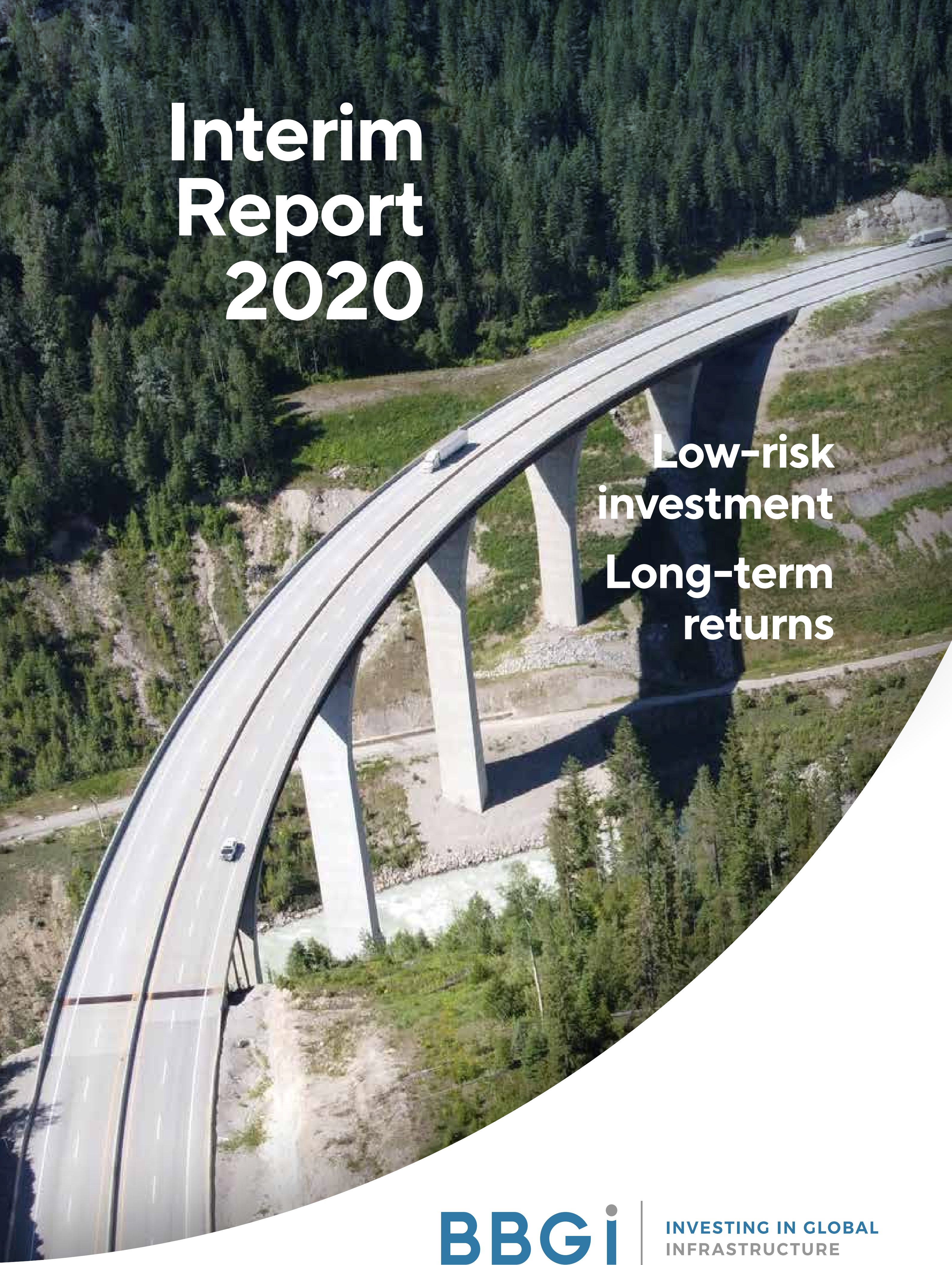
Interim Report 2020



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 critical transport and social infrastructure in the countries where we do business.

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:
Kicking Horse Canyon, Canada

Inside cover:
A1/A6 Motorway, Netherlands

Contents

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

Why Invest in BBGI

BBGI provides access to a diversified portfolio of infrastructure investments that generate long-term, sustainable returns 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 in and active ownership of essential infrastructure assets such as roads, bridges, schools, healthcare and justice facilities procured using availability-based investment models, BBGI receives stable, predictable and contracted cash flows. These are backed by government or government-backed counterparties.

The predictability of these contracted 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]

Committed to an availability-based investment platform which focuses on investing principally in lower risk road and bridge assets. This commitment to an availability-based investment strategy generates stable, predictable cash flows backed by secure, 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 when managing the portfolio and assessing investment opportunities. As a result, the Company consistently maintains the lowest comparative ongoing charges to its shareholders.[2]

1 References to 'low-risk' throughout this Interim 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 Interim 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.

Six Months in Numbers

Financial highlights

Investment Basis NAV

Up 0.3% as at 30 June 2020
(31 December 2019: £858.6 million)[3]

£860.8m

Investment basis NAV per share

Up 0.1% as at 30 June 2020
(31 December 2019: 136.2pps)[4]

136.4pps

Total Shareholder Return ('TSR')

since IPO[5]
FY 2019: 136.2%

136.2%

Annualised Total Shareholder Return

since IPO[6]

10.6%

FY 2019: 11.3%

2020 Target Dividend

Up 2.6% on the 2019 dividend

7.18pps

2021 Target Dividend

Up 2.1% on the 2020 dividend target

7.33pps

Cash Dividend Cover[7]

1.58x

FY 2019: 1.30x

Annualised Ongoing Charges[8]

0.90%

FY 2019: 0.88%

Portfolio highlights

- Diversified global portfolio of 49 high-quality, availability-based PPP infrastructure assets.
- Resilient portfolio performance during the reporting period despite the wider market and economic uncertainty, thanks to the Company's focus on value preservation and the low-risk nature of the portfolio's composition.
- Consistently high level of asset availability at 99.8 per cent underpinned by active asset management where the Company works in strong collaboration with its asset operators and users.
- No material adverse operational or financial impact related to the Covid-19 pandemic with cash receipts ahead of business plan.
- At 30 June 2020, the Group had a net cash position of £8.2 million on an Investment Basis, consisting of a total cash balance of £15.2 million and total borrowings outstanding of £7.0 million.
- A combined £17.9 million was invested to finance three new and follow-on acquisitions, including: the Company's equity interest in Highway 104, Canada; the acquisition of an additional stake in N18 Motorway, Netherlands and to acquire the remaining 75 per cent equity interest in Stanton Territorial Hospital, Canada.
- Attractive global pipeline of availability-based assets in highly-rated investment grade countries including a pipeline agreement with a North American contractor which provides additional investment opportunities in availability-based PPP assets.

3 Please refer to page 30 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 30 June 2020 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 30 June 2020 and after adding back dividends paid or declared since listing.
7 Calculated as: (Distributions received from investments at fair value through profit or loss less net cash flows from operating activities) / (Cash Dividends paid). Please refer to page [·] for further details.
8 Please refer to page 29 for the definition of the Ongoing Charges percentage.

Portfolio at a Glance

The fundamentals

Based on portfolio value at 30 June 2020

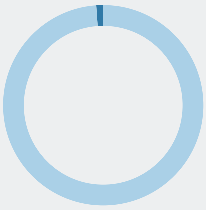
Investment type

100% availability-based revenue stream.

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

Investment status

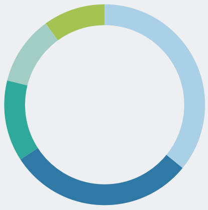
Low-risk operational portfolio (less than 1% of NAV under construction).



- Operations **99%**
- Construction **1%**

Geographical split

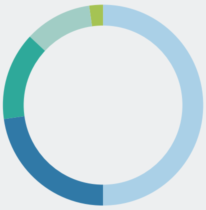
Geographically diversified in stable developed countries.



- Canada **36%**
- UK **30%**
- Australia **13%**
- Cont. Europe **11%**
- USA **10%**

Sector split

Well-diversified sector exposure with large allocation to lower risk availability-based road and bridge assets, and less than 1% exposure to UK acute health (by NAV).

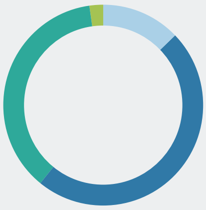


- Roads and bridges[1] **50%**
- Health **23%**
- Justice **14%**
- Education **11%**
- Other **2%**

1 *This includes one rail asset in Canada*

Investment life

Long investment life with 61% of portfolio by value with a duration of greater than 20 years; weighted average life of 20.7 years. Average portfolio debt maturity of 17.7 years.



- ≥ 25 years **13%**
- ≥ 20 years and < 25 years **48%**
- ≥ 10 years and < 20 years **37%**
- < 10 years **2%**

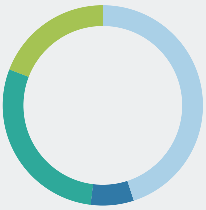
Top five investments

Well-diversified portfolio with no major single asset exposure.

- Golden Ears Bridge **10%**
- Ohio River Bridges **10%**
- Northern Territory Secure Facilities **7%**
- McGill University Health Centre **5%**
- A1/A6 Diemen – Almere motorway **5%**
- Next five largest investments **19%**
- Remaining investments **44%**

Investment ownership

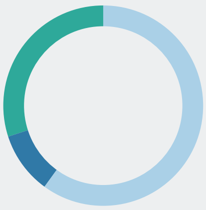
81% of assets by value in the portfolio are 50% owned or more.



- 100% **45%**
- ≥ 75% < 100% **7%**
- ≥ 50% < 75% **29%**
- < 50% **19%**

Country rating

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



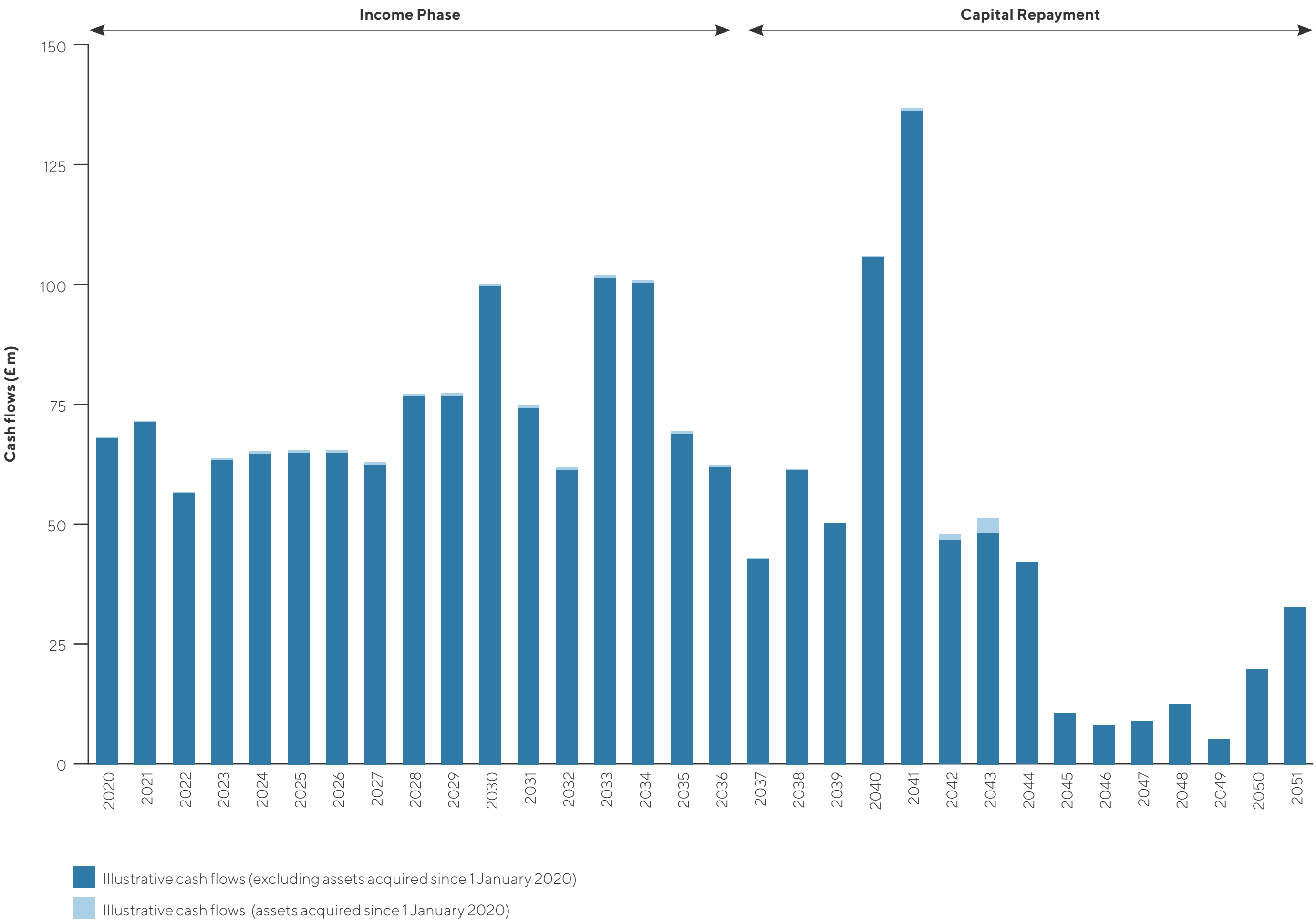
- AAA **60%**
- AA+ **10%**
- AA **30%**

Illustrative portfolio cash flow

The chart below based on the portfolio at 30 June 2020 illustrates a steady stream of portfolio cash flows deriving from the Company's underlying assets until 2051. The cash flows 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 approximately 0.5 per cent.

The investments made during the period contributed positively to both stable cash flows 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 2037, after which cash inflows from the portfolio would be paid to the Company's shareholders as capital.

As at 30 June 2020, BBGI has a weighted average portfolio life of 20.7 years.



This illustrative chart is a target only, as at 30 June 2020, and is not a profit forecast. There can be no assurance that this target will be met. The hypothetical target cash flows do not take into account any unforeseen costs, expenses or other factors which may affect the portfolio assets and therefore the impact on the cash flows to the Company. As such, the graph above should not in any way be construed as forecasting the actual cash flows from the portfolio.

Chairman's Statement

Dear Shareholders,

I hope you are reading this in good health as we all deal with the ongoing implications of the Covid-19 pandemic. Whilst the beginning of 2020 was an extraordinary time for the global economy, the Company's interim performance has again proven the resilience of our portfolio and operating model. Our 49 assets continued to provide essential infrastructure services to the communities in which we operate.

