFT) above)	79.6%	Design, build, finance, operate and maintain a new mental health in-patient facility on the former Walton hospital site in Liverpool, UK.	Operational	December 2014	December 2044	£25 million
	Kelowna and Vernon Hospital	50.0%	Design, build, finance, 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	C$432.9 million
	Women's College Hospital	100.0%	Design, build, finance, operate and maintain the new Women's College Hospital in Toronto, Ontario, Canada.	Operational	May 2013 (Phase 1), September 2015 (Phase 2), March 2016 (final completion).	May 2043	C$345 million
	Restigouche Hospital Centre	80.0%	Design, build, finance, operate and maintain the new Psychiatric Care Centre in Restigouche, New Brunswick, Canada.	Operational	June 2015	October 2044	C$210 million
	McGill University Health Centre	40.0%	Design, build, finance, operate and maintain of the new McGill University Health Centre, Montreal, Canada.	Operational	October 2014	September 2044	C$2,012 million
	Stanton Territorial Hospital	25.0%	Design, build, finance, operate and maintain of the new Stanton Territorial Hospital, Yellowknife, Northwest Territories, Canada.	Operational	December 2018	December 2048	C$298 million
	Stoke & Staffs Rescue Service	85.0%	Design, build, finance, operate and maintain 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, operate and maintain the administration building of the Unna District in Rhine-Westphalia, Germany.	Operational	July 2006	July 2031	€24 million

22. Service Concession Agreements continued

Sector	Asset Name	% Equity Owned on Asset	Short Description of Concession Arrangement	Phase	Period of Concession (Operational Phase) Start Date	End Date	Investment Volume
Social Infrastructure continued	Fürst Wrede Military Base	50.0%	Design, build, finance, operate and maintain the refurbishment and new construction of a 32 hectare army barracks in Munich, Germany.	Operational	March 2008	March 2028	€48 million

* legal ownership

23. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

24. Events after the end of the reporting period

In February 2020, the £21 million of borrowings that were outstanding at the year-end, were repaid in full. Moreover, in the same month, the Company declared a 2nd interim dividend of 3.5 pence per share with scrip alternative for the period 1 July – 31 December 2019, to be paid in April 2020.

In March 2020, the Group completed the following acquisition:

i. Acquisition of further 25 per cent equity interest in the Stanton Territorial Hospital Project.

ii. As announced on 5 March 2020, the Nova Scotia provincial government named a Group-led consortium as the preferred bidder to undertake the expansion and upgrading of Highway 104 between Sutherlands River and Antigonish, Nova Scotia. Construction is scheduled to begin in spring of 2020, with an estimated completion date of the end of 2023.

Impact of coronavirus (Covid-19)

At the point of publication of these financial statements, the Group believes its business continuity plans can withstand the anticipated operational disruption emanating from the spread of Covid-19.

The Group does not have any demand-based assets and the portfolio is 100 per cent operational. The Group does not expect its financial performance to be materially affected due to the reliance on 100 per cent availability-based revenues. However, the NAV is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. As part of its analysis, the Management Board has considered the potential impact of a change in a number of the macro-economic assumptions used in the valuation process. By considering these potential scenarios, the Management is well positioned to assess how the Group is likely to perform if affected by variables and events that are inherently outside of the control of the Boards and its risk management framework. At the date of publication, Management believe that the sensitivities, as disclosed in Note 18 of the consolidated financial statements, continue to be reasonable after taking into account potential macro-economic changes which may occur as a result of Covid-19. However, there continues to be significant uncertainty around how the pandemic will evolve and therefore it is difficult to foresee all of the consequences or disruptions that may arise as a result. It remains therefore a priority for the Group to monitor and assess for potential consequences and disruption and seek to mitigate issues accordingly.

Report on the Audit of the Financial Statements

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

Report of the Reviseur d'Entreprises agréé

Opinion
We have audited the financial statements of BBGI SICAV S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion
We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investment in subsidiary and loans receivable from subsidiaries
a) Why the matter was considered to be one of most significance in our audit of the financial statements of the current period?
We refer to the accounting policy for "Impairment testing for investments" and to Note 12 and 13 in the financial statements. 97% of the Company's total assets are investment in subsidiary and loans receivable from subsidiaries subject to an impairment assessment at each reporting date.

The conclusion whether there is objective evidence of impairment on investment in subsidiary is a significant judgement area resulting from a number of assumptions in the financial models. The valuation is inherently subjective due to the absence of a liquid market for these investments, and the fact that their fair value is determined using the fair value of the underlying infrastructure investments which, in turn, is determined using a discounted cash flow methodology applied by the Management Board. The complexity of this methodology as well as assumptions taken in the financial models mean that there is a risk that the fair value of these investments may not be appropriate. The key assumptions used by the Management Board are in respect of discount rates and components of budgets used being part of long term forecast cash flows. In addition, the Management Board also used key macroeconomic assumptions such as inflation, deposit interest and tax rates that have an impact on the long term forecast cash flows.

