Interim Report 2022

Low-risk investment

Long-term returns

BBGI

INVESTING IN GLOBAL INFRASTRUCTURE

www.bb-gi.com

About BBGI

BBGI Global Infrastructure S.A. (BBGI, the 'Company', and together with its consolidated subsidiaries, the 'Group') is a global infrastructure investment company helping to provide the responsible capital required to build and maintain critical social infrastructure[1] in the countries where we do business.

These are the important infrastructure assets that citizens rely on every day. They are the building blocks of the local economy, 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[2], globally diversified and internally managed investment strategy to deliver long-term, predictable and sustainable shareholder returns.

Contents

Listing	Chapter 15 premium listing, closed-ended investment company
Trading	Main Market
ISIN	LU0686550053
SEDOL	B6QWXM4
Ticker	BBGI
Indices	FTSE 250, FTSE 350, FTSE 350 High Yield and FTSE All-Share

Front cover:
Poplar Affordable Housing and Recreational Centres, UK

Inside cover:
Mersey Gateway Bridge, UK

Why Invest in BBGI

BBGI provides access to a globally diversified portfolio of infrastructure investments that generate attractive long-term and sustainable returns and serve a critical social purpose in their local communities.

BBGI's portfolio includes education, healthcare, police and fire stations, affordable housing, modern correctional facilities, clean energy and transport infrastructure assets. 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 and achieve portfolio growth.

In return, the Company receives stable, predictable, inflation-linked cash flows which are underpinned by government (backed) counterparties. The predictability of these availability-style[3] revenues allow BBGI to return an attractive and progressive income stream to investors in the form of a semi-annual dividend while Environmental, Social and Governance ('ESG') considerations are embedded in our business model.

1 Low-risk

The Company is committed to an availability-style social infrastructure investment platform and this strategy generates stable, predictable and inflation-linked cash flows backed by secure, public-sector revenues; the Management Board's key area of expertise.

2 Globally diversified

The investment strategy is deployed in stable, well established developed markets where governments and local authorities maintain support for availability-style 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 Strong ESG approach

The Company is a long-term custodian and responsible hands-on steward of critical social infrastructure. The Company aligns its active asset management approach to six focused UN Sustainable Development Goals ('SDGs') and ESG principles which are integrated into the Company's investment and operating model. In 2021 we became a signatory of the Net Zero Asset Managers' initiative and began implementing our plan to reach net zero greenhouse gas emissions by 2050, and certified as carbon neutral. This strong ESG approach serves to strengthen the non-financial returns the portfolio generates for all stakeholders. As a socially beneficial investment under SFDR's Article 8, we monitor and report social and environmental impact effectively, and incentivise strong ESG performance by directly linking results to executive compensation.

4 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 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 in the sector.

1 Social infrastructure is the provision of public infrastructure assets and services and includes schools, healthcare, blue light (fire and police), justice facilities and transport. In exchange for the provision of these assets and services BBGI receives a revenue stream that is paid directly by the public sector.
2 References made to 'low-risk' throughout this Interim Report are in comparison to equity investments in other infrastructure asset classes.
3 Availability-style describes the contractual arrangement whereby revenues are paid as long as the assets are available for use, and as a result the Company is not exposed to demand-based use of the asset or regulatory risk.

Cautionary Statement

Certain sections of this Interim Report, including but not limited to the Chair's Statement and the Management Board Statement, 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 Group, 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 a guarantee of future performance. The Group'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 Global Infrastructure S.A. and its consolidated subsidiaries when viewed as a whole.