The Management Board and investment team's focus on active asset management has continued to preserve the value of our underlying assets. Our focused approach of investing in low-risk, availability-based infrastructure has not resulted in any interruption to the expected cash flows received from a globally diversified group of creditworthy government counterparties. Despite the unprecedented economic environment, the Company did not experience any material adverse operational or financial impact related to the pandemic, with cash receipts ahead of business plan.

Consistent shareholder returns

Our strong operating model continues to support the Company's established progressive dividend policy which has delivered a Total Shareholder Return since IPO of 136.2 per cent, or 10.6 per cent on an annualised basis. In a challenging investment environment, where cancelled or reduced dividends amongst the FTSE 250 companies now exceeds £22 billion in Q2 2020 alone[9], our dividend cover has increased to 1.58x owing to the Company's high cash flow visibility. Accordingly, the Board reaffirms its 2020 dividend target of 7.18pps and 2021 dividend target of 7.33pps.

Our established internal management structure aligns the interests of management with shareholders and delivers good value for money. This has been evidenced by the Company's low comparative ongoing charge for our shareholders[10] at 0.90 per cent on an annualised basis.

Preserving value through active management

Amid the global uncertainty caused by the pandemic, the Management Board focused primarily on preserving the value of our diversified portfolio of 49 infrastructure assets, generating modest NAV growth to record a total investment basis NAV of £860.8 million.

Active management manifests itself in the Company's strong culture of collaboration and communication. The Management Board and investment team work in close partnership with those who operate and use our assets. This dialogue is critical in ensuring the Company serves its communities properly.

Within our portfolio, we have 11 healthcare assets which includes clinics, ambulatory care facilities and traditional hospitals. In total, this numbers over 2,000 beds. These assets are facing unprecedented capacity constraints as a result of Covid-19. We have worked closely with the various health authorities and supported them in configuring key facilities as they navigate the changing environment.

Most schools in our portfolio, representing 11 per cent by total NAV, either closed or operated at reduced capacity for much of the period. In all cases, availability-based cash flows have continued to be paid. We have taken advantage of the reduced occupancy to complete maintenance works on many schools to ensure a high standard of facilities for the students and schoolteachers upon the eventual return to more normal usage levels.

There has been no material impact on the performance of our roads and bridges portfolio over the reporting period. A key contributor to this being the fact that our portfolio of roads and bridges includes no demand-based asset. Equally, our justice facilities have continued to operate as normal.

Dividend target 2020

7.18pps

↑ 2.6%

Dividend target 2021

7.33pps

↑ 2.1%

9 Link Group, UK Dividend Monitor (2020)
10 In comparison to the latest publicly available information for all LSE-listed equity infrastructure investment companies.

Therefore, I am pleased to report another period of high asset availability of 99.8 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.

Selective acquisition strategy

The Management Board continued to pursue a selective acquisition strategy, with new and follow-on investments funded by the Company's existing cash resources and debt facilities.

In May, the Company acquired a 50 per cent stake in Highway 104, an availability-based motorway in Canada. We also completed two follow-on acquisitions in Stanton Territorial Hospital in Canada to increase our equity interest from 25 per cent to 100 per cent and acquired a minor additional interest in the N18 Motorway in the Netherlands to bring BBGI's total equity interest to 52 per cent.

These acquisitions, with a total aggregate value of £17.9 million, demonstrate the strength of our industry relationships and the effectiveness of our nimble operating model. Furthermore, the Company announced in August 2020 post-period end that it had completed the acquisition of the remaining 50 per cent interest in Kelowna and Vernon Hospitals in Canada.

In line with previous periods, we assessed many more assets than the Company acquired and declined all potential investments which did not match our disciplined investment criteria.

Risk management and preparedness

The Management Board continued to manage the Company's foreign exchange exposure and execute its cash flow hedging for another four years. This strategy, which is further reinforced by some balance sheet hedging, is effective in limiting NAV sensitivity arising from the global diversification of the assets and has successfully de-risked the portfolio.

The Company benefits from a diversified contractor base and supply chain which prevents concentrated counterparty risk. We monitor our supply chain rigorously and have not recorded any adverse issues over the period. Our subcontractors have ably navigated the implications of the lockdown. Where permitted, remedial and enhancement works have continued at the asset level.

The Company initiated its business continuity plan with all staff working remotely for most of the period prior to the easing of lockdown restrictions. I am pleased to say that the Company was well prepared for these challenging times, with robust business continuity plans in place that have been tested every year since IPO. As Chairman, I am grateful to our employees for their dedication and commitment as we juggled the demands of remote working.

Corporate governance

Over the period, the Supervisory Board acting in its capacity as Remuneration Committee, initiated an independent third-party review of our remuneration structure. We look forward to providing a further update no later than the 2020 Annual Report at which time the review will be complete and the recommendations implemented.

The Company also enhanced its governance processes by formally constituting Nomination and Remuneration Committees; roles which hitherto were conducted by the Supervisory Board. These committees are now chaired by myself and Howard Myles, respectively.

After almost nine years of service, Colin Maltby stepped down as Independent Chairman on 31 July 2020 in compliance with the Association of Investment Companies ('AIC') Code of Corporate Governance ('AIC Code'). Colin has been instrumental in overseeing the Company's growth since IPO, including its entry into the FTSE 250 with a market capitalisation of over £1 billion. On behalf of the Board, I would like to thank Colin for his significant contribution to BBGI over this time.

Asset availability

99.8%

Total new cash investments

£17.9m

Chairman's Statement *continued*

Environmental, Social and Governance

Following the preliminary filing to the United Nations Principles of Responsible Investment ('UNPRI') in 2020, I am pleased to announce that the Company received an A-rating on its initial submission. This result reaffirmed the careful attention we have always paid to delivering non-financial outcomes to all our stakeholders, and they will complement our forthcoming voluntary membership of the UN Global Compact. To improve our ESG disclosure, the Company will continue to focus on enhancing the quality of our data collection, so we can better track our environmental impact and drive progress in all primary indicators.

Our outlook

I take up the role as Chairman at a time of strong Company performance, notwithstanding the uncertain economic backdrop. As the headroom for sustained intense monetary policy declines, governments have signalled a renewed fiscal commitment to infrastructure spending as part of a post-pandemic recovery. This is combined with the ongoing low interest rate environment, in which infrastructure investment remains highly attractive, due to the long-term and stable distributions which the asset class and the Company provides.

This will continue to underpin the positive fundamentals for infrastructure investment to which the Company will apply a selective acquisition strategy when assessing diverse market opportunities, alongside a primary focus on value preservation.

As a result, I am confident in the Company's ability to maintain robust long-term, predictable and stable income derived from our diversified global portfolio of infrastructure assets.

Sarah Whitney
Chairman
27 August 2020

Kelowna and Vernon Hospitals, Canada

Investment Proposition

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

The Company seeks to provide its shareholders with unique access to a global portfolio of high-quality infrastructure assets which generate stable, predictable cash flows 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-based 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

Strategic Pillars	Investment Strategy	Consistent delivery of objectives
1 Low risk[1]	— Availability-based investment strategy — Secure public sector-backed contracted revenues — Stable and predictable cash flows	— Robust total shareholder returns
2 Globally diversified	— Focus on highly-rated investment grade countries — Stable, well-developed operating environments — Global portfolio serving society	— Progressive long-term dividend growth
3 Internally managed	— Alignment of interest — Shareholder value first, portfolio growth second — Lowest comparative ongoing charges[2]	— 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.

Investment Proposition *continued*

stream is demand-based which is typically highly correlated to Gross Domestic Product 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-based payments akin to the investment profile of more traditional PPPs – as is the case in the OFTO sector or Direct Procurement for Customers.

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, and consequently there should be fewer surprises and the returns to our shareholders should remain predictable and consistent. The robustness of this strategy has been validated during the recent global pandemic – as the Company does not have any demand-based assets and the portfolio is over 99 per cent operational. Consequently, the portfolio performance has been strong and there has been no material impact on our distributions due to Covid-19.

Strategic investment partnerships

Due to the Management Board's expertise 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.

One notable relationship being the 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.

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 also considered a reliable source of liquidity should a construction partner decide to sell in the future.

Barking, Dagenham and Havering LIFT, UK

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 preserve value and where possible also 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 active asset management 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 focused on efficient cash management and implementation of our foreign exchange hedging strategy. The portfolio's geographical diversification results in exposure to multiple currencies. We actively seek 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.

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 which supports 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:

- Preserving value and where possible 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, 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 and cost-effective internal management structure.
- 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 areas of expertise.

Portfolio Review

Portfolio summary

The Company's assets at 30 June 2020 consist of interests in 49 high-quality, availability-based infrastructure assets in the transport, healthcare, justice, education and other sectors.

The portfolio carries no exposure to demand-based or regulatory risk assets, and benefits from well-diversified sector exposure.

The Company has 50 per cent allocation to lower risk availability-based road and bridges.[11]

Located in the UK, Continental Europe, North America and Australia, all asset companies in the portfolio are in stable, well-developed and highly-rated investment grade countries.

Portfolio breakdown[1]

No	Asset	Country	Legal holding %
	Transportation Infrastructure Projects		
1	A1/A6 Motorway	Netherlands	37.1
2	Canada Line	Canada	26.7
3	E18 Motorway	Norway	100
4	Golden Ears Bridge	Canada	100
5	Highway 104	Canada	50
6	Kicking Horse Canyon	Canada	50
7	M1 Westlink	UK	100
8	M80 Motorway	UK	50
9	Mersey Gateway Bridge	UK	37.5
10	N18 Motorway	Netherlands	52
11	North Commuter Parkway	Canada	50
12	North East Stoney Trail	Canada	100
13	Northwest Anthony Henday Drive	Canada	50
14	Ohio River Bridges	US	66.7
15	South East Stoney Trail	Canada	40
16	William R. Bennett Bridge	Canada	80
	Social infrastructure		
17	Avon & Somerset Police HQ	UK	100
18	Barking Dagenham & Havering (LIFT)	UK	60
19	Bedford Schools	UK	100
20	Belfast Metropolitan College	UK	100
21	Burg Prison	Germany	90
22	Clackmannanshire Schools	UK	100
23	Cologne Schools	Germany	50

No	Asset	Country	Legal holding %
24	Coventry Schools	UK	100
25	East Down Colleges	UK	100
26	Frankfurt Schools	Germany	50
27	Fürst Wrede Military Base	Germany	50
28	Gloucester Royal Hospital	UK	50
29	Kelowna and Vernon Hospital	Canada	50[2]
30	Kent Schools	UK	50
31	Lagan College	UK	100
32	Lisburn College	UK	100
33	Liverpool & Sefton Clinics (LIFT)	UK	60
34	McGill University Health Centre	Canada	40
35	Mersey Care Hospital	UK	79.6
36	North London Estates Partnership (LIFT)	UK	60
37	North West Regional College	UK	100
38	Northern Territory Secure Facilities	Australia	100
39	Restigouche Hospital Centre	Canada	80
40	Rodenkirchen Schools	Germany	50
41	Royal Women's Hospital	Australia	100
42	Scottish Borders Schools	UK	100
43	Stanton Territorial Hospital	Canada	100
44	Stoke & Staffs Rescue Service	UK	85
45	Tor Bank School	UK	100
46	Unna Administrative Centre	Germany	90
47	Victoria Prisons	Australia	100
48	Westland Town Hall	Netherlands	100
49	Women's College Hospital	Canada	100

1 *In alphabetical order*
2 *In August 2020, the Company announced the acquisition of the remaining 50 per cent interest in Kelowna and Vernon Hospital*

11 This includes one rail asset in Canada

For portfolio statistics, refer to Portfolio at a Glance on page 3.

Operating model in action

Preserving value through active asset management

The Management Board's focus, which was primarily focused on preserving value during the period, resulted in a further £3.5 million of operational and value accretive enhancements over the period, equating to a 0.4 per cent increase in NAV.

The Company's portfolio is over 99 per cent operational. As referenced in the Chairman's Statement, the asset management activities undertaken in the period supported our clients through the uncertainty stemming from the implications of the pandemic. Owing to our active approach to asset management and the robustness of our portfolio, the availability level of the Company's assets was recorded at approximately 99.8 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 assets performed well during the reporting period with cash receipts ahead of business plan. This robust performance and the confidence in the business model allows the Company to reconfirm its dividend target of 7.18 pence per share for 2020 and 7.33 pence per share for 2021.

The Company has efficient cash management in place and aims to avoid cash drag. The net cash position at 30 June 2020 was GBP 8.2 million.

The Company's hedging strategy aims to limit a 10 per cent adverse foreign exchange sensitivity to approximately 3 per cent of NAV movement.

The Company has a Revolving Credit Facility ('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 key markets and supports the Management Board's ability to execute acquisitions in an efficient manner.

Selective acquisition strategy

The Company continued to pursue a selective acquisition strategy over the period, with availability-based acquisitions secured on accretive terms. This demonstrates the Management Board's commitment to avoiding style drift and evidences how BBGI's strong industry relationships and nimble operating model continue to enable a strong pipeline of acquisition opportunities.

Over the period, the Company made four new and follow-on acquisitions with a total aggregate value of £17.9 million. These included:

- **Highway 104 (Canada):** In May, the Company acquired a 50 per cent stake in Highway 104, an availability-based motorway project in Nova Scotia. Construction mobilisation work began in May 2020, with an estimated completion date of the end of 2023.
- **N18 Motorway (Netherlands):** In April, the Company completed a follow-on acquisition in the N18 Motorway, bringing BBGI's total equity interest in the project to 52 per cent.
- **Stanton Territorial Hospital (Canada):** During the period, the Company completed two follow-on acquisitions in Stanton Territorial Hospital, increasing BBGI's interest in the project from 25 per cent to 100 per cent. Stanton is an operational 27,000 m2 hospital with 100 patient rooms located in Yellowknife, Northwest Territories. The concession runs until 2048.

As announced on 19 August 2020 post-period end, the Company completed a follow-on acquisition for the remaining 50 per cent interest in Kelowna and Vernon Hospital.

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 below illustrates the level of O&M contractor exposure as a percentage of portfolio value.[12]

O&M Contractors	
SNC-Lavalin O&M Inc	10%
Capilano Highway Services	10%
Project Company in-house	10%
Honeywell	7%
Cushman and Wakefield	6%
Black & McDonald	6%
Integral FM	5%
Carmacks Maintenance Services	5%
BEAR Scotland	4%
Graham AM	4%
Amey Community Ltd	3%
Intertoll Ltd	3%
ENGIE FM Limited	3%
Galliford Try FM	3%
Johnson Controls LP	3%
Remaining investments	18%
	100%

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

Portfolio Review *continued*

Operating model in action continued

The Management Board has not identified any significant risk exposure and remains comfortable with the current contractor allocation.