As for the loans receivable from subsidiaries, valuation of the underlying investments is an important consideration in the determination of expected credit losses (ECL). The significance of the estimates and judgements involved, coupled with the fact that a small percentage difference in the key assumptions used in the valuation of investment in subsidiary and in the impairment assessment of loans receivable from subsidiaries, when aggregated, could result in a material misstatement on the statement of comprehensive income and statement of financial position, warrants specific audit focus in this area.

Key audit matters continued

b) How the matter was addressed in our audit

Our audit procedures to determine if there is any impairment of investment in subsidiary and loans receivable from subsidiaries consist of the analysis of the valuation of the underlying infrastructure assets that have been developed predominantly under PPP/PFI or similar procurement models ("Infrastructure Investments") and of ECL, as appropriate, which included, but were not limited to the following:

- We tested the design, implementation and effectiveness of the controls around the determination and monitoring of the discounted cash flows and the determination and monitoring of related key macroeconomic assumptions;
- We involved KPMG valuation specialists and their market knowledge to perform the following procedures:
  - We considered and commented on the approach and methodology documented by the Management Board used in the Company's Valuation Report against International Private Equity and Venture Capital Valuation Guidelines;
  - We obtained market benchmarks for discount rates from public and private sources. We considered the discount rates applied in Company's Valuation Report against market benchmarks in the light of market, project, sector and country issues;
  - We performed research on key assumptions and commented and compared those against the assumptions applied in Company's Valuation Report;
  - We reviewed the results of the sensitivity analysis on key assumptions taken by Management;
  - We challenged and determined the appropriateness of the Management Board's assumptions used for the valuation of a sample of Infrastructure Investments applying following procedures:
    - We agreed the underlying shareholder cash flow inputs (such as dividends, subordinated debt interest and principal repayment and director's fees) from the underlying project model to the Company's valuation model;
    - We considered if the methodology for assessing fair value has been applied consistently across the assets;
    - We read the latest board minutes, board packages and other supporting documents and information in respect of the sampled investments and raised Q&A comments to challenge the inputs in the valuation;
- We reviewed the Valuation Report prepared by the Management Board and assessed whether the valuation inputs and results are consistent with our other audit procedures performed as part of our audit of the consolidated financial statements;
- We tested the design, implementation and effectiveness of the management review controls over the valuation process;
- We gained an understanding of the process and controls that management has established to identify, account for and disclose loans from subsidiaries and to authorize and approve significant transactions and arrangements with related parties.
- We verified whether the Company's investment in subsidiary and loans receivables from subsidiaries are carried at more than their recoverable amount (fair value determined) and assessed that there are no external or internal indicators of impairment.
- We obtained management's assessments of the arm's length principle and challenged the inputs used.
- We obtained the management impairment analysis by the Management Board on the impairment of loans receivable from subsidiaries and performed the following procedures:
  - We challenged the criteria and inputs used in the impairment analysis; and
  - We performed an overall assessment of the assumptions and models used to calculate the ECL.

Key audit matters *continued*

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board for the financial statements

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

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Key audit matters continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the Shareholders on 30 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is nine years.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 25 March 2020

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

Joseph de Souza

Company Statement of Comprehensive Income

For the year ended 31 December 2019

In thousands of Pounds Sterling	Notes	2019	2018
Administrative expenses	5	**(7,415)**	(7,156)
Other operating expenses	6	**(7,991)**	(4,610)
Results from operating activities		**(15,406)**	(11,766)
Finance income	7	**17,278**	20,125
Profit before tax		**1,872**	8,359
Tax expense	8	**(406)**	(330)
Profit from continuing operations		**1,466**	8,029
Profit from continuing operations attributable to owners of the Company		**1,466**	8,029
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year attributable to owners of the Company		**1,466**	8,029