Six Months in Numbers

Financial highlights[4]

Investment Basis NAV
up 6.7% as at 30 June 2022
(31 December 2021: £1,001.6 million)
£1,068.7m

NAV per Share
up 6.5% as at 30 June 2022
(31 December 2021: 140.7pps)
149.8pps[5]

Annualised Total Shareholder Return since IPO
9.1%
FY 2021: 10.4%

2022 Target Dividend
7.48pps

2023 Target Dividend
7.63pps

2024 Target Dividend
7.78pps

Cash Dividend Cover
2.03x[6]
FY 2021: 1.31x

Annualised Ongoing Charges
0.86%
FY 2021: 0.86%

Five-Year Beta
0.27
FY 2021: 0.25

Portfolio highlights

- Globally diversified portfolio of 55 high-quality, 100% availability-style public-private partnership ('PPP') infrastructure assets, which has delivered strong operational performance.
- Equity cash flows are positively linked to inflation resulting in a £47 million increase in NAV, or 6.6pps on a NAV per share basis over the period and underpin the portfolio's genuine high-quality inflation-linkage. The remainder of the NAV uplift was driven by asset management, foreign exchange and portfolio return from the unwinding of the discounted cash flows.
- Consistently high level of asset availability rate of 99.9 per cent was maintained.
- Cash receipts ahead of expectations with no material lockups or defaults over the period.
- At 30 June 2022, the Group had a strong net cash position of £30.2 million with £10 million of cash borrowing drawn under the Revolving Credit Facility ('RCF').
- Hedging strategy aimed to reduce foreign exchange ('FX') sensitivity of NAV to c. 3% for a 10% movement in FX.
- Despite risk-free interest rates increasing discount rates have remained stable.
- Scenario analysis is underway to determine Scope 1 and 2 emissions with findings to be reported by the end of 2022, with previous disclosures highlighting strong climate risk resilience.
- A £24 million investment in the period in the John Hart Generating Station Replacement Project ('John Hart Generating Station'), Canada's first PPP procured for hydroelectric power generation. Also, the Company announced it had entered into an agreement to acquire a 49 per cent equity interest in the A7 German motorway for approximately £40 million, which is expected to complete in Q3 2022.
- The Company continues to source investment opportunities from an attractive pipeline of availability-style investments in Europe, North America, and Australia, maximising the benefits of strategic investment partnerships with leading contractors seeking to divest operational assets.

4 Refer to the Alternative Performance Measurement section of this Interim Report for further details.
5 Pence per share ('pps').
6 Cash dividend cover for the financial year ending 31 December 2022 is currently forecast to be in the range of 1.4x to 1.5x. The expected reduction in coverage at year end 31 December 2022 is largely due to a front ended portfolio distribution profile in 2022 and other one-off effects.

Portfolio at a Glance

The fundamentals

Based on portfolio value at 30 June 2022.

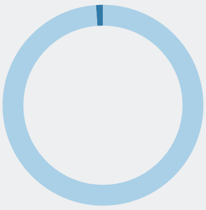
Investment type

100% availability-style revenue stream.

- Availability-Style Revenue Assets **100%**

Investment status

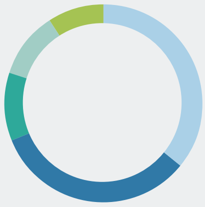
Low-risk operational portfolio.



- Operations **99.5%**
- Construction **0.5%**

Geographical split

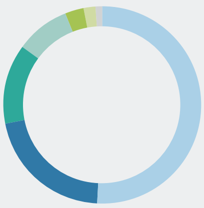
Geographically diversified in stable developed countries.



- Canada **36%**
- UK **33%**
- Australia **11%**
- US **11%**
- Continental Europe **9%**

Sector split

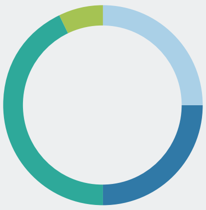
Well-diversified sector exposure with large allocation to lower-risk availability-style road and bridge investments.



- Transport **51%**
- Healthcare **21%**
- Blue light and modern correctional facilities **13%**
- Education **9%**
- Affordable Housing **3%**
- Clean Energy **2%**
- Other **1%**

Investment life

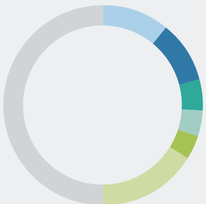
Long investment life with 50% of portfolio by value with a duration of greater than 20 years; weighted average life of 20.8 years. Average portfolio debt maturity of 16.7 years.