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.

The emergence of the Covid-19 pandemic was inevitably a key area of focus for the Management Board during the reporting period and further reinforced the absolute importance of active asset management and a robust supply chain. Our immediate response was to request all Facility Managers ('FM') and Operations & Maintenance ('O&M') contractors conduct a review of their Business Continuity Policies under severely stressed scenarios. The Company is pleased to confirm that, despite the unprecedented strain on our supply chain resulting from Covid-19, we have not recorded any material adverse supply chain issues over the period.

Construction defects

The Company routinely monitors the quality of its assets to identify any construction defects early on and to implement the appropriate remediation measures.

The responsibility for, and the cost of, remediation and related deductions falls to the relevant construction subcontractor on each asset subject to statutory limitation periods. This is a key component of the Company's effective counterparty risk management.

Latent defects risk was mitigated over the period with 69 per cent of portfolio value covered by either limitation or warranty periods and there were no material defects on any of the Company's portfolio assets reported.

Latent Defects Limitations / Warranty Period Remaining	
Expired	31%
Within 1 year	5%
1-2 years	5%
2-5 years	25%
5-10 years	23%
10+ years	11%
	100%

LIFT Liverpool, UK

Market Trends and Pipeline

Managing for the impact of Covid-19

At the point of publication of this Interim Report, the Company and its portfolio has not experienced any material adverse operational or financial impact related to the implications of Covid-19. The focus on value preservation will continue as the pandemic evolves.

In doing so, the pandemic has presented opportunities to develop and evolve our active asset management approach. In close collaboration with our FM and O&M contractors, we have supported our clients – and by association their end-users – to ensure the facilities which they operate are performing their optimal social and economic purpose for local communities.

Managing the Company's portfolio effectively will be complemented by selective investment activities in assets which meet our strict investment criteria. The pipeline for new investments remains strong and combines both attractive primary and secondary opportunities.

New primary opportunities

The level of PPP procurement is expected to vary between markets. Some projects have been cancelled or delayed due to Covid-19, while other projects are being accelerated as governments look for 'shovel ready' initiatives to stimulate economic productivity. The longer lead times to reach financial close on new investments will likely continue, as the Company experienced in the successful acquisition of a stake in the Highway 104 project in May 2020.

Some governments are seeing the current situation as a valuable chance to improve infrastructure and expand economic opportunity. Lower interest rates make borrowing cheaper compared to recent years, reducing the upfront costs of generational projects. Infrastructure spending can also create immediate professional opportunities across a mix of design, construction, and operational jobs. The mix of short-term employment and long-term investment makes infrastructure an attractive area for countercyclical fiscal stimulus. We expect this to be the theme in many of the markets where we are active including Canada, US, UK and Europe.

Canada: The Investing in Canada Infrastructure Program is being adjusted so that provinces and territories can use federal funding to act quickly on a wider range of more pandemic-resilient infrastructure projects. Under a new Covid-19 Resilience funding stream worth up to $3.3 billion, projects will be eligible for a significantly larger federal cost share and a simplified funding application process will ensure that projects can get underway as soon as possible. These changes are designed as short-term measures to address the current situation while the Federal Government works towards its long-term infrastructure objectives, including better public transit, more high-speed broadband, wastewater infrastructure and clean energy projects.

UK: In the UK, the Chancellor's 'Plan for Jobs' issued in July 2020 set out the UK Government's policy response to help the economy recover from the Covid-19 lockdown, following the infrastructure investment plans announced by the Prime Minister the previous week. The £30 billion fiscal package includes £5.6 billion of infrastructure spending which has been brought forward from future years' budgets.

US: In the US, there are expectations of support for increased infrastructure spending. There is little doubt about the political and economic value of investing in good infrastructure. The non-partisan Congressional Budget Office estimated that every $1 on infrastructure brought an economic benefit of up to $2.20. The US Council of Economic Advisers has calculated that $1 billion of transportation-infrastructure investment supports 13,000 jobs for a year[13]. We are expecting that infrastructure spending will be a key foundation for economic recovery going forward, irrespective of which party is elected in November 2020.

EU: In July 2020, the European Union's executive arm announced a €750 billion stimulus plan which includes funds earmarked for sectors of strategic importance such as critical infrastructure and healthcare.

While the prospects are promising for increased infrastructure spending in many markets, this is not a universal theme.

Australia: Some governments are cutting infrastructure projects due to expectations of reduced sales and income taxes. As an example, the State of Victoria in Australia recently cancelled the A$2.2 billion arterial roads PPP. The Australian Government has said it favoured a more 'streamlined' procurement process which breaks up the work into 12 contracts with smaller, local construction companies, which it believes would be a better way to add more jobs during the Covid-19 related economic downturn.

13 McKinsey & Company, July 2020

Staffordshire Fire Station, UK

Market Trends and Pipeline *continued*

The Company has significant investment expertise in key developed infrastructure markets internationally, and its global portfolio provides a platform to access opportunities and to support the Company's selective growth strategy. The Management Board continues to believe that geographic diversification is in the best interests of the Company's long-term growth and as a result BBGI is not dependent on the activity level of any one market.

Ongoing secondary opportunities

Historically, construction companies have been a good source of investment opportunities for BBGI. Amid the tough operating environment triggered by the Covid-19 pandemic, and the general slowdown in construction activity in many markets, the Management Board anticipates that many construction companies may accelerate their plans to sell PPP assets. BBGI was able to acquire interests in the Stanton Territorial Hospital project from two construction companies who were partners in the project. We anticipate this trend to continue.

The Company has well established relationships with potential vendors and an exceptional reputation for transacting quickly with extremely low execution risk, which is appealing to vendors in the current market. These factors support the Company's selective acquisition strategy and the Management Board continues to believe that attractive opportunities will be available for the Company to grow on favourable terms. The Company is currently working on a number of attractive secondary opportunities.

2020 and beyond:

Investment activities in 2020 and beyond will involve sourcing and originating, bidding for and winning new operational availability-based assets, with consideration for measured exposure to construction assets to support valuation uplift.

The pipeline for availability-based transactions remains strong within the Company's target markets. The Company will maintain its selective acquisition strategy in assessing any potential new assets and we remain confident in our ability to originate attractive investment opportunities which match our investment criteria. We anticipate these will come from a variety of sources, including:

- Soliciting off-market transactions through the Company's extensive network of market participants in Europe, North America and Australia;
- A pipeline agreement with SNC-Lavalin covering five potential future availability-based PPP investment opportunities;
- Participating in primary investment opportunities and bidding on new availability-based assets as part of public sector procurement processes including OFTOs;
- Acquiring equity interests from co-shareholders in existing assets; and
- Participating selectively in competitive sale processes.

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

Highway 104, Canada

Market Trends and Pipeline *continued*

Pipeline agreement assets: (All assets have availability-based revenue streams)

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 (ON)	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$2.2 billion	30 years

Primary bidding opportunities:

Region	Sector	Estimated Asset Capital Value	Expected Concession Length	Investment Status
North America	Road	£950 million	35 years	Shortlisted as one of three bidders
Continental Europe	Roads	£1.5 billion	25 years	Pre-qualification submitted on one project and agreement with industrial partners to bid on one road asset
UK	OFTO	£800 million	21.5 years	Shortlisted to latest tender round

Northeast Stoney Trail, Canada

Operating and Financial Review

The Management Board is very pleased to present the Operating & Financial Review for the six months ended 30 June 2020

Highlights and Key Performance Indicators

Please see page 2 for a summary of Six Months in Numbers for 2020. Certain key performance indicators ('KPIs') for the last 3.5 years are highlighted below:

KPI	Target	Dec-17	Dec-18	Dec-19	Jun-20	Commentary
Dividends (paid or declared)	Progressive long-term dividend growth in pps	6.50	6.75	7.00	7.18 target, 3.59 interim dividend	50% of the 2020 target declared
NAV per share	Positive NAV per share growth	3.0%	2.8%	2.0%	0.1%	Achieved
Annualised Shareholder Return Since IPO[14]	7% to 8% annualised on IPO issue price of £1 per share	10.5%	11.2%	11.3%	10.6%	Achieved
Ongoing Charges	Competitive cost position	0.99%	0.93%	0.88%	0.90%[15]	Achieved
Cash Dividend Cover	>1.0x	1.5x	1.5x	1.3x	1.58x	Achieved
Refinancing Risk (as a percentage of portfolio)	Minimise refinancing risk	9%	7%	6%	7%	Achieved[16]
Asset availability	> 98% asset availability	✓	✓	✓	✓	Achieved
Single asset concentration risk (as a percentage of portfolio value)	To be less than 25% of portfolio immediately post acquisition	12% (GEB)	11% (GEB)	10% (GEB)	10% (GEB)	Achieved
Availability-based assets (as a percentage of portfolio value)	Maximise availability-based assets	100%	100%	100%	100%	Achieved

Asset Management

Cash Performance

The Company's portfolio of 49 high quality, availability-based PPP infrastructure investments performed well during the period, with total cash flows ahead of the business plan and the underlying financial models.

Construction exposure

The Company's investment policy is to invest principally in assets that have completed construction and are operational. 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.

As at 30 June 2020, over 99 per cent of the assets were operational. During the period the Company reached financial close on the Highway 104 project and design and construction mobilisation work began in May 2020.

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

14 On a compound annual growth basis. This represents the steady state annual growth rate based on the share price at 30 June 2020 and after adding back dividends paid or declared since the company's IPO.
15 Annualised estimate based on projected recurring costs.
16 Northern Territory Secure Facilities is the only asset with refinancing risk.

Investment performance

Return track record

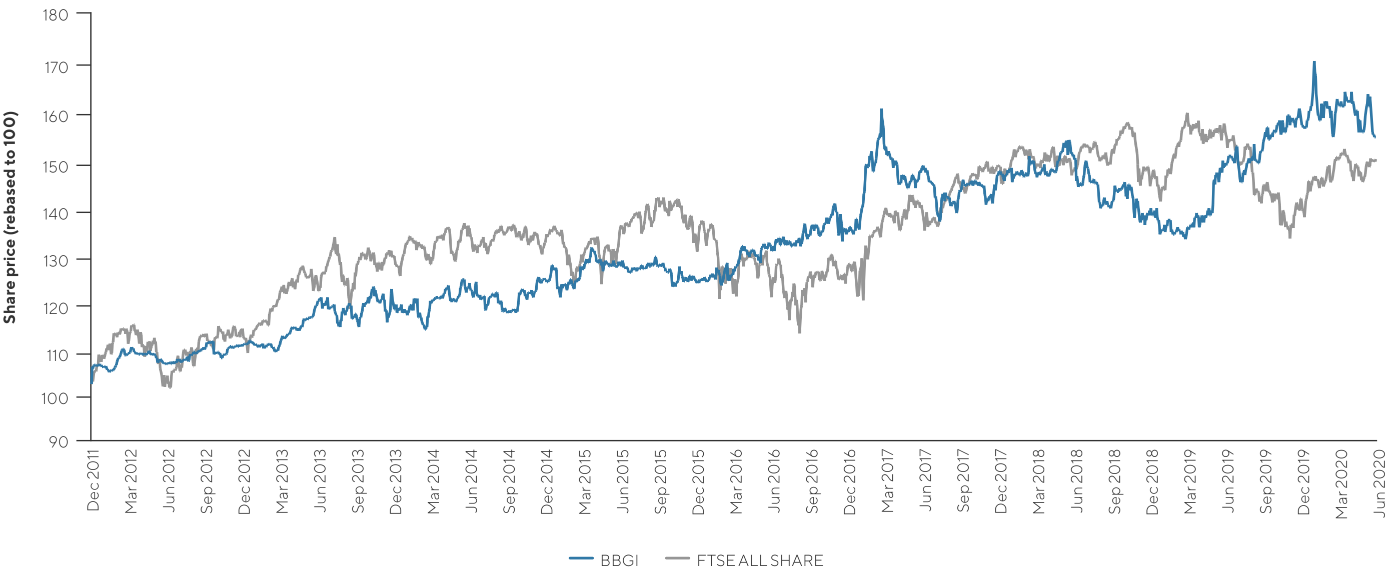
The Company's share price maintained a strong premium to NAV through the vast majority of the reporting period although there was a period of volatility during the height of the market sell-off in March due to Covid-19.

All peers in the listed infrastructure sector experienced a sharp share price decline without exception, which is the anticipated market behaviour in the initial adjustment phase of a severe market downturn. BBGI holds some of the most uncorrelated assets in the listed sector.

Listed securities, regardless of their typical correlation to the market and their underlying asset base tend to show exaggerated levels of correlation during the initial adjustment phase in periods of severe market stress. This is due to several technical factors including: market makers taking risk off their books resulting in greater price volatility; passive investor flows including Exchange Traded Funds, withdrawing money indiscriminately from equities and certain investors having to sell investments to meet margin calls.

BBGI's share price quickly rebounded after this initial adjustment phase, likely due to investors realising that Covid-19 would have limited impact on BBGI's future cash flows, which come exclusively from long-term availability-based government or government-backed contracts. Against the FTSE AllShare, the Company has shown a low five-year correlation of 26.1 per cent and a beta of 0.31.[17]

BBGI Share Price Performance



The share price closed for the period at 163 pence on 30 June 2020, representing a 19.5 per cent premium to the NAV per share at the period-end. TSR from IPO to 30 June 2020 was 136.2 per cent or 10.6 per cent on an annualised basis.

The total accounting return[18] per share in the six-month reporting period was 2.7 per cent.

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.