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

Company Statement of Financial Position

As at 31 December 2019

In thousands of Pounds Sterling	Notes	2019	2018
Assets			
Loans receivable from subsidiaries	12	**201,342**	192,036
Investment in subsidiary	13	**293,303**	263,371
Non-current assets		**494,645**	455,407
Loans receivable from subsidiaries	12	**124,595**	117,021
Interest and other receivables from subsidiaries	12	**976**	30,763
Other current assets		**148**	219
Cash and cash equivalents	9	**20,918**	2,132
Current assets		**146,637**	150,135
Total assets		**641,282**	605,542
Equity			
Share capital	10	**715,406**	639,642
Retained earnings		**(75,832)**	(35,678)
Equity attributable to owners of the Company		**639,574**	603,964
Liabilities			
Trade payables		**288**	57
Other payables		**1,313**	1,434
Current tax liabilities	8	**107**	87
Current liabilities		**1,708**	1,578
Total liabilities		**1,708**	1,578
Total equity and liabilities		**641,282**	605,542
Net asset value attributable to the owners of the Company	10	**639,574**	603,964
Net asset value per ordinary share (pence)	10	**101.49**	104.13

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

Company Statement of Changes in Equity

For the year ended 31 December 2019

In thousands of Pounds Sterling	Notes	Share Capital	Retained Earnings	Total Equity
Balance at 1 January 2018		506,061	(10,264)	495,797
Total comprehensive income for the year attributable to the owners of the Company		–	8,029	8,029
Transactions with owners of the Company, recognised directly in equity				
Issuance of shares from placing of ordinary shares – net of issue cost	10	126,128	–	126,128
Cash dividends	10	–	(26,463)	(26,463)
Scrip dividends	10	6,980	(6,980)	–
Shares issued on behalf of a subsidiary	10	473	–	473
Balance at 31 December 2018		639,642	(35,678)	603,964
Total comprehensive income for the year attributable to the owners of the Company		**–**	**1,466**	**1,466**
Transactions with owners of the Company, recognised directly in equity				
Issuance of shares from placing of ordinary shares – net of issue cost	10	**73,915**	**–**	**73,915**
Cash dividends	10	**–**	**(40,848)**	**(40,848)**
Scrip dividends	10	**772**	**(772)**	**–**
Shares issued on behalf of a subsidiary	10	**1,077**	**–**	**1,077**
Balance at 31 December 2019		**715,406**	**(75,832)**	**639,574**

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

Company Statement of Cash Flows

For the year ended 31 December 2019

In thousands of Pounds Sterling	Notes	2019	2018
Operating activities			
Profit from continuing operations		**1,466**	8,029
Adjustments for:			
Finance income	7,12	**(17,278)**	(20,087)
Foreign currency exchange loss - net	6	**168**	2,747
Tax expense	8	**406**	330
		(15,238)	(8,981)
Working capital adjustments:			
Other receivables from subsidiary		**11,178**	36
Other current assets		**71**	88
Trade and other payables and current tax liabilities		**(81)**	640
Cash used in operating activities		**(4,070)**	(8,217)
Taxes paid		**(386)**	(320)
Net cash flows used in operating activities		**(4,456)**	(8,537)
Investing activities			
Loan repayment from subsidiaries	12	**26,348**	22,375
Loans provided to subsidiaries	12	**(45,681)**	(3,869)
Investment in subsidiaries	13	**(29,932)**	(121,621)
Interest received		**38,971**	-
Net cash flows used in investing activities		**(10,294)**	(103,115)
Financing activities			
Proceeds from issuance of ordinary shares-net	10	**73,915**	126,128
Dividends paid	10	**(40,848)**	(26,463)
Net cash flows from financing activities		**33,067**	99,665
Net increase (decrease) in cash and cash equivalents		**18,317**	(11,987)
Impact of foreign exchange gain on cash and cash equivalents		**469**	217
Cash and cash equivalents at 1 January	9	**2,132**	13,902
Cash and cash equivalents at 31 December	9	**20,918**	2,132

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

Notes to the Company Financial Statements

For the year ended 31 December 2019

1. Corporate information

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

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

The Company had no employees as of 31 December 2019 and 2018, respectively.

Reporting period

The Company's reporting period runs from 1 January to 31 December each year. The Company´s statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cashflows include comparative figures as at 31 December 2018.

The amounts presented as "non-current" in the Company´s statement of financial position are those expected to be settled after more than one year. The amounts presented as "current" are those expected to be settled within one year. These financial statements were approved by the Management Board on 24 March 2020.

2. Basis of preparation

Statement of compliance

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), and applying IAS 27 - Separate Financial Statements, recognition and measurement requirements, in accounting for its investment in subsidiary. Please refer to Note 3 d) for the accounting policy for the investment in subsidiary.

The Company also prepares consolidated financial statements in accordance with IFRS as adopted by the EU.

The Company follows, to the fullest extent possible, the provisions of the Standard of Recommended Practices issued by the Association of Investment Companies ("AIC SORP"). If the provisions of the AIC SORP is in direct conflict with IFRS as adopted by the EU, the standards of the latter shall prevail.