- ≥ 25 years **25%**
- ≥ 20 years and < 25 years **25%**
- ≥ 10 years and < 20 years **43%**
- < 10 years **7%**

Top five investments

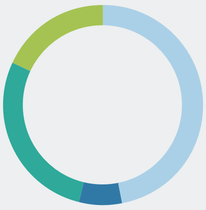
Well diversified portfolio with no major single asset exposure.



- Ohio River Bridges (US) **11%**
- Golden Ears Bridge (Canada) **10%**
- Northern Territory Secure Facilities (Australia) **5%**
- Victoria Correctional Facilities (Australia) **4%**
- A1/A6 Diemen - Almere Motorway (Netherlands) **4%**
- Next five largest investments **16%**
- Remaining investments **50%**

Investment ownership

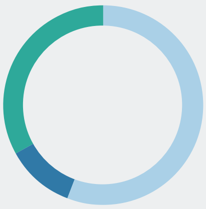
82% of assets by value in the portfolio are 50% owned or greater.



- 100% **47%**
- ≥ 75% < 100% **7%**
- ≥ 50% < 75% **28%**
- < 50% **18%**

Country rating

All assets located in countries with ratings between AA and AAA[7].



- AAA **56%**
- AA+ **11%**
- AA **33%**

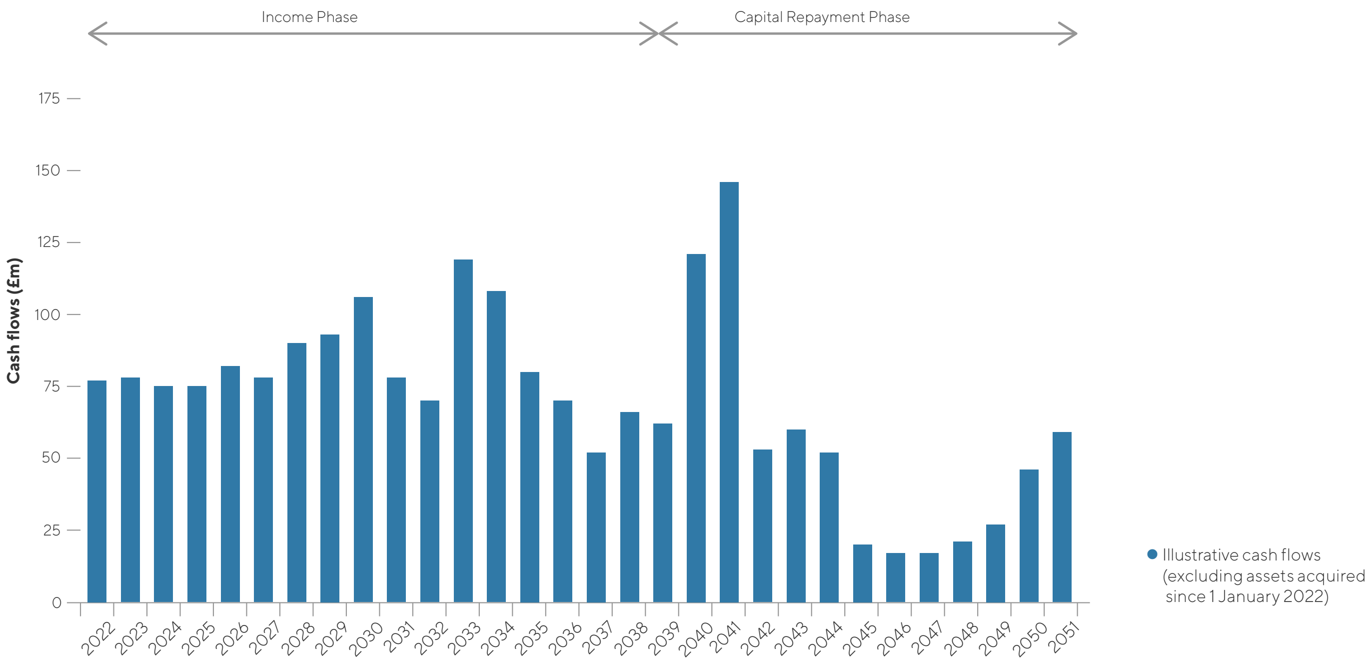
7 Source: Standard & Poor's credit ratings.