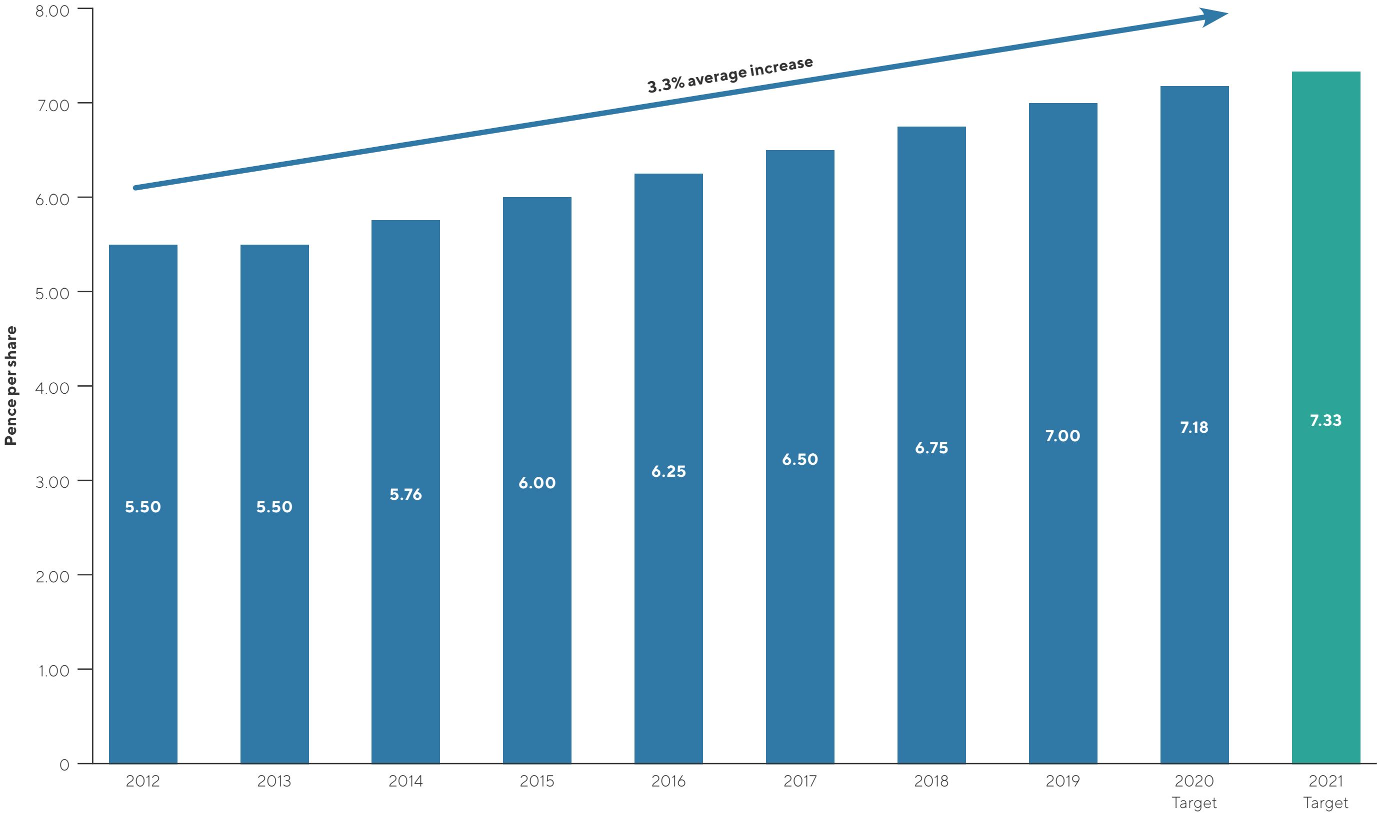
Dividends

On 2 April 2020, the Company paid a second interim dividend of 3.5pps for the period 1 July 2019 to 31 December 2019. Together with the first interim dividend (which was paid in October 2019) the total dividend for the year ended 31 December 2019 amounted to 7.00pps. The Board has approved a 2020 interim dividend of 3.59pps, which is in line with its increased target of 7.18pps, to be paid on 22 October 2020. Furthermore, the Board is reaffirming its 2021 dividend target of 7.33pps, which represents an increase of 2.1% on the prior year.

17 The FTSE AllShare, five year data represents the five years preceding 30 June 2020.
18 The sum of the change in NAV per share plus the dividends paid per share in the period, taken as a percentage of the NAV per share at 31 December 2019.

Operating and Financial Review *continued*

Proven progressive dividend policy



- Average dividend increase of 3.3 per cent from 2012 to 2020
- FY 2021 target dividend of 7.33pps[19], up 2.1 per cent from 2020

19 This is a target only and not a profit forecast. There can be no assurance that this guidance will be met or that the Company will make any distribution at all.

Valuation

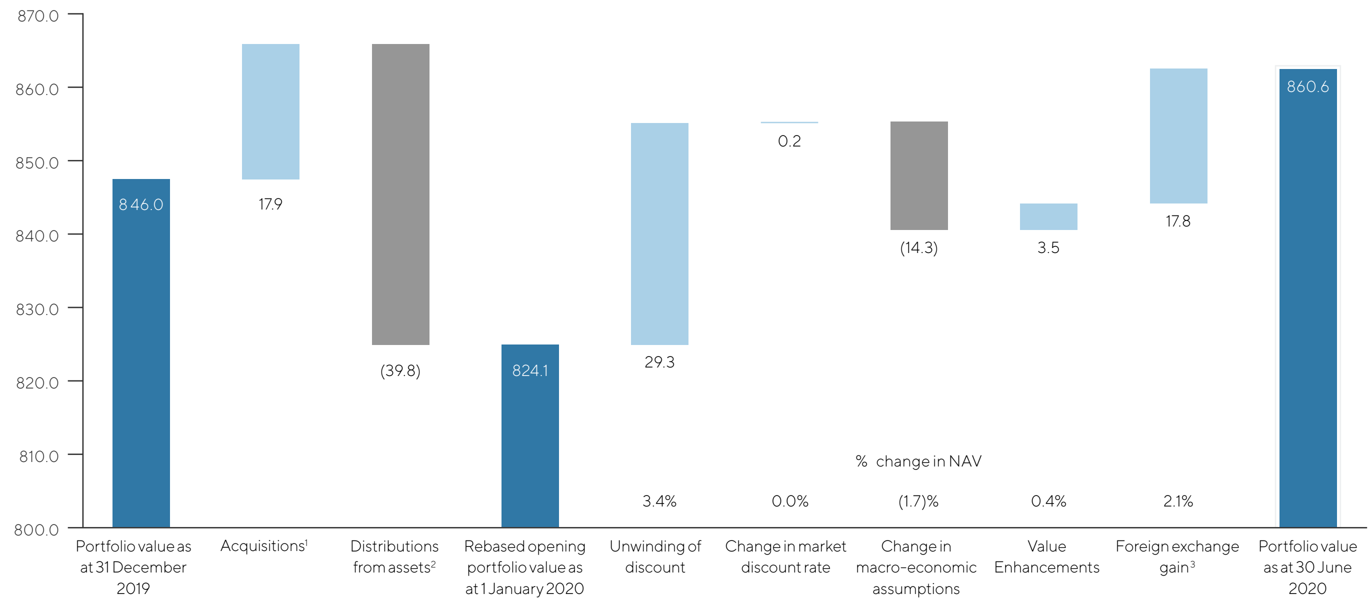
The Management Board is responsible for carrying out the fair market valuation of the Company's investments, which it then presents to the Supervisory Board for their consideration and, if appropriate, approval of this report. The valuation is carried out on a six-monthly basis as at 30 June and 31 December each year. The valuation is reviewed by an independent third-party valuation expert.

The valuation is determined using the discounted cash flow methodology. The Company makes forecast assumptions for key macro-economic and taxation factors having an effect on the cash flows forecast of assets such as inflation rates, deposit rates and tax rates and assumptions are based on market data and publicly available economic forecasts. In addition, the Company exercises its judgement in assessing the expected future cash flows from each asset based on the detailed financial models produced by each Project Company and adjusting where necessary to reflect the Company's assumptions as well as any specific cash flow assumptions.

The fair value for each asset is then derived from the application of an appropriate discount rate, reporting period end currency exchange rate and withholding taxes (if applicable). The discount rate considers risks associated with the asset including the phase the asset is in such as construction, ramp up or stable operation, asset specific risks and opportunities as well as country specific factors. The Company uses its judgement in arriving at the appropriate discount rates. This is based on its knowledge of the market, considering information obtained from its investment and bidding activities, benchmark analysis with comparable companies and sectors, discussions with advisers in the relevant markets and publicly available information. The valuation methodology remains unchanged from previous reporting periods.

A breakdown of the movements in the portfolio value and net asset value is shown in the chart and table below.

Portfolio movement 31 December 2019 to 30 June 2020



1 *Refer to page 12 for further details on the acquisitions during the period.*

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 while inversely correlated, does not impact portfolio value. During the period, the Company recorded a loss of £6.1 million on balance sheet hedging contracts entered into in November 2019. The net foreign exchange loss on hedging over the period, recorded at the consolidated Group level, was £11.3 million.*

Valuation *continued*

The Company's portfolio value at 30 June 2020 was £860.6 million (31 December 2019: £846.0 million), representing an increase of 1.73 per cent.

NAV movement 31 December 2019 to 30 June 2020	£ million
NAV at 31 December 2019	858.6
Deduct: other net assets at 31 December 20191	(12.6)
Portfolio value at 31 December 2019	846.0
Acquisitions	17.9
Distributions from assets	(39.8)
Rebased opening portfolio value at 1 January 2020	824.1
Unwinding of discount	29.3
Change in market discount rate	0.2
Change in macro-economic assumptions	(14.3)
Value enhancements	3.5
Foreign exchange gain	17.8
Portfolio value at 30 June 2020	860.6
Other net assets at 30 June 2020[1]	0.2
NAV at 30 June 2020	860.8

1 *These figures represent the net assets 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 39 for further breakdown.*

Key drivers for NAV change

The rebased opening portfolio value after considering acquisitions in the reporting period of £17.9 million and cash distributions from assets of £39.8 million was £824.1 million.

Unwinding the discount and value enhancements:

During the period, the Company recognised £32.8 million, or a 3.8 per cent increase in NAV, from the unwinding of discounts and value accretive enhancements. As the Company moves closer to forecast asset distribution dates, the time value of those cash flows increases on a net present value basis. The portfolio value growth from unwinding of discount during the period was approximately £29.3 million or a 3.4 per cent change in NAV.

The remaining £3.5 million, or a 0.4 per cent change in NAV, represents *inter alia* the net effect of value accretive enhancements across the portfolio through active management. This includes amongst others the net valuation effect of enhanced operational performance through active asset management; the positive effect from adjusting risk premiums reflected in specific asset discount rates such as the removal of risk premium for prison assets; as well as reducing premiums for assets moving towards the stable operational phase.

Change in macro-economic assumptions:

During the period, the Company recognised a reduction in the portfolio value due to changes in the macro-economic assumptions: a change in the UK corporate tax rate from 17 per cent to 19 per cent resulting in a decrease of £3.2 million; a change in the forecasted deposit rates, short term inflation rates and the actual indexation against the previously modelled indexation resulting in a decrease of £11.1 million. In total, the Company recognised a reduction of £14.3 million, or a 1.7 per cent decrease in NAV, from changes in these assumptions.

Key drivers for NAV change continued

Foreign Exchange:

The present values of these cash flows are converted to Sterling at either the hedged rate, for a predetermined percentage of cash flows forecast to be received over the next four years, or at the closing rate for unhedged future cash flows.

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 the period, the depreciation of Sterling against the Euro, Canadian Dollar, US Dollar and Australian Dollar, and the appreciation of Sterling against the Norwegian Krone accounted for a net increase in the portfolio value of £17.8 million. This increase was partially offset by a loss of £6.1 million from balance sheet hedging at the consolidated Group level with the corresponding liability included in the other net assets at 30 June 2020. The net foreign exchange loss on hedging over the period, recorded at the consolidated Group level, was £11.3 million. Since listing in December 2011, the net cumulative effect of foreign exchange movements on the portfolio value, after taking into account the effect of balance sheet hedging, has been an increase of £1.3 million.

The table below shows those closing rates, which were used to convert unhedged future cash flows into the reporting currency at 30 June 2020.

GBP/	Valuation impact	FX rates as of 30 June 2020	FX rates as of 31 December 2019	FX rate change
AUD	▲	1.793	1.880	4.66%
CAD	▲	1.682	1.716	2.02%
EUR	▲	1.098	1.176	6.62%
NOK	▼	11.931	11.595	(2.90%)
USD	▲	1.233	1.319	6.51%

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 cash flows over the next four years on an annual 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 movement in foreign exchange rates[20] . 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 theoretical 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 68 per cent to obtain the same NAV sensitivity to a 10 per cent adverse change in foreign exchange rates as shown below.

Covid-19

As a result of strong stakeholder collaboration, the portfolio continued its strong performance over the reporting period with no material adverse effect on valuation resulting from Covid-19. There continues to be significant uncertainty surrounding Covid-19 with the consequences and potential disruptions difficult to foresee; currently, our portfolio remains resilient in this challenging market environment. We will continue to work very closely with all stakeholders in an effort to mitigate the risks of this global pandemic.

Discount rates

The discount rates used for individual assets range between 6.25 per cent and 9.00 per cent. The weighted average rate is approximately 7.03 per cent (31 December 2019: 7.07 per cent), representing a reduction of 4 bps from 31 December 2019, which management believes to be towards the conservative end of the range for a high-quality portfolio of availability-based PPP assets. 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 discount rate considers risks associated with the asset including the phase the asset is in, such as construction, ramp up or stable operation, asset specific risks and opportunities as well as country specific factors.

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

Valuation *continued*

BBGI applies a premium for assets in construction to reflect the higher risk inherent in the construction phase of any asset's lifecycle. Currently, the portfolio has one asset in construction, Highway 104, which represents less than 1 per cent of the overall portfolio value. BBGI has also applied a risk premium to a limited number of other assets to reflect the individual situations. For example, 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.

Macro-economic assumptions

Apart from the discount rates the Company uses the following assumptions for the cash flows:

		30 June 2020	31 December 2019
Indexation[1]	UK	2.75%	2.75%
	Canada	2.00%/2.35%	2.00%/2.35%
	Australia	2.5%	2.5%
	Germany	2%	2%
	Netherlands[2]	2%	2%
	Norway[2]	2.25%	2.25%
	USA[3]	2.5%	2.5%
Deposit rates (p.a.)	UK	0.5% to 2023, then 2.0%	1% to 2023, then 2.5%
	Canada	1% to 2023, then 2.5%	1% to 2023, then 2.5%
	Australia	1% to 2023, then 3.0%	2% to 2023, then 3.0% – 4.0% (medium term)
	Germany	0.0% to 2023, then 2.0%	1% to 2023, then 2.5%
	Netherlands	0.0% to 2023, then 2.0%	1% to 2023, then 2.5%
	Norway	1.0% to 2023, then 3.0%	1.8% to 2023, then 3.0%
	USA	1% to 2023, then 2.5%	1% to 2023, then 2.5%
Corporate tax rates (p.a.)	UK	19%	19% to 2019, then 17%
	Canada[4]	26.5%/27%/29%	26.5%/27%/29%
	Australia	30% long-term	30% long-term
	Germany[5]	15.8% long-term (incl. solidarity charge)	15.8% long-term (incl. solidarity charge)
	Netherlands	25% till 2020, then 21.7%	25% till 2020, then 21.7%
	Norway	22% long-term	22% long-term
	USA	21% long-term	21% long-term

1 *Short-term indexation rates were adjusted until the end of 2020 as follows: UK 1.3%, Canada 0.5%, Australia 0.3%, Germany 0.0%, Netherlands 0.0%, Norway 1.75% and USA 0.5%. Generally, for UK assets, the annual inflation rate is set in March of each year, therefore, only assets that do not fix the annual inflation rate have been changed to reflect the decrease in 2020.*
2 *CPI indexation only. Where projects are subject to a basket of indices, these non-CPI indices are not considered.*
3 *80 per cent of ORB indexation factor for revenue is contractual and is not tied to CPI.*
4 *Individual tax rates vary among Canadian Provinces. As at 30 June 2020, the tax rate for Alberta is decreasing gradually from 12% to 8% by 2022.*
5 *Individual local trade tax rates are considered in addition to the tax rate above.*

General market activity

Through the course of the Covid-19 pandemic, there has been an increased focus on valuation from investors as the varied risk profiles of the different asset classes within the infrastructure sector have become more pronounced; for example, demand-based assets such as airports, and (shadow) toll roads have suffered severe traffic reductions, thereby reducing revenue. Investors in demand-based assets have had to revisit traffic growth assumptions, at least in the short-term. In addition, lower than forecasted volumes will not only impact demand-based income but also other third-party income such as retail business in airports and rail stations, motorway service station and other income sources reliant on customer footfall.