Changes in accounting policy

New and amended standards applicable to the Company are as follows:

— IFRS 16: Leases

— IFRIC 23: Uncertainty over Income Tax Treatments

The Company adopts new standards and amendments effective 1 January 2019, where applicable. The new standards and amendments disclosed above did not have a material impact on the preparation of the Company's financial statements.

Functional and presentation currency

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

2. Basis of preparation continued

Impairment testing for investments

Investment in subsidiary and loans receivable from subsidiaries are measured at cost less accumulated impairment losses. The impairment losses are based on expected credit loss ("ECL") on such receivables. The loans and receivables of the Company from its subsidiaries are directly linked to the PPP/PFI assets financed by these subsidiaries either through loans and/or equity investments. The ECL, if any, of the Company from its loans and receivables from subsidiaries has a direct link with the fair value of the Group's portfolio of investments ("PPP/PFI investments"). The Company performs a fair valuation of the PPP/PFI investments every 6 months and considers any ECL on the loans and receivables, among others based on the results of the valuation. The fair valuation of the subsidiaries' PPP/PFI assets is done by calculating the net present value of the cashflows from its PPP/PFI assets, based on internally generated models. The net present value of each asset is determined using future cashflows, applying certain macroeconomic assumptions for the cashflows which include indexation rates, deposit interest rates, corporate tax rates and foreign currency exchange rates. The cashflows are discounted at the applicable discount rate for companies involved in service concession assets. 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 cashflows. The determined fair value will be considered as the recoverable amount to be compared to the carrying amount of investment in subsidiary to determine possible impairment. Excess of the carrying amount of the investment in subsidiary over the recoverable amount is recognised as impairment loss. As of 31 December 2019, the Company identified no ECL to be recorded on its loans and receivables from subsidiaries (2018: nil) nor impairment on its investment in subsidiary.

3. Summary of significant accounting policies

a) Foreign currency transactions

Transactions in foreign currencies are translated into Pounds Sterling at the exchange rate on 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 on 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 on the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the statement of comprehensive income as a gain or loss on currency translation.

b) Foreign currency translations

The assets and liabilities of foreign operations are translated to Pounds Sterling at the exchange rates on the reporting date. The income and expenses of foreign operations are translated to Pounds Sterling at the average exchange rates during the year, if such does not significantly deviate from the exchange rates at the date on which the transaction is entered into. If significant deviations arise, then the exchange rate at the date of the transaction is used.

c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified at initial recognition at either: (i) amortised cost; (ii) fair value through other comprehensive income – debt instruments; (iii) fair value through other comprehensive income – equity instruments; or (iv) fair value through profit or loss.

In general, the Company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive the contractual cashflows 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.

At the date of the statement of financial position, all financial assets of the Company have been classified as financial assets at amortised cost. Financial assets of the Company consist of investment in subsidiary, loans receivables from subsidiaries, interest and other receivables from subsidiaries and cash and cash equivalents.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in the statement of income when the asset is derecognised, modified or impaired.

3. Summary of significant accounting policies continued

c) Financial instruments *continued*

Financial liabilities

The Company classifies financial liabilities at amortised cost. 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 EIR 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 has 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 the statement of comprehensive income.

d) Investments in subsidiary

The investment in subsidiary is held at cost less any impairment.

e) 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 cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to a liability. The unwinding of such discount is recognised as a finance cost.

f) Cash and cash equivalents

Cash and cash equivalents comprise of cash of balances and term deposits with maturities of three months or less from the date when the deposits were made and 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.

g) Share capital

Ordinary shares are classified as equity. 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.

h) Finance income and finance costs

Interest income and expenses are recognised in statement of comprehensive income using the EIR 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 cashflows 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 statement of comprehensive income as finance income and finance costs, respectively.

i) Tax

According to the Luxembourg regulations regarding SICAV companies, the Company itself, as an undertaking for collective investment, is exempt from paying income and/or capital gains taxes in Luxembourg. It is, however, liable to annual subscription tax of 0.05 per cent on its consolidated net asset value ("NAV") payable quarterly and assessed on the last day of each quarter.

j) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

— Expected to be realised or intended to be sold or consumed in the normal operating cycle

— Held primarily for the purpose of trading

— Expected to be realised within 12 months after the reporting period or

— Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

3. Summary of significant accounting policies continued

j) Current versus non-current classification continued

All other assets are classified as non-current.

A liability is current when:

— It is expected to be settled in the normal operating cycle

— It is held primarily for the purpose of trading

— It is due to be settled within 12 months after the reporting period or

— There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

4. Significant accounting judgements, estimates and assumptions

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

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

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

4.1 Impairment testing for investments

Refer to Note 2 for the discussion of this topic.