Projected portfolio cash flow

The portfolio has 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, as well as their contracted nature. The index-linked provisions provided high-quality inflation-linkage adding 6.6 pence on a NAV per share basis over the period.

The investment made over the period to 30 June 2022 contributed positively to stable cash flows. Based on current estimates, the existing portfolio is forecast to enter into the repayment phase in September 2038, after which cash inflows from the portfolio will be paid to the Company's shareholders as capital, and the portfolio valuation will reduce as assets reach the end of their concession term.

As at 30 June 2022, BBGI has a weighted average portfolio life of 20.8 years, an increase of 0.5 year compared with 31 December 2021.



This illustrative chart is a target only, as at 30 June 2022, 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. There are minor cash flows extending beyond 2051 but for illustrative purposes these are excluded from the chart.

Chair's Statement

Dear Shareholders,

On behalf of the Supervisory Board, I am pleased to report that BBGI has delivered an exceptionally strong operational performance for the first half of 2022.

This performance reflects the low-risk investment strategy that the Company has followed since IPO in 2011. The NAV per share increased by 6.5 per cent or by 9.1 pence in the reporting period.

BBGI remains well positioned to continue providing stable and predictable, inflation-linked cash flows from our globally diversified portfolio of essential social infrastructure investments. We pride ourselves on creating progressive, long-term dividend growth and sustainable returns for our shareholders.

We have a strong approach to ESG, which is integrated into our business model, and I am proud that the Company remains committed to contributing to the United Nations' Sustainable Development Goals ('SDG'). Our approach helps to ensure that BBGI continues to provide enduring positive value to all our stakeholders from our sustainable portfolio allocation.

Our investments are the essential assets on which people rely every day, such as education, healthcare, fire and police stations, affordable housing, modern correctional facilities and transport.

They are the building blocks of the local economy and, as a long-term custodian, BBGI partners with the public sector, underpinned by government or government-backed counterparties, to help responsibly deliver and manage these assets for the long-term.

Generating secure, inflation-linked income with progressive dividend growth

The predictability BBGI provides to shareholders is underpinned by the high-quality, long-term, and inflation-linked cash flows our portfolio generates. Our investment portfolio has a weighted average investment life of 20.8 years.

The revenue from the 55 assets, selectively acquired over the last decade, is 100 per cent availability-style. Availability-style means that revenues are paid so long as the assets are available for use. This delivers attractive, predictable, and resilient shareholder returns with a low correlation to the wider economy and other asset classes.

BBGI's investment portfolio remains 99.5 per cent operational with all our investments located in highly-rated investment-grade countries with stable, well-developed operating environments.

For the first half of 2022, I am pleased to announce that our cash dividend cover of 2.03x supports the Company's target dividend of 7.48 pps for 2022, and reaffirmed target dividend of 7.63pps for 2023 and of 7.78pps for 2024.

The Company has delivered a Total Shareholder Return since IPO of 150.3 per cent, or 9.1 per cent on a compounded annual basis; a return track record of which we are extremely proud.

This track record has renewed relevance as investors and the wider equity markets continue to contend with persistently high inflation and uncertain demand in the global economy. Over the period to 30 June 2022, the Company's high-quality inflation-linked cash flows led to a total increase in NAV of £47 million, representing a 4.7 per cent uplift, and highlights the portfolio's genuine high-quality inflation-linkage. More detail about the Company's inflation indexation is included in the Strategic Report of the Management Board.