On the other hand, availability-based assets passed the stress test and proved to be very robust as the sector has not experienced any material negative impact. This, coupled with the low interest rate environment where government yields are less than 1 per cent or negative, has further contributed to increased competition for PPP assets.

The Company's weighted average discount rate is 7.03 per cent. The weighted[21] long-term government bond rates for Australia, Canada, Germany, Netherlands, Norway, UK and the USA is 0.8 per cent resulting in a premium over risk-free rates of 6.2 per cent. This is the highest risk premium since 2007. We are also seeing new investors entering the market and recent auction processes attracting a large number of bidders. Our market intelligence of these recent transactions suggests that discount rates in the secondary market appear to have further declined. If this current market trend continues, an additional reduction in discount rates is likely to be considered for the next valuation.

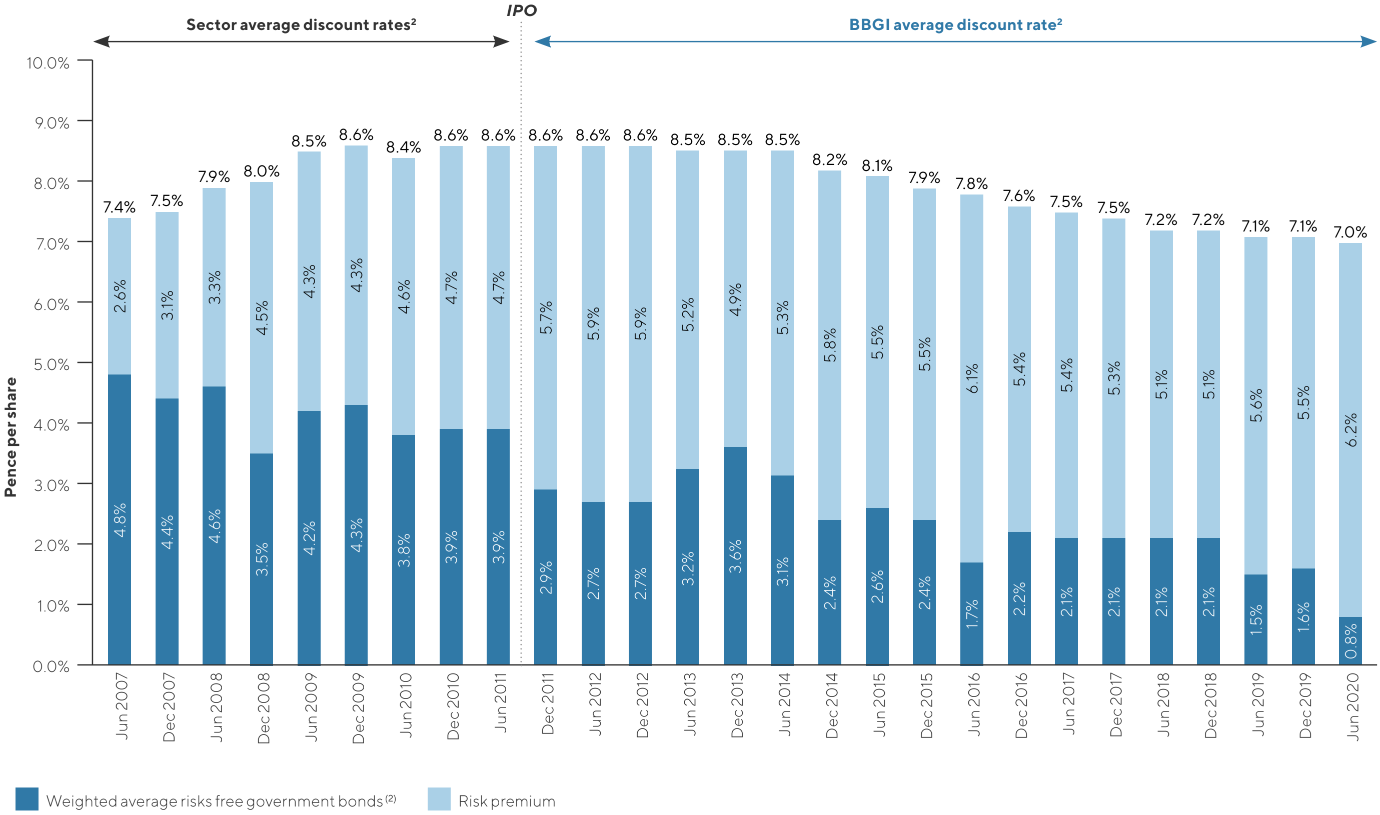
21 Using the country weighting of BBGI's portfolio

Valuation *continued*

General market activity continued

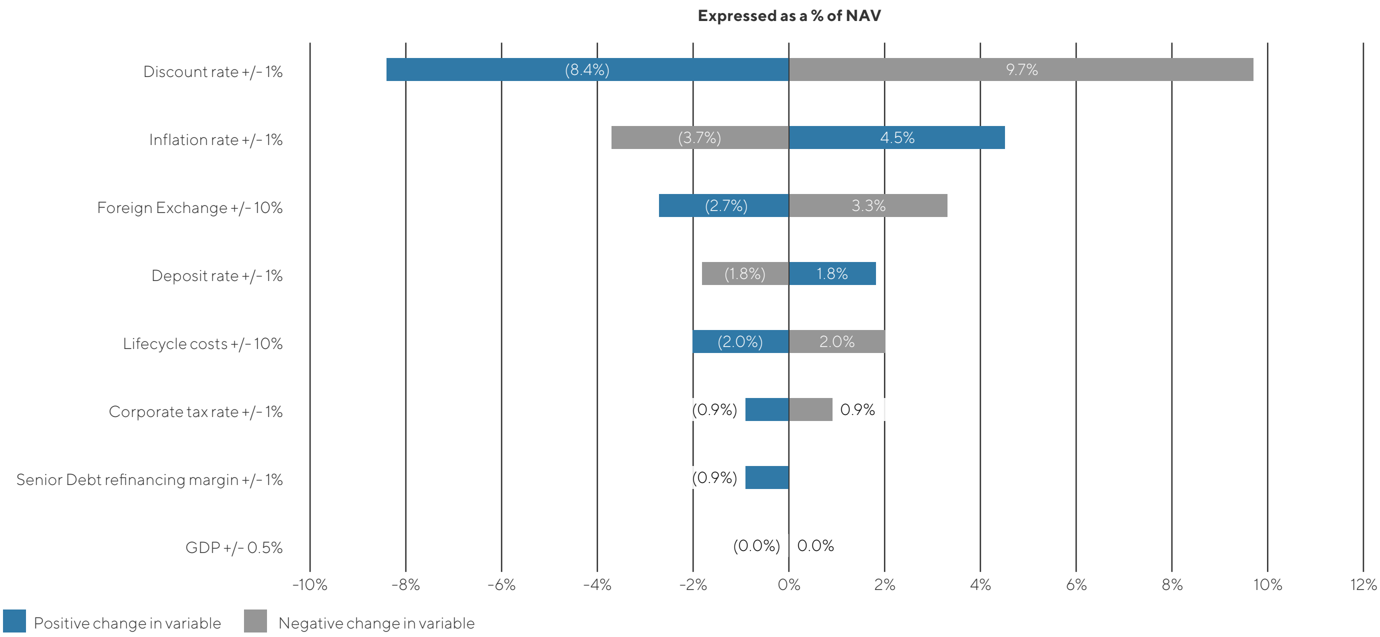
The graph below illustrates the movement in the risk-free rate since 2007.

Average discount rates[1]



1 *Sector average from listed peers from June 2007 until June 2011 and from December 2011 BBGI discount rate.*
2 *Both Sector and BBGI weighted average risk-free rate estimates are based on the geographical breakdown of BBGI portfolio as at 30 June 2020.*

Sensitivities



Valuation *continued*

Discount rate sensitivity

The weighted average discount rate that is applied to Company's portfolio of assets is the single most important judgement and variable.

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

Discount Rate Sensitivity	Change in NAV 30 June 2020
Increase by 1% to 8.03%[1]	(£72.3) million, i.e. (8.4)%
Decrease by 1% to 6.03%[1]	£83.7 million, i.e. 9.7%

1 *Based on the weighted average discount rate of 7.03 per cent.*

Foreign exchange sensitivity

As described above, a significant proportion of the Company's underlying investments are denominated in currencies other than Sterling.

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

Foreign Exchange Sensitivity	Change in NAV 30 June 2020
Increase by 10%[1]	(£23.4) million, i.e. (2.7)%
Decrease by 10%[1]	£28.0 million, i.e. 3.3%

1 *Sensitivity in comparison to the spot foreign exchange rates at 30 June 2020 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 Company's assets are contractually entitled to receive availability-based income streams from public sector clients, which are adjusted every year for inflation. Facilities management subcontractors for accommodation assets and operating and maintenance subcontractors for transport assets have similar indexation arrangements. The asset cash flows 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. A further update was due in March 2020 and the UK Government released the 'Consultation on the Reform to Retail Prices Index Methodology' on 11 March 2020. 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 30 per cent. Furthermore, the 25-year RPI swap rate at 29 June 2020 was 3.04 per cent, 0.29 per cent above BBGI's UK RPI long-term forecast assumption of 2.75 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 30 June 2020
Inflation +1%	£38.6 million, i.e. 4.5%
Inflation –1%	(£31.6) million, i.e. (3.7)%

Deposit rate sensitivity

The asset cash flows are 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 30 June 2020
Deposit rate +1%	£15.7 million, i.e. 1.8%
Deposit rate –1%	(£15.6) million, i.e. (1.8)%

Lifecycle costs sensitivity

Of the 49 assets in the portfolio, 16 assets retain the lifecycle obligations. The remaining 33 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 30 June 2020
Increase by 10%[1]	(£17.4) million, i.e. (2.0)%
Decrease by 10%[1]	£17.0 million, i.e. 2.0%

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 30 June 2020
Tax rate +1%	(£7.4) million, i.e. (0.9)%
Tax rate –1%	£7.4 million, i.e. 0.9%

In June 2020, Alberta's general corporate income tax rate for active business income decreased to 10 per cent (from 11 per cent) effective 1 January 2020. The corporate tax rate will further decrease to 9 per cent on 1 January 2021 and 8 per cent on 1 January 2022. Although Alberta announced on 29 June 2020 that it intends to accelerate the reduction of its general corporate income tax rate such that the 8 per cent rate comes into effect on 1 July 2020, this change has not been substantively enacted as of 30 June 2020[22] . It is the Company's policy to value those tax rates that have been enacted into law at the reporting period date.

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 are subject to changes in base rates.

Senior Debt Refinancing Sensitivity	Change in NAV 30 June 2020
Margin +1%[1]	(£7.8) million, i.e. (0.9)%

1 The Northern Territory Secure Facilities 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 30 June 2020
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.

22 Source: KPMG Canada: substantively enacted income tax rates for general corporates as at 30 June 2020

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

- Discount rates and the assumptions as set out below continue to be applicable.
- The updated financial models used for valuation 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.
- Cash flows from and to the Project Companies are received and made at the times anticipated.
- Non-UK Project Companies are valued in local currency and their cash flows converted to Sterling at either the period-end exchange rates or the contract hedge rate.
- 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 forecasts in the valuation models.
- Where lifecycle costs/risks are borne by the Project Companies, they remain in line with the current forecasts in the valuation models.
- 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 Project Companies are fully passed down to subcontractors under contractual arrangements or are part of the planned (lifecycle) forecasts.
- Where the Project Companies own the residual property value in an asset, the projected amount for this value is realised.
- In cases where the Project Companies have contracts that 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.

Financial Results

The Condensed Consolidated Interim Financial Statements of the Group for the six months ended 30 June 2020 are on pages 37 to 41.

Basis of accounting

The Group has prepared its Condensed Consolidated Interim 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. As an Investment Entity, the Company recognises distributions from Investments at FVPL as a reduction in their carrying value. These distributions reduce the estimated future cash flows which are used to determine the fair value of the Investments at FVPL.

Income and costs

Pro forma Income Statement

	Period ended 30 June 20 £ million	Period ended 30 June 19 £ million
Income from investments at fair value through profit and loss ('FVPL income')	36.8	42.4
Other operating income	0.1	0.4
Operating income	**36.9**	**42.8**
Administrative expenses	(4.1)	(4.2)
Other operating expenses	(6.6)	(6.2)
Balance sheet hedging and net finance result	(7.0)	(6.7)
Profit before tax	**19.2**	**25.7**
Tax expense (income tax)	(1.5)	(1.4)
Profit from continuing operations	**17.7**	**24.3**
Basic earnings per share (pence)	2.80	3.86

During the six-month period, the Group recognised a FVPL income of £36.8 million (30 June 2019: £42.4 million). This FVPL income is made up of a combination of the positive effect of unwinding of discount, foreign exchange gains on the underlying Investments at FVPL during the period, value enhancements with a partial offset resulting from effect of changes in deposit rates, changes in macro-economic assumptions and indexation adjustments. A more detailed analysis of the movement in Investments at FVPL is outlined on page 20 in the Valuation section of this Report.

Administration expenses include, amongst others, staff costs, legal and professional fees and office administration costs. See further detail in the Corporate Cost analysis on page 29.

The Group has implemented a policy of using forward currency swaps to hedge a portion of its anticipated foreign currency cash flows on a four-year rolling basis and also uses 12-month forward currency swaps to hedge part of the non-Sterling, non-Euro denominated portfolio values. During the six month period the Company recognised a net loss of £5.1 million on cash flow hedging (30 June 2019: £4.7 million) and is reflected in 'Other operating expenses' above.