4.2 Going concern basis of accounting

The Management Board has examined significant areas of possible financial risk including cash and cash requirements. It has not identified any material uncertainties which would cast significant doubt on the Company's ability to continue as a going concern for a period of less than 12 months from the date of approval of the 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 of accounting in preparing the Company's financial statements. As part of its assessment, the Management Board has considered the risk posed by the Covid-19 pandemic. The Management Board has satisfied itself that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

5. Administrative expenses

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Support agreement fees (see Note 12)	**5,623**	5,506
Legal and professional fees	**1,395**	1,209
Supervisory Board fees and expenses	**223**	266
Others	**174**	175
	7,415	7,156

The legal and professional fees during the year includes amounts charged by the Company's external auditor which include audit fees of £168,000 (2018: £141,000) and audit related fees of £60,000 (2018: £55,000). There are no non-audit related fees charged by the Company's external auditors in the above amounts (2018: nil). This also includes depositary and custodian related charges which amounted to £287,000 (2018: £238,000).

Notes to the Company Financial Statements *continued*

For the year ended 31 December 2019

6. Other operating expenses

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Foreign currency exchange loss – net	**168**	2,462
Foreign exchange indemnity agreement expense (see Note 12)	**6,411**	1,110
Acquisition related costs	**991**	870
Non-recoverable VAT	**344**	145
Others	**77**	23
	7,991	4,610

7. Finance income

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Finance income from multi-currency facility (see Note 12)	**17,258**	20,087
Interest income from deposits	**20**	38
	17,278	20,125

8. Tax expense

Current tax payable in 2019 amounting to £107,000 relates to subscription tax due (2018: £87,000).
A reconciliation of the tax expense and the tax at applicable tax rate is as follows:

In thousands of Pounds Sterling	Year ended 31 December 2019	Year ended 31 December 2018
Profit before tax	**1,872**	8,359
Income tax using the Luxembourg domestic tax rate (2019: 24.94% and 2018: 26.01%)	**467**	2,174
Effect of tax-exempt income	**(467)**	(2,174)
Subscription tax expense	**406**	330
Tax charge for the year	**406**	330

The Company, as an undertaking for collective investment, pays an annual subscription tax of 0.05 per cent on its consolidated NAV. For the year ended 31 December 2019, the Company incurred a subscription tax charge of £406,000 (2018: £330,000). All direct and indirect subsidiaries of the Company are subject to corporation tax at the applicable rate in their respective jurisdictions.

9. Cash and cash equivalents

Cash and cash equivalents relates to bank deposits amounting to £20,918 (2018: £2,132).

10. Share capital

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

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Share capital as at 1 January	**639,642**	506,061
Issuance of ordinary shares through placing	**75,000**	128,033
Shares issuance cost on placing	**(1,085)**	(1,905)
Share capital issued through scrip dividends	**772**	6,980
Shares issued as share based compensation	**1,077**	473
	715,406	639,642

In June 2019, the Company raised gross proceeds of £75,000,000 through a placing of 49,019,601 new ordinary shares of no par value ('Placing'). The Placing price was set at 153.0 pence per Placing share. The related share issuance cost amounted to £1,085,000.

10. Share capital continued

BBGI Management HoldCo S.à r.l. ("MHC"), a wholly owned subsidiary of the Company, provides share based compensation to senior executives whereby it will issue a certain number of shares of the Company to entitled executives calculated based on the conditions of the Long Term Incentive Plan ("LTIP") rules and the respective LTIP Award letter. During the year, in accordance with the LTIP agreement, the Company issued 696,998 shares, in connection with the LTIP, at 154.5 pence per share for a total amount of £1,077,000 (2018: £473,000). The amount of £1,077,000 was recorded as an advance made by the Company to MHC during the year (2018: £473,000).

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

In thousands of shares	31 December 2019	31 December 2018
In issue at beginning of the year	**580,005**	479,105
Shares issued through placing of ordinary shares	**49,020**	95,525
Shares issued through scrip dividends	**491**	5,018
Shares issued as share based compensation	**697**	357
	630,213	580,005

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

The Company meets the minimum share capital requirement as imposed under the applicable Luxembourg regulation.

Dividends

The dividends declared and paid by the Company during the year ended 31 December 2019 are as follows:

In thousands of Pounds Sterling except as otherwise stated	Year ended 31 December 2019
2018 2nd interim dividend of 3.375 pence per qualifying ordinary share for the period 1 July 2018 to 31 December 2018	**19,575**
2019 1st interim dividend of 3.5 pence per qualifying ordinary share for the period 1 January 2019 to 30 June 2019	**22,044**
Total dividends declared and paid during the year	**41,619**

The 2nd 2018 interim dividend was paid in April 2019. The value of the scrip election was £181,000, with the remaining amount of £19,394,000 paid in cash to those investors that did not elect for the scrip.