Focusing on further enhancing our strong ESG credentials

Our value-driven active asset management approach helps to ensure that we live, breathe, and deliver responsible investment in our daily operations and act as a reliable, long-term custodian for our Portfolio Companies, supported by the comprehensive stakeholder materiality assessment we conducted in 2021.

The Company's ESG Committee continues to govern our progress in managing non-financial risk and opportunity, including our forthcoming reporting of Scope 1 and 2 emissions on all of our Portfolio Companies which will be disclosed at the year-end.

Howard Myles, who served as a Non-Executive Director of the Company since IPO, stepped down at this year's annual General Meeting ('AGM') and I would again like to thank him for his service. In March, we were delighted to announce the appointment of June Aitken and Andrew Sykes to the Supervisory Board, who were formally approved at the AGM. Andrew has replaced Howard as Chair of the Remuneration Committee and Senior Independent Director and is a member of the Nomination and Audit Committees. June is a member of all three committees.

Dividend target 2022

7.48pps

Dividend target 2023

7.63pps

Dividend target 2024

7.78pps

At the Company's AGM in April 2022, PricewaterhouseCoopers, Société coopérative was formally approved as the Company's statutory auditor, after a competitive market tender process in 2021 in accordance with EU auditor rotation rules.

Resilience in an uncertain world

The macroeconomic environment is likely to remain volatile and inflation is expected to remain high at least for the near term. This uncertainty is further compounded by geopolitical events in Europe following the invasion of Ukraine in February 2022.

Despite this challenging macroeconomic backdrop, given the AAA and AA-rated countries in which we invest and the fundamentals of our investment proposition, we have confidence in our resilient and defensive strategy.

In an uncertain world, I am reassured by our ability to continue to deliver long-term value to our stakeholders.

Sarah Whitney
Chair

30 August 2022

Management Board's Statement

Dear Shareholders,

In leading the Company's Management Board, we are pleased to update you on BBGI's past six months' exceptionally strong performance, again generating value for all our stakeholders.

This performance underlines the robust, resilient, and defensive nature of our investment proposition, which is well placed to continue delivering secure, inflation-linked income to our shareholders and positive sustainable impact on the local communities our assets serve.

Predictable portfolio performance

As custodians, we consistently deliver on our underlying assets' commitments in providing essential public services to local communities, supported by our strong and disciplined ESG credentials.

For shareholders, our low-risk, 100 per cent availability-style investment portfolio, comprising 55 essential social infrastructure assets, again exceeded revenue expectations. These revenues are underpinned by secure government, or government-backed, availability-style revenues in highly-rated investment grade countries. They are paid as long as our assets are available for use, in turn strengthening the Company's financial performance.

Portfolio highlights:

- NAV per share increase of 6.5 per cent, principally driven by an increase in inflation and positive FX movements.
- Despite interest rates increasing across the markets in which we invest, transactional evidence points to discount rates remaining stable.
- Strong cash dividend cover of 2.03x in the period ended 30 June 2022, which allows us to reaffirm our attractive and progressive two-year dividend targets to our shareholders.
- Low five-year beta of 0.27 compared to the FTSE All-Share which demonstrates that the Company is largely uncorrelated to the movements of the wider equity market.
- No lock-ups or material defaults were recorded at any of our Portfolio Companies.
- Our value-driven active asset management helped generate a consistently high asset availability rate of 99.9 per cent.

Genuine, high-quality inflation-linkage

The quality and security of our portfolio's cash flows has come into sharper focus given rising inflation globally. In the reporting period, 4.7 per cent out of the 6.5 per cent reported increase in NAV per share was driven by actual inflation and our updated two-year inflation forecast.

Our high-quality inflation-linkage is achieved through annually updated contractual indexation in the Company's project agreements with our public sector clients at each Portfolio Company. The Company passes through the indexation mechanism to our subcontractors – on which we rely to support our assets' operations – and this provides an inflation cost hedge which allows the