During the six month period, the Company acquired a 50 per cent equity interest in the Highway 104 motorway project in Canada and additional follow-on interests in both the Stanton Territorial Hospital in Canada and the N18 Motorway in the Netherlands. The total acquisition costs incurred during the six-month period amounted to £0.5 million (30 June 2019: £0.8 million) and are reflected in 'Other operating expenses' above.

The balance sheet hedging and net finance loss increased slightly on a comparative basis to £7.0 million (30 June 2019: £6.7 million). This increase was driven largely by an increase in the net loss from balance sheet hedging of £6.1 million (30 June 2019: £5.6 million).

Profit from continuing operations for the six months to 30 June 2020 decreased to £17.7 million (30 June 2019: £24.3 million).

Financial Results *continued*

Group Level Corporate Cost Analysis

The table below is prepared on an accruals basis.

Corporate costs	Period ended 30 June 20 £ million	Period ended 30 June 19 £ million
Net finance costs	0.9	1.1
Personnel costs	2.6	2.6
Legal and professional fees	1.1	0.8
Office and administration	0.3	0.6
Acquisition related costs	0.5	0.8
Taxes (including non-recoverable VAT)	1.5	1.6
Corporate costs	**6.9**	**7.5**

Net finance costs for the six months period were £0.9 million (30 June 2019: £1.1 million). The Company used the proceeds from distributions during the period to repay outstanding borrowings, resulting in a decrease in finance costs during the period. The cash flow analysis section of this report provides further information regarding utilisation and repayments under the RCF during the period.

Personnel costs include those fees and expenses paid to the Company's Non-Executive Directors.

Ongoing Charges

Based on current costs, the Company's annualised Ongoing Charges at 30 June 2020 is 0.90 per cent (31 December 2019 actual is 0.88 per cent).

The annualised Ongoing Charge percentage is prepared in accordance with the AIC recommended methodology[23]. The percentage represents the cost of recurring operational expenses incurred in managing the Group's consolidated entities over the Company's average Net Asset Value and provides an indication of the level of recurring costs likely to be incurred in managing the Group in the future.

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 and financing costs.

Cash flows

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

	Period ended 30 June 20 £ million	Period ended 30 June 19 £ million
Distributions from Investments at FVPL[1]	42.3	31.6
Net cash flows used in operating activities	(8.1)	(6.6)
Additional Investments at FVPL	(17.9)	(57.4)
Net cash flows (used in) / from financing activities	(35.6)	104.7
Impact of foreign exchange (loss) / gain on cash and cash equivalents	(0.2)	0.7
Net cash (outflow) / inflow	**(19.5)**	**73.0**

1 These distributions are shown gross of withholding tax. The associated withholding tax outflow is included in Net cash flows used in operating activities.

The Group's portfolio of investments performed well during the period, with rebased cash flows[24] ahead of business plan. Distributions from Investments at FVPL increased over the comparative period by 33.9 per cent to £42.3 million.

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

The Group borrowed under the RCF during the period to finance investment activity. An amount of £22.0 million was drawn under the RCF during the period while a total of £36.0 million was repaid during the period. Cash dividends paid during the six months ended 30 June 2020 amounted to £21.6 million.

23 Additional information regarding Ongoing Charges and ongoing charges percentage can be obtained from the AIC website www.theaic.co.uk
24 Cash flows rebased for investment acquisitions during the six month period to 30 June 2020.

Cash flows continued

Refer to the Condensed Consolidated Interim Statement of Cash flows for further detail of cash flows during the six months ended 30 June 2020.

For the period ended 30 June 2020, the Group has a cash dividend cover ratio[25] of 1.58x (year ended 31 December 2019: 1.30x) and is calculated as follows:

	30 Jun 20 £ million (except ratio)	31 Dec 19 £ million (except ratio)
Distributions received from Investments	42.3	64.0
Less: Net cash flows used in operating activities under IFRS (consolidated)	(8.1)	(10.9)
Net distributions	**34.2**	**53.1**
Divided by: Cash dividends paid under IFRS (consolidated)	21.6	40.8
Cash Dividend Cover (ratio)	1.58x	1.30x

Management believe this to be a strong coverage ratio and a good proxy as to the ability of the Company to pay its target dividend.

Balance Sheet

Pro forma Balance Sheet

	30 Jun 20			31 Dec 19		
	Investment Basis[26] £ million	Adjust £ million	Consolidated IFRS £ million	Investment Basis £ million	Adjust £ million	Consolidated IFRS £ million
Investments at FVPL	860.6	–	860.6	846.0	–	846.0
Trade and other receivables	1.7	–	1.7	3.9	–	3.9
Other assets and liabilities (net)	(3.6)	0.7	(2.9)	(5.1)	0.9	(4.2)
Net cash	8.2	0.6	8.8	13.8	0.7	14.5
Derivative financial asset (liability)	(6.1)	(4.3)	(10.4)	–	1.4	1.4
NAV attributable to ordinary shares	860.8	(3.0)	857.8	858.6	3.0	861.6

As at 30 June 2020, the Group had 49 availability-based Investments at FVPL (31 December 2019: 48). A detailed analysis of the increase in Investments at FVPL over the period is provided under the Portfolio movement bridge graph on page 20 of the Valuation section of this report.

The derivative financial liability adjustment of £4.3 million during the six months ended 30 June 2020 reflects the fair value of forward currency swaps, which are being 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 30 June 2020 closing rate.

As at 30 June 2020, cash and cash equivalents amounted to £15.2 million (£34.8 million as at 31 December 2019).

25 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 cash flows. 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.

26 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.

Financial Results *continued*

A reconciliation of net cash under IFRS and Investment Basis NAV is as follows:

	30 Jun 20 £ million	31 Dec 19 £ million
Loans and borrowings under IFRS (consolidated)	6.6	20.4
Add back: Debt issuance cost under IFRS (consolidated)	0.5	0.7
Less: Interest payable under IFRS (consolidated)	(0.1)	(0.1)
Outstanding borrowings	(7.0)	(21.0)
Less: Cash and cash equivalents under IFRS (consolidated)	15.2	34.8
Net cash under Investment Basis NAV	8.2	13.8

Comparative of Investment Basis NAV

	30 Jun 20	31 Dec 19	31 Dec 18
NAV (millions)	860.8	858.6	774.5
NAV per share (pence)	136.4	136.2	133.5

The Investment Basis NAV increased by 0.3 per cent to £860.8 million at 30 June 2020 (31 December 2019: £858.6 million). This equates to a growth in Investment Basis NAV per share of 0.1 per cent to 136.4p at 30 June 2020 (31 December 2019: 136.2p). 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. Refer to the Condensed Consolidated Interim Statement of Financial Position on page 39 for further detail on the IFRS NAV.

Risk

Each quarter, the Supervisory and Management Boards review and consider updates to the Company's principal risks, and the controls and strategies used to mitigate those risks. The risks to which the Company is exposed have not materially changed since those set out in detail in the 31 December 2019 Annual Report.

These risks and uncertainties are expected to remain relevant to the Group for the next six months of its financial year and include (but are not limited to):

	Risk description	Risk mitigation
Foreign exchange risk	A significant proportion of the Company's underlying investments – 70 per cent of portfolio value at 30 June 2020 – 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.	The Company implemented 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, a portion of the non-Sterling, non-Euro portfolio is hedged to reduce NAV sensitivity to approximately 3 per cent for a 10 per cent adverse foreign exchange movement. Euro-denominated fund running costs provide a natural hedge against the Euro-denominated portfolio distributions as does the natural diversification through holding investments with cash flows denominated in five different underlying currencies. The RCF can be drawn in the currency of the underlying asset distributions which provides an additional hedging possibility.
Discount rates, macro-economic assumptions and market risk	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. The macro-economic assumptions, including interest, deposit and inflation rates used when forecasting future cash flows as part of the portfolio valuation exercise may not be necessarily representative of future economic outcomes. The Company's performance may be affected by lower than assumed deposit rates or changes in interest rates. The Company's performance may also be adversely affected by lower than expected inflation and prolonged periods of deflation could result in defaults under loan arrangements. The Management Board appreciates that such assumptions, although reviewed by a third-party valuation expert and reflective of the latest available market data, are estimates only.	The Management Board carries out sensitivity analyses on these assumptions in order to assess the impact on the NAV. Refer to pages 24 to 26 of the Valuation section of this report for further details. Additional measures to mitigate the risks include: • The Company uses a market-based evaluation to determine a base discount rate for steady-state, operational availability-based 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 cash flows and thus its valuation. • The Company's underlying project companies seek to hedge substantially all of their floating rate interest liabilities against changes in underlying interest rates with interest rate swaps. • Project companies also typically mitigate inflation risk to some extent by seeking to match the indexation of the revenues to the indexation of the operational cost, whilst monitoring for any potential or actual changes.
Valuation	The most significant risk of material misstatement in the Company's financial statements continues to be the fair valuation of the investment portfolio, 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.	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 expert, and finally reviewed/audited by the Company's independent auditor.

Risk *continued*

	Risk description	Risk mitigation
Poor investment selection	There is a risk that errors may be made in the assumptions, calculations or methodology 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.	BBGI has developed a robust asset acquisition due diligence process with the support of external expert advisers. Typical due diligence includes model, legal, tax, technical, ESG, anti-money laundering and insurance reviews.
Implications of the global Covid-19 pandemic	The outbreak of the Covid-19 was declared a global pandemic by the World Health Organisation (WHO) during the reporting period. As a result, there has been materially increased market volatility and macro-economic 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 macro-economic 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 99 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 Interim Report, there was no evidence to suggest material disruption to the Company and financial performance is not expected to be materially adversely affected. However, 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 pandemic. 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 RCF, with a further £70 million incremental uncommitted accordion tranche. As at 30 June 2020, the Group had utilised £8.2 million of the RCF. As an active asset manager, the Company continues to be in close dialogue with its FM 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 does. 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 of this Interim Report, there were no indications from any contractor that they would not be able to continue to deliver contracted services to their respective assets. 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 and other stakeholders 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 FM and operators – that our assets remain available to all users.
Taxation risk	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 cash flows 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.

Risk *continued*

	Risk description	Risk mitigation
Credit and counterparty 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.	A number of mitigants and steps have been taken to manage this risk. The main one is that the Company applies strict criteria when identifying/assessing potential counterparties and undertakes a due diligence process before committing to enter into contractual relationships. All counterparties are kept under regular review during the contractual relationship with the Company.
Implications of the UK's exit from the European Union	The Company is incorporated in Luxembourg and is listed on the London Stock Exchange. Certain measures therefore were necessary to be taken in order to ensure continuity of listing post-cessation of the withdrawal transition period. *Trade settlement (CREST)* Euroclear (EUI) currently provides settlement services for all secondary trading of BBGI's shares. This settlement service (i.e. CREST) is provided by EUI on the basis of regulatory approval which is expected to expire on 31 March 2021. From this date it is expected that EUI will no longer provide CREST services to EEA based issuers (such as BBGI).	To ensure continuity of listing after the cessation of EU withdrawal transition period and the passporting regime in the UK, the Company informed the FCA in 2019 that it wishes to have temporary permission to be marketed in the UK under the Temporary Permissions Regime ('TPR'). The Company's shares are able to be marketed in the UK on the same terms and subject to the same conditions as before the withdrawal period. For a full description of the risk mitigation following the anticipated cessation of the TPR, please refer to the 2019 Annual Report. *Trade settlement (CREST)* EUI has instructed affected issuers that their securities will continue to be eligible for settlement in CREST after 31 March 2021 if such securities are held within a Central Securities Depositary (CSD) authorised to provide settlement services within the EEA. BBGI is currently working with its advisers to finalise a plan which will ensure that BBGI shares will continue to be eligible for CREST settlement from 31 March 2021.
Risk of 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 using 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 Management Board 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 an 18-month term remaining on its RCF which expires in January 2022 and will commence a refinancing in the short to medium term.

Refer to the sensitivity / stress test analysis in the Valuation section of the Strategic Report on page 24 for further information and analysis on some of the above-mentioned risks.

Responsibilities Statement

Management Board Responsibilities Statement

The Management Board of the Company is responsible for preparing this interim financial report in accordance with applicable law and regulations. The Management Board confirms that to the best of its knowledge:

— The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and

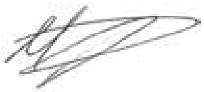
— The Chairman's Statement and the Strategic Report of the Management Board meet the requirements of an interim management report and include a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year; and
- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

Luxembourg, 27 August 2020

Duncan Ball
Co-CEO

Frank Schramm
Co-CEO



Michael Denny
CFO

Independent Auditor's Review Report to BBGI SICAV S.A.