The 1st 2019 interim dividend was paid in October 2019. The value of the scrip election was £591,000 with the remaining amount of £21,453,000 paid in cash to those investors that elected for a cash dividend.

The dividends declared and paid by the Company during the year ended 31 December 2018 are as follows:

In thousands of Pounds Sterling except as otherwise stated	Year ended 31 December 2018
2017 2nd interim dividend of 3.25 pence per qualifying ordinary share for the period 1 July 2017 to 31 December 2017	15,582
2018 1st interim dividend of 3.375 pence per qualifying ordinary share – for the period 1 January 2018 to 30 June 2018	17,861
Total dividends declared and paid during the year	33,443

The 2nd 31 December 2017 interim dividend was paid in June 2018. The value of the scrip election was £2,903,000 with the remaining amount of £12,679,000 paid in cash to those investors that elected for a cash dividend.

The 1st 30 June 2018 interim dividend was paid in October 2018. The value of the scrip election was £4,077,000 with the remaining amount of £13,784,000 paid in cash to those investors that elected for a cash dividend.

10. Share capital continued

Net asset value

The Company net asset value and net asset value per share as of 31 December 2019, 2018 and 2017 are as follows:

In thousands of Pounds Sterling/pence	2019	2018	2017
Net asset value attributable to the owners of the Company	**639,574**	603,964	495,797
Net asset value per ordinary share (pence)	**101.49**	104.13	103.48

11. 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. 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 control of the Company's risk management framework.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in:
1) impairment or reduction in the amounts recoverable from receivables and other current and non-current assets; and
2) non-recoverability, in part or in whole, of cash and cash equivalents deposited with banks.

A significant part of receivables of the Company are receivables from subsidiaries. These subsidiaries have the ability to pay based on the projected cashflows to be received by such subsidiaries from its investments.

Exposures to credit risks

The Company is exposed to credit risks on the following items in the Company's statement of financial position:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Loans and other receivable to subsidiaries (including accrued interest)	**326,913**	339,820
Cash and cash equivalents	**20,918**	2,132
	347,831	341,952

The maximum exposure to credit risk on receivables that are neither overdue nor impaired as of 31 December 2019, amounts to £326,913 (2018: £339,820).

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

The Company establishes when necessary an allowance for impairment, based on ECL specific to the asset. Currently there are no recorded allowances for impairment. All the Company's receivables are recoverable and no significant amounts are considered as overdue, impaired or subject to ECL.

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. The main counterparty banks of the Company have S&P/Moody's credit rating between A+/Aa3 and AA-/Aa2.

11. Financial risk and capital risk management continued

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 they fall due.

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

The Company has the possibility to raise capital through the issuance of shares in order to finance further acquisitions.

All external financial liabilities of the Company have maturities of less than one year. The Company has sufficient cash and cash equivalents and sufficient funding sources to pay and/or refinance currently maturing obligations.

Market risk

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

UK departure from the European Union

European Economic Area ("EEA") AIFMs can currently market EEA AIFs in the UK through the AIFMD marketing passport. To ensure that UK investors have continued access to EEA AIFs that are currently marketed in the UK, the UK government announced on 20 December 2017 that it would put forward legislation to establish a temporary permissions regime ('TPR') enabling EEA AIFs and AIFMs that have notified the FCA of their intention to market in the UK via a passport before exit day to continue to access the UK market for a limited period after exit day, 31 January 2020.

The TPR is expected to last for three years after exit day, with a power for HM Treasury to extend the regime by no more than 12 months at a time in certain circumstances. The Company made the necessary notification to the FCA in March 2019. During the TPR, the Company will be able to be marketed in the UK on the same terms and subject to the same conditions as it could before exit day. To continue marketing the Company in the UK after the end of the TPR, the Company must notify under the UK national private placement regime. The Company will be directed by the FCA to make this notification within two years from exit day.

The Company together with its Subsidiaries (collectively referred to as the "Group"), in which the Company is the ultimate parent entity, maintains a pure-play PPP-style investment platform, fully committed to a strict investment strategy into availability-based assets. This generates stable, predictable cashflows backed by secure, highly visible contracted public sector revenues and significantly carry no exposure to demand or regulatory risk. While the Brexit outcome remains uncertain we can say that, regardless of the outcome, the Group's portfolio cashflows are contracted and, unlike demand based assets, are not sensitive to the performance of the wider economic environment.