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

Introduction
We have reviewed the accompanying condensed consolidated interim financial statements of BBGI SICAV S.A. (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated interim statement of financial position as at 30 June 2020, and the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 27 August 2020

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

Joseph de Souza

Condensed Consolidated Interim Income Statement (Unaudited)

For the six months ended 30 June 2020

In thousands of Pounds Sterling	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
Continuing operations			
Income from investments at fair value through profit or loss	8	**36,757**	42,368
Other operating income		**89**	429
Operating income		**36,846**	42,797
Administrative expenses	5	**(4,116)**	(4,175)
Other operating expenses	6	**(6,605)**	(6,188)
Operating expenses		**(10,721)**	(10,363)
Results from operating activities		**26,125**	32,434
Net finance result	7	**(850)**	(1,055)
Net loss on derivative financial instruments	14	**(6,124)**	(5,638)
Profit before tax		**19,151**	25,741
Tax expense	9	**(1,497)**	(1,400)
Profit from continuing operations		**17,654**	24,341
Profit from continuing operations attributable to the owners of the Company		**17,654**	24,341
Earnings per share			
Basic earnings per share (pence)	11	**2.80**	3.86
Diluted earnings per share (pence)	11	**2.80**	3.86

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

Condensed Consolidated Interim Statement of Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2020

In thousands of Pounds Sterling	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
Profit from continuing operations attributable to the owners of the Company		**17,654**	24,341
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period attributable to the owners of the Company		**17,654**	24,341

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

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2020

In thousands of Pounds Sterling	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Assets			
Property and equipment		**56**	61
Investments at fair value through profit or loss	8	**860,567**	845,967
Derivative financial assets	14	**–**	605
Non-current assets		**860,623**	846,633
Trade and other receivables	15	**1,654**	3,876
Other current assets		**819**	594
Derivative financial assets	14	**–**	756
Cash and cash equivalents		**15,246**	34,778
Current assets		**17,719**	40,004
Total assets		**878,342**	886,637
Equity			
Share capital	10	**715,133**	714,280
Additional paid-in capital	15	**645**	965
Translation reserves	10	**(597)**	(597)
Retained earnings		**142,581**	146,984
Equity attributable to the owners of the Company		**857,762**	861,632
Liabilities			
Loans and borrowings	12	**6,472**	20,318
Derivative financial liabilities	14	**3,642**	–
Non-current liabilities		**10,114**	20,318
Loans and borrowings	12	**170**	116
Trade payables		**322**	353
Derivative financial liabilities	14	**6,771**	–
Other payables	13	**1,684**	2,515
Tax liabilities	9	**1,519**	1,703
Current liabilities		**10,466**	4,687
Total liabilities		**20,580**	25,005
Total equity and liabilities		**878,342**	886,637
Net asset value attributable to the owners of the Company	10	**857,762**	861,632
Net asset value per ordinary share (pence)	10	**135.90**	136.72

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

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2020

In thousands of Pounds Sterling	Notes	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2020 (Audited)		**714,280**	**965**	**(597)**	**146,984**	**861,632**
Total comprehensive income for the six months ended 30 June 2020						
Profit from continuing operations attributable to the owners of the Company		**–**	**–**	**–**	**17,654**	**17,654**
Total comprehensive income for the period		**–**	**–**	**–**	**17,654**	**17,654**
Transactions with the owners of the Company, recognised directly in equity						
Scrip dividends	10	**429**	**–**	**–**	**(429)**	**–**
Cash dividends	10	**–**	**–**	**–**	**(21,628)**	**(21,628)**
Equity settlement of share based compensation	10,15	**424**	**(424)**	**–**	**–**	**–**
Share-based payment	15	**–**	**104**	**–**	**–**	**104**
Balance as at 30 June 2020		**715,133**	**645**	**(597)**	**142,581**	**857,762**

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

For the six months ended 30 June 2019

In thousands of Pounds Sterling	Notes	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2019 (Audited)		639,160	837	(597)	137,620	777,020
Total comprehensive income for the six months ended 30 June 2019						
Profit from continuing operations attributable to the owners of the Company		–	–	–	24,341	24,341
Total comprehensive income for the period		–	–	–	24,341	24,341
Transactions with the owners of the Company, recognised directly in equity						
Issuance of shares from placing of ordinary shares – net of issue cost	10	73,914	–	–		73,914
Scrip dividends	10	181	–	–	(181)	–
Cash dividends	10	–	–	–	(19,394)	(19,394)
Equity settlement of share-based compensation	10,15	433	(433)	–	–	–
Share-based payment for the period	15	–	285	–	–	285
Balance as at 30 June 2019		713,688	689	(597)	142,386	856,166

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

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2020

In thousands of Pounds Sterling	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
Operating activities			
Profit from continuing operations		**17,654**	24,341
Adjustments for:			
Depreciation expense	5	**18**	8
Net finance result	7	**850**	1,055
Income from investments at fair value through profit or loss	8	**(36,757)**	(42,368)
Net loss on derivative financial instruments	6,14	**11,257**	10,382
Foreign currency exchange loss – net	6	**986**	684
Share-based compensation	15	**104**	285
Income tax expense	9	**1,497**	1,400
		(4,391)	(4,213)
Working capital adjustments:			
Trade and other receivables		**(820)**	(9)
Other current assets		**(225)**	(168)
Trade and other payables		**(877)**	986
Cash used in operating activities		**(6,313)**	(3,404)
Finance costs paid		**(618)**	(639)
Interest received		**10**	6
Net realised gain (loss) on derivative financial instruments	14	**517**	(345)
Taxes paid		**(1,681)**	(2,226)
Net cash flows used in operating activities		**(8,085)**	(6,608)
Investing activities			
Acquisition of/additional investments at fair value through profit or loss	8	**(17,929)**	(57,446)
Distributions received from investments at fair value through profit or loss	8	**42,307**	31,638
Acquisition of property and equipment		**(13)**	(21)
Net cash flows from / (used in) investing activities		**24,365**	(25,829)
Financing activities			
Issuance of share capital through placing (net of issuance cost)	10	**–**	73,914
Dividends paid	10	**(21,628)**	(19,394)
Repayment of loans and borrowings	12	**(36,000)**	(10,500)
Proceeds from issuance of loans and borrowings	12	**22,000**	60,780
Debt issue costs		**(19)**	(44)
Net cash flows from / (used in) financing activities		**(35,647)**	104,756
Net increase (decrease) in cash and cash equivalents		**(19,367)**	72,319
Impact of foreign exchange gain on cash and cash equivalents		**(165)**	659
Cash and cash equivalents at 1 January		**34,778**	10,444
Cash and cash equivalents at 30 June		**15,246**	83,422

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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.

As at 30 June 2020, the Group employed 20 staff (30 June 2019: 20 staff).

Reporting period

The Company's interim reporting period runs from 1 January to 30 June each year. The Company's condensed consolidated interim statement of financial position, condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows include comparative figures as at 31 December 2019 and 30 June 2019, as appropriate.

The amounts presented as 'non-current' in the consolidated interim 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 condensed consolidated interim financial statements were approved by the Management Board on 27 August 2020.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standards ('IAS') 34 *Interim Financial Reporting* in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and do not include all information required for full annual consolidated financial statements.

The condensed consolidated interim 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

The accounting policies, measurement and valuation principles applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2019.

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

Amendments to IFRS 3: Definition of Business (effective 1 January 2020)

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no significant impact on the condensed consolidated interim financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

2. Basis of preparation continued

Amendments to IAS 1 and IAS 8: Definition Material (effective 1 January 2020)

The amendments provide a new definition of material that states, "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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no significant impact on the condensed consolidated interim financial statements nor is there expected to be any future impact to the Group.

Functional and presentation currency

These condensed consolidated interim 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% to 8% on the £1 IPO issue price of its ordinary shares, to be achieved over the longer term via active management, to enhance the value of existing investments.

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

c) *Measures and evaluates performance of substantially all of its investments on a fair value basis* – The investment policy of the Company is to invest in equity, subordinated debt or similar interests issued in respect of infrastructure 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 30 June 2020, the Company has 49 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.

For the six months ended 30 June 2020

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.

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

Acquisition of non-controlling interests (consolidated subsidiaries)

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests 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.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

3. Summary of significant accounting policies continued

a) Functional and presentation currency

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

b) 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 14.

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.

4. Segment reporting

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

Based on a review of information provided to the Management Board, the Group has identified five reportable segments based on the geographical concentration risk. The main factor used to identify the Group's reportable segments is the geographical location of the 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.

Segment information is presented below:

For the six months ended 30 June 2020 In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from investments at FVPL	6,788	15,562	8,581	5,826	–	36,757
Administration expenses	–	–	–	–	(4,048)	(4,048)
Other operating expenses – net	–	–	–	–	(12,708)	(12,708)
Results from operating activities	6,788	15,562	8,581	5,826	(16,756)	20,001
Finance cost	–	–	–	–	(860)	(860)
Finance income	–	–	–	–	10	10
Tax expense	–	–	–	–	(1,497)	(1,497)
Profit or loss from continuing operations	6,788	15,562	8,581	5,826	(19,103)	17,654

For the six months ended 30 June 2020

4. Segment reporting continued

For the six months ended 30 June 2019 In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from investments at FVPL	12,361	26,696	(372)	3,683	–	42,368
Administration expenses	–	–	–	–	(4,175)	(4,175)
Other operating expenses – net	–	–	–	–	(11,397)	(11,397)
Results from operating activities	12,361	26,696	(372)	3,683	(15,572)	26,796
Finance cost	–	–	–	–	(1,061)	(1,061)
Finance income	–	–	–	–	6	6
Tax expense	–	–	–	–	(1,400)	(1,400)
Profit or loss from continuing operations	12,361	26,696	(372)	3,683	(18,027)	24,341

Statement of financial position per segment information as at 30 June 2020 and 31 December 2019 are presented below:

As at 30 June 2020 In thousands of Pounds Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Investments at FVPL	**262,383**	**392,735**	**107,943**	**97,506**	**–**	**860,567**
Other non-current assets	**–**	**–**	**–**	**–**	**56**	**56**
Current assets	**–**	**–**	**–**	**–**	**17,719**	**17,719**
Total assets	**262,283**	**392,735**	**107,943**	**97,506**	**17,775**	**878,342**
Liabilities						
Non-current	**–**	**–**	**–**	**–**	**10,114**	**10,114**
Current	**–**	**–**	**–**	**–**	**10,466**	**10,466**
Total liabilities	**–**	**–**	**–**	**–**	**20,580**	**20,580**

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

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.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

5. Administrative expenses

In thousands of Pounds Sterling	Six months ended 30 June 2020	Six months ended 30 June 2019
Personnel expenses	**2,553**	2,484
Legal and professional fees	**1,100**	919
Office and other expenses	**445**	764
Depreciation expense	**18**	8
	4,116	4,175

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

Legal and professional fees include amounts incurred for audit related services provided by the Group's external auditor. The audit fees during the six months period 30 June 2020 amounted to £104,000 (30 June 2019: £109,000) and audit related fees amounted to £57,000 (30 June 2019: £43,000). 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 six months ended 30 June 2020 (30 June 2019: nil).

6. Other operating expenses

In thousands of Pounds Sterling	Six months ended 30 June 2020	Six months ended 30 June 2019
Net loss on derivative financial instruments[1]	**5,133**	4,744
Foreign currency exchange loss – net	**986**	684
Acquisition-related costs	**486**	760
	6,605	6,188

1 *Relates to foreign exchange hedging on forecasted distributions from investments at FVPL.*

7. Net finance result

In thousands of Pounds Sterling	Six months ended 30 June 2020	Six months ended 30 June 2019
Finance costs on loan and borrowings (Note 12)	**(860)**	(1,061)
Interest income on bank deposits	**10**	6
	(850)	(1,055)

8. Investments at FVPL

In thousands of Pounds Sterling	30 June 2020	31 December 2019
Balance at 1 January	**845,967**	780,356
Acquisitions of/additions in investments at FVPL	**17,929**	62,900
Income from investments at FVPL[1]	**36,757**	69,772
Distributions received from investments at FVPL[1]	**(42,307)**	(63,988)
Net reclassification from (to) other receivables	**2,221**	(3,073)
	860,567	845,967

1 *Gross of withholding tax expense.*

For the six months ended 30 June 2020

8. Investments at FVPL continued

Refer to Note 14 of the condensed consolidated interim financial statements and the Valuation section of the Interim 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 30 June 2020 and 31 December 2019, 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. The Group does not have any demand-based assets and the portfolio is over 99 per cent operational, which together have contributed to no material impact to our distributions and no material effect on valuation resulting from Covid-19 during the reporting period.

Acquisitions during the six months ended include the following:

– *Stanton Territorial Hospital (Canada) ('Stanton'):* In December 2019, a wholly owned indirect subsidiary of the Company, signed purchase and sale agreement to acquire an additional 25 per cent interest in Stanton. The acquisition was finalised in February 2020 increasing the Group's total equity interest in the project to 50 per cent.

  In addition, a second acquisition during the period of the remaining 50 per cent equity interest in Stanton was completed in April 2020, resulting in the Group holding a 100 per cent interest in the project.

– *N18 Motorway (Netherlands) ('N18'):* In April 2020, BBGI Management Holdco S. à r.l. ('MHC'), a wholly-owned direct subsidiary of the Company, signed a sales and purchase agreement to acquire an additional 5.2 per cent interest of Noaber18 Holding B.V. The acquisition resulted in an overall equity interest of 52 per cent in the project.

– *Highway 104 (Canada) ('H104'):* In May 2020, a wholly owned subsidiary of CanHoldco signed an equity contribution agreement to acquire a 50 per cent interest in an availability-based motorway project in Canada that will, once construction has completed, twin Highway 104 between Sutherlands River and Antigonish in Nova Scotia.

9. Taxes

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

For the six months ended 30 June 2020, the Company incurred a subscription tax expense of £213,000 (30 June 2019: £194,000). 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.

A significant portion of the profit before tax results from fair valuation of investments at FVPL and gain (loss) 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 condensed consolidated interim 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 as at 30 June 2020 and 31 December 2019.

During the six months ended 30 June 2020, the Group recognised a tax expense of £1,497,000 (30 June 2019: £1,400,000). Tax liability as at 30 June 2020 amounted to £1,519,000 (31 December 2019: £1,703,000).

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

10. Capital and reserves

Share capital

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

In thousands of Pounds Sterling	30 June 2020	31 December 2019
Share capital as at 1 January	**714,280**	639,160
Issuance of ordinary shares through placing	**–**	75,000
Shares issuance cost on placing	**–**	(1,085)
Share capital issued through scrip dividends	**429**	772
Equity settlement of share-based compensation (see Note 15)	**424**	433
	715,133	714,280

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

In thousands of shares	30 June 2020	31 December 2019
In issue at beginning of the year	**630,213**	580,005
Shares issued through placing of ordinary shares	**–**	49,020
Shares issued through scrip dividends	**267**	491
Shares issued as share-based compensation	**690**	697
	631,170	630,213

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 six months ended 30 June 2020 and 2019 are as follows:

In thousands of Pounds Sterling except as otherwise stated	30 June 2020
2019 second interim dividend of 3.5 pence per qualifying ordinary share – for the period 1 July 2019 to 31 December 2019	**22,057**

The 31 December 2019 second interim dividend was paid in April 2020. The value of the scrip election was £429,000, with the remaining amount of £21,628,000 paid in cash to those investors that did not elect for the scrip.

In thousands of Pounds Sterling except as otherwise stated	30 June 2019
2018 second interim dividend of 3.375 pence per qualifying ordinary share – for the period 1 July 2018 to 31 December 2018	19,575

The 31 December 2018 second 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.

For the six months ended 30 June 2020

10. Capital and reserves continued

Net Asset Value ('NAV')

The consolidated NAV and NAV per share as at 30 June 2020, 31 December 2019 and 31 December 2018 were as follows:

	2020	2019	2018
NAV attributable to the owners of the Company	**857,762**	861,632	777,020
NAV per ordinary share (pence)	**135.90**	136.72	133.97

11. 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	Six months ended 30 June 2020	Six months ended 30 June 2019
Profit attributable to the owners of the Company	**17,654**	24,341
Weighted average number of ordinary shares in issue	**630,519**	629,836
Basic earnings per share (in pence)	**2.80**	3.86

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	Six months ended 30 June 2020	Six months ended 30 June 2019
Shares outstanding as at 1 January	**630,213**	580,005
Effect of shares issued on placing of ordinary shares participating for the interim and final dividend of the year	**–**	49,020
Effect of scrip dividends issued	**133**	57
Shares issued as share based compensation	**173**	174
Weighted average – outstanding shares	**630,519**	629,256

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	Six months ended 30 June 2020
Weighted average number of ordinary shares for basic earnings per share	**630,519**
Effect of potential dilution from share-based payment	**574**
Weighted average number of ordinary shares adjusted for the effect of dilution	**631,093**

The price of the Company's shares for the purpose of calculating the potential dilutive effect of award letters (Note 15) was based on the average market price for the six months ended 30 June 2020, during which period the awards were outstanding. As at 30 June 2019, there was no material effect of potential dilution on the earnings per share calculation, resulting from share-based payments.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

12. Loans and borrowings

The Group has a 4 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 30 June 2020, the Group had utilised £8.2 million (31 December 2019: £22.2 million) of the £180 million RCF, of which £1.2 million (31 December 2019: £1.2 million) was being used to cover letters of credit.

The interest payable under the credit facility as at 30 June 2020 amounted to £170,000 (31 December 2019: £116,000).

The RCF unamortised debt issuance cost amounted to £528,000 as at 30 June 2020 (31 December 2019: £682,000). The unamortised debt issuance cost is netted against the amount drawn under the credit facility.

The total finance cost incurred under the RCF for the six months ended 30 June 2020 amounted to £860,000 (30 June 2019: £1,061,000) which includes amortisation of debt issue expense of £174,000 (30 June 2019: £168,000).

Changes in liabilities arising from financing activities

In thousands of Pounds Sterling	1 January 2020	Proceeds	Repayment	Foreign Exchange	Others	30 June 2020
Loans and borrowings	**20,318**	**22,000**	**(36,000)**	**–**	**154**	**6,472**

In thousands of Pounds Sterling	1 January 2019	Proceeds	Repayment	Foreign Exchange	Others	31 December 2019
Loans and borrowings	14,311	81,780	(80,057)	4,000	283	20,317

The 'Others' column includes the effect of additions and amortisation of debt issue costs.

Pledges and collaterals in relation to the RCF

As of 30 June 2020, and 31 December 2019, 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 six months ended 30 June 2020 and year ended 31 December 2019.

13. Other payables

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

14. Fair value measurements and risk management

Fair value measurement

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim 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 and loans and borrowings).

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).

For the six months ended 30 June 2020

14. Fair value measurements and risk management continued

30 June 2020 In thousands of Pounds Sterling	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	**–**	**–**	**860,567**	**860,567**
Financial liabilities measured at fair value				
Derivative financial liabilities	**–**	**(10,413)**	**–**	**(10,413)**

31 December 2019 In thousands of Pounds Sterling	Fair value 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

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2020.

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	30 June 2020	31 December 2019
Balance at 1 January	**845,967**	780,356
Acquisitions of/additions in investments at FVPL	**17,929**	62,900
Income from investments at FVPL[1]	**36,757**	69,772
Distributions received from investments at FVPL[1]	**(42,307)**	(63,988)
Reclassification from (to) other receivables	**2,221**	(3,073)
	860,567	845,967

1 *Gross of withholding tax expense.*

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 valuation expert.

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.

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 updated 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.
- Cash flows from and to the Project Companies are received and made at the times anticipated.
- Non-UK Project Companies are valued in local currency and their cash flows converted to Pounds Sterling at either the period-end exchange rates or the contract hedge rate.
- 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 forecasts in the valuation models.
- Where lifecycle costs/risks are borne by the Project Companies, they remain in line with the current forecasts in the valuation models.
- 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) forecasts.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

14. Fair value measurements and risk management continued

- Where the Project Companies own the residual property value in an asset, 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 advisors, legal advisors and insurance advisors.

The Group uses the following assumptions ('Assumptions') for the cash flows:

		30 June 2020	31 December 2019
Indexation[1]	UK	2.75%	2.75%
	Canada	2.00%/2.35%	2.00%/2.35%
	Australia	2.5%	2.5%
	Germany	2%	2%
	Netherlands[2]	2%	2%
	Norway[2]	2.25%	2.25%
	USA[3]	2.5%	2.5%
Deposit rates (p.a.)	UK	0.5% to 2023, then 2.0%	1% to 2023, then 2.5%
	Canada	1% to 2023, then 2.5%	1% to 2023, then 2.5%
	Australia	1% to 2023, then 3.0%	2% to 2023, then 3.0% – 4.0% (medium term)
	Germany	0.0% to 2023, then 2.0%	1% to 2023, then 2.5%
	Netherlands	0.0% to 2023, then 2.0%	1% to 2023, then 2.5%
	Norway	1.0% to 2023, then 3.0%	1.8% to 2023, then 3.0%
	USA	1% to 2023, then 2.5%	1% to 2023, then 2.5%
Corporate tax rates (p.a.)	UK	19%	19% to 2019, then 17%
	Canada[4]	26.5%/27%/29%	26.5%/27%/29%
	Australia	30% long-term	30% long-term
	Germany[5]	15.8% long-term (incl. solidarity charge)	15.8% long-term (incl. solidarity charge)
	Netherlands	25% till 2020, then 21.7%	25% till 2020, then 21.7%
	Norway	22% long-term	22% long-term
	USA	21% long-term	21% long-term

1 *Short-term indexation rates were adjusted until the end of 2020 as follows: UK 1.3%, Canada 0.5%, Australia 0.3%, Germany 0%, Netherlands 0%, Norway 1.75% and USA 0.5%. Generally, for UK assets, the annual inflation rate is set in March of each year, therefore, only assets that do not fix the annual inflation rate have been changed to reflect the decrease in 2020).*
2 *CPI indexation only. Where projects are subject to a basket of indices, these non-CPI indices are not considered.*
3 *80 per cent of ORB indexation factor for revenue is contractual and is not tied to CPI.*
4 *Individual tax rates vary among Canadian Provinces; as at 30 June 2020, the tax rate for Alberta is decreasing gradually from 12% to 8% by 2022.*
5 *Individual local trade tax rates are considered in addition to the tax rate above.*

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 expert.

The discount rates used for individual assets range between 6.25 per cent and 9.00 per cent. The weighted average rate is approximately 7.03 per cent (31 December 2019: 7.07 per cent), which represents a reduction of 4 bps from 31 December 2019, which management believes to be towards the conservative end of the range for a high-quality portfolio of availability-based PPP assets. 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.

For the six months ended 30 June 2020

14. Fair value measurements and risk management continued

The following table shows the sensitivity of the NAV, by applying a change in the discount rate on investments at FVPL:

Effects in thousands of Pounds Sterling	+1% to 8.03% in 2020[1]		-1% to 6.03% in 2020[1]	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**(72,287)**	**(72,287)**	**83,677**	**83,677**
31 December 2019	(70,769)	(70,769)	82,003	82,003

1 *Based on the weighted average discount rate of 7.03 per cent (31 December 2019: 7.07 per cent).*

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 the six months ended 30 June 2020, the depreciation of Pounds Sterling against the Euro, Canadian Dollar, US Dollar and Australian Dollar, and the appreciation of Pounds Sterling against the Norwegian Krone, accounted for a net increase in the portfolio value of £17.8 million. This increase was partially offset by a loss of £6.1 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:

Effects in thousands of Pounds Sterling	Increase by 10%[1]		Decrease by 10%[1]	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**(23,445)**	**(23,445)**	**28,023**	**28,023**
31 December 2019	(26,578)	(26,578)	24,643	24,643

1 *Sensitivity in comparison to the spot foreign exchange rates at 30 June 2020 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 30 per cent.

The following table shows the sensitivity of the NAV, by applying a change in the inflation rate to investments at FVPL:

Effects in thousands of Pounds Sterling	+1%		-1%	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**38,571**	**38,571**	**(31,584)**	**(31,584)**
31 December 2019	40,405	40,405	(33,236)	(33,236)

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:

Effects in thousands of Pounds Sterling	+1%		-1%	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**15,698**	**15,698**	**(15,630)**	**(15,630)**
31 December 2019	14,711	14,711	(14,616)	(14,616)

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

14. Fair value measurements and risk management continued

Lifecycle costs sensitivity

Of the Group's 49 investments at FVPL, 16 investments at FVPL retain the lifecycle obligations. The remaining 33 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:

Effects in thousands of Pounds Sterling	Increase by 10%[1]		Decrease by 10%[1]	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**(17,420)**	**(17,420)**	**17,039**	**17,039**
31 December 2019	(16,975)	(16,975)	16,417	16,417

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:

Effects in thousands of Pounds Sterling	+1% in 2019		-1% in 2019	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2020	**(7,419)**	**(7,419)**	**7,375**	**7,375**
31 December 2019	(7,230)	(7,230)	7,161	7,161

In June 2020, Alberta's general corporate income tax rate for active business income decreased to 10 per cent (from 11 per cent) effective 1 January 2020. The corporate tax rate will further decrease to 9 per cent on 1 January 2021 and 8 per cent on 1 January 2022. Although, Alberta announced on 29 June 2020 that it intends to accelerate the reduction of its general corporate income tax rate such that the 8 per cent rate comes into effect on 1 July 2020, this change has not been substantively enacted as of 30 June 2020. It is the Group's policy to value those tax rates that have been enacted into law at the reporting period date.

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.

In thousands of Pounds Sterling	Margin +1%[1]	
	Equity	Profit or loss
2020	**(7,750)**	**(7,750)**
2019	(6,943)	(6,943)

1 *The Northern Territory Secure Facilities ('NTSF') asset is the only remaining asset in the Group's portfolio with refinancing risk.*

For the six months ended 30 June 2020

14. Fair value measurements and risk management continued

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 30 June 2020 amounted to a liability of £10,413,000 (31 December 2019: £1,361,000 – asset). The counterparty bank has an S&P/Moody's credit rating of A+/Aa3.

The loss on the valuation of foreign exchange forwards for the six months ended 30 June 2020 amounted to £11,257,000 (30 June 2019: £10,382,000 – loss).

During the six months ended 30 June 2020, the Group realised a net gain of £517,000 on the cash settlement of foreign exchange forwards (30 June 2019: £345,000 – net realised loss).

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

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.

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.

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.

15. Related parties and key contracts

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

Supervisory Board fees

The members of the Supervisory Board of the Company were entitled to a total of £105,000 in fees for the six months ended 30 June 2020 (30 June 2019: £110,000).

Directors' shareholding in the Company

In thousands of shares	30 June 2020	31 December 2019
Duncan Ball	**510**	431
Frank Schramm	**500**	418
Michael Denny	**198**	138
Colin Maltby	**132**	123
Sarah Whitney	**25**	25
	1,365	1,135

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2020

15. Related parties and key contracts continued

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 condensed consolidated interim income statement for key management personnel are as follows:

In thousands of Pounds Sterling	Six months ended 30 June 2020	Six months ended 30 June 2019
Short-term benefits	**1,123**	1,086
Share-based payment	**104**	285
	1,227	1,371

Trade and other receivables

As at 30 June 2020, trade and other receivables include short-term receivables from non-consolidated subsidiaries amounting to £1,654,000 (31 December 2019: £3,876,000).

Share-based compensation

Each of the members of the Management Board received award letters ('2019 Award', '2018 Award', and '2017 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:

	2019 Award	2018 Award	2017 Award
Return Period	**December 2019–December 2022**	December 2018–December 2021	December 2017–December 2020
Vesting period (by reference to performance Measure – NAV condition and TSR condition)	**36 mos. Ending 31/12/2022**	36 mos. Ending 31/12/2021	36 mos. Ending 31/12/2020
Maximum number of shares which will vest	**757,893**	820,189	881,626

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:

	2019 Award	2018 Award	2017 Award
Share price at grant date	**£ 1.675**	£ 1.565	£ 1.405
Maturity	**3 years**	3 years	3 years
Annual target dividends (2020)	**£0.0718**	–	–
Annual target dividends (2021 to 2022)	**£0.0733**		
Annual target dividends (2019 to 2021)	**–**	£0.0700	–
Annual target dividends (2018 to 2020)	**–**	–	£0.0650
Volatility	**11%**	11%	10%
Risk free rate	**Between 0.53%–0.60%**	Between 0.75%–0.79%	Between 0.38%–0.56%

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.

For the six months ended 30 June 2020

15. Related parties and key contracts continued

The fair value of the awards and amounts recognised as additional paid in capital in the Group's condensed consolidated interim statement of financial position are as follows:

In thousands of Pounds Sterling	30 June 2020	31 December 2019
2019 Award	**74**	–
2018 Award	**236**	157
2017 Award	**335**	268
2016 Award	**–**	540
Amount recognised in additional paid-in capital	**645**	965

During the six months ended 30 June 2020, the Company settled the outstanding obligation under the 2016 Award through (a) issuance of 690,274 shares at 144.5 pence per share. The final accrued amount under the 2016 Award was £424,000. This amount was transferred from Additional paid in capital to Share capital at the settlement date.

The amounts recognised as part of 'administrative expenses' in the Group's condensed consolidated interim income statement are as follows:

In thousands of Pounds Sterling	Six months ended 30 June 2020	Six months ended 30 June 2019
2019 Award	**74**	–
2018 Award	**79**	80
2017 Award	**67**	68
2016 Award	**–**	137
Amount recognised in administrative expenses	**220**	285

16. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

17. Events after the end of the reporting period

At the date of publication of this condensed consolidated interim financial statements, the Group and its portfolio has not experienced any material adverse operational or financial impact related to the implications of Covid-19. The focus on value preservation will continue as the pandemic evolves.

Managing the Group's portfolio effectively will be complemented by selective investment activities in assets which meet our strict investment criteria. The pipeline for new investments remains strong and combines both attractive primary and secondary opportunities.

Whilst there continues to be significant uncertainty surrounding Covid-19 with the consequences and potential disruptions difficult to foresee; currently, our portfolio remains resilient in this challenging market environment. We will continue to work very closely with all stakeholders in an effort to mitigate the risks of this global pandemic.

The Company announced in August 2020 post-period end that it had completed the acquisition of the remaining 50 per cent interest in Kelowna and Vernon Hospitals in Canada.

Board Members, Agents & Advisers

Supervisory Board

- Sarah Whitney (Chairman – appointed / effective 31 July 2020)
- Howard Myles
- Jutta af Rosenborg

Management Board

- Duncan Ball
- Michael Denny
- Frank Schramm

Registered Office

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L-2633 Senningerberg
Grand Duchy of Luxembourg

Central Administrative Agent, Luxembourg Registrar and Transfer Agent, Depositary and Principal Paying Agent

RBC Investor Services Bank S.A.
14 Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

Receiving Agent and UK Transfer Agent

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Beckenham
Kent BR3 4TU
United Kingdom

Depository

Link Market Services Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Corporate Brokers

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ
United Kingdom

Winterflood Securities Limited
(replaced Stifel Nicolaus Europe Limited
starting on 11 March 2020)
Cannon Bridge House
25 Dowgate Hill
London
EC4R 2GA
www.winterfloodresearch.com

Auditors

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L-1855 Luxembourg

Registration number

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Luxembourg B163879

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