Currency Risk

The Company is exposed to currency risk as a result of its cash and cash equivalents being denominated in currencies other than Pounds Sterling. The currencies in which these items are primarily denominated are Australian Dollar (A$), Canadian Dollar (C$), Euro (€), Norwegian Krone (kr) and US Dollar (US$).

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.

For the year ended 31 December 2019

11. Financial risk and capital risk management continued

Currency Risk *continued*

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

31 December 2019

In thousands of Pounds Sterling	A$	C$	€	kr	US$
Cash and cash equivalents	**21**	**564**	**1,346**	**2**	**8**
Trade payables	**–**	**–**	**(23)**	**–**	**–**
Other payables	**–**	**(1)**	**(385)**	**–**	**–**
	21	**563**	**938**	**2**	**8**

31 December 2018

In thousands of Pounds Sterling	A$	C$	€	kr	US$
Cash and cash equivalents	21	20	120	2	8
Trade payables	–	–	(15)	–	–
Other payables	–	(5)	(409)	–	–
	21	15	(304)	2	8

The Company has loans and receivables from MHC denominated in foreign currency but the Company is not exposed to fluctuations in foreign exchange rates in relation to these receivables due to the foreign exchange indemnity agreement entered into between the Company and MHC (see Note 12).

The significant exchange rates applied during the year ended 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	
	Average £	Spot rate £
A$ 1	**0.544**	**0.531**
C$ 1	**0.590**	**0.582**
€ 1	**0.877**	**0.850**
kr 1	**0.089**	**0.086**
US$ 1	**0.783**	**0.758**

	31 December 2018	
	Average £	Spot rate £
A$ 1	0.561	0.554
C$ 1	0.578	0.576
€ 1	0.886	0.899
kr 1	0.092	0.090
US$ 1	0.748	0.785

The impact of a strengthening or weakening of Pounds Sterling against the A$, C$, kr and U$, as applicable, by 10 per cent at 31 December 2019 and 31 December 2018 would not have a significant impact on the Company's cash and cash equivalents and therefore on the statement of comprehensive income. This assumes that all other variables, in particular, interest rates, remain constant and ignores any impact of forecast revenues, hedging instruments and other related costs.

11. Financial risk and capital risk management continued

***Currency Risk** continued*

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 approximates their fair value due to their short-term nature with maturity of one year or less, or on demand.

The fair value of loans and other receivable from subsidiaries and investment in subsidiary, with a total carrying value of £620,216,000 (2018: £603,191,000), amounts to £849,843,000 (2018: £781,161,000). The fair value of these loans receivable and investment in subsidiary is determined by discounting the future cashflows to be received from such assets using applicable market rates (Level 3).

Capital risk management

The Company's objective when managing capital is to ensure the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for further stakeholders and to maintain an optimal capital structure. The Company views the share capital (see Note 10) 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, avail of additional debt financing, pay down debt, or issue new shares.

The Company regularly reviews compliance with Luxembourg regulations regarding restrictions on minimum capital. During the year, the Company complied with all externally imposed capital requirements and made no changes in its approach to capital management.

12. 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 £215,000 (2018: £228,000).

Loans and receivables from subsidiaries – multicurrency facility agreement ("MCF")

On 1 January 2017, the Company as a lender and MHC as a borrower, entered into a MCF. 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 and similar styled infrastructure assets. The maximum amount that can be withdrawn from the MCF amounts to £680,000,000. The interest rate charged on the withdrawn amount shall be the interest rate on loans charged to the underlying projects less an appropriate margin.

Movements in the MCF during the year are as follows:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
1 January	**192,036**	255,611
Additions	**15,749**	1,107
Capitalisation of interest under MCF	**128**	1,599
MCF conversion to equity investments (Note 13)	**–**	(41,610)
Principal payments received	**(4,442)**	(22,375)
Foreign exchange movements	**(2,129)**	(2,296)
	201,342	192,036

During the year, the finance income from the MCF amounted to £17,258,000 (2018: £20,087,000).

For the year ended 31 December 2019

12. Related parties and key contracts continued

Loans receivable from subsidiaries – interest free loan agreements ("IFL")

The Company has entered into various IFL with MHC and BBGI Investments S.C.A. ("SCA"), an indirect 100 per cent owned subsidiary. These IFLs have a term of one year with the possibility to extend and to introduce an arm's length interest rate. The details of the interest free loans receivable from subsidiaries are as follows:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
IFL receivable from MHC	**123,310**	110,928
IFL receivable from SCA	**1,285**	6,093
	124,595	117,021

Interest and other receivables from subsidiaries

The details of the interest and other receivables from subsidiaries are as follows:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
Interest receivable from MCF	**976**	20,985
Other advances to MHC	**–**	9,778
	976	30,763

Foreign exchange indemnity agreement

The Company and MHC have entered into a foreign exchange indemnity agreement (Indemnity Agreement) whereby the Company will indemnify MHC for any net losses incurred by MHC in relation to foreign exchange movements, including losses incurred on foreign exchange forward contracts. The agreement also stipulates that where MHC makes a net gain on foreign transactions, then it shall pay an equivalent amount to the Company.

During the year, MHC incurred a net foreign exchange loss of £6,411,000 thus resulting in an Indemnity Agreement expense of the Company (2018: £1,110,000). As of 31 December 2019, all obligations of the Company to MHC resulting from the Indemnity Agreement were settled.

Support agreement with MHC

The Company and MHC have entered into a support agreement (Support Agreement) whereby MHC provides support and assistance to the Company with respect to the day-to-day operations. As at 31 December 2019, the Company recorded Support Agreement expenses amounting to £5,623,000 (2018: £5,506,000).

During 2019, the Company settled all outstanding liabilities to MHC in relation to the above.

Other advances to MHC

As of 31 December 2019, the Company has no outstanding advances to MHC (2018: £9,778,000).

13. Investment in subsidiary

MHC, the Company's sole direct subsidiary, is a Company incorporated and domiciled in Luxembourg. The Company's total equity investment in MHC amounted to £293,303,000 as of 31 December 2019 (2018: £263,371,000). The movements in the Company's investment in MHC are as follows:

In thousands of Pounds Sterling	31 December 2019	31 December 2018
1 January	**263,371**	97,112
Additional investment through capital contribution	**29,932**	121,621
Conversion of MCF to equity investment in MHC through contribution in kind	**–**	24,677
Investment in MHC through forgiveness of outstanding MCF principal	**–**	16,933
Investment in MHC through forgiveness of outstanding MCF interest	**–**	3,028
	293,303	263,371

The Company's investments in PPP/PFI infrastructure assets, or similar assets, were made and will continue to be made through MHC.

14. Commitments and contingencies

The Company is an obligor under the Group RCF, and as a result has pledged all its current and future financial assets and shares in its investments in subsidiaries.

Based on the provisions of the RCF, in the event of continuing event of default by MHC, as borrower, the lenders will, among other things, have the right to cancel all commitments and declare all or part of utilisations to be due and payable, including all related outstanding amounts, and exercise or direct the security agent to exercise any or all of its rights, remedies, powers or discretions under the RCF. All the amounts borrowed by the Group under the RCF were repaid subsequent to the balance sheet date.

15. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. Where applicable, the Company intends to adopt these new and amended standards and interpretations, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

16. Events after the reporting period

In February 2020 the Company declared a 2nd interim dividend of 3.5 pence per share with scrip alternative for the period 1 July – 31 December 2019, to be paid in April 2020.

Impact of coronavirus (Covid-19)

At the point of publication of these financial statements, the Company believes its business continuity plans can withstand the anticipated operational disruption emanating from the spread of Covid-19.

The Company does not have any demand-based assets and the portfolio is 100 per cent operational. The Company does not expect its financial performance to be materially affected due to the reliance on 100 per cent availability-based revenues. However, the Group's consolidated NAV is sensitive to changes in the macroeconomic assumptions used as part of the portfolio valuation process. As part of its analysis, the Management Board has considered the potential impact of a change in a number of the macro-economic assumptions used in the valuation process. By considering these potential scenarios, the Management is well positioned to assess how the Group is likely to perform if affected by variables and events that are inherently outside of the control of the Boards and its risk management framework. At the date of publication, Management believe that the sensitivities, as disclosed in Note 18 of the consolidated financial statements, continue to be reasonable after taking into account potential macro-economic changes which may occur as a result of Covid-19. However, there continues to be significant uncertainty around how the classified pandemic will evolve and therefore it is difficult to foresee all of the consequences or disruptions that may arise as a result. It remains therefore a priority for the Company to monitor and assess for potential consequences and disruption and seek to mitigate issues accordingly.

Board Members, Agents & Advisers

Supervisory Board
- Colin Maltby (Chairman)
- Howard Myles
- Jutta af Rosenborg
- Sarah Whitney (appointed 1 May 2019)

Management Board
- Duncan Ball
- Michael Denny
- Frank Schramm

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starting on 11 March 2020)
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Listing	Chapter 15 premium listing, closed-ended investment company
Trading	Main Market
ISIN	LU0686550053
SEDOL	B6QWXM4
Ticker	BBGI
Indices	FTSE 250, FTSE 350 and FTSE All-Share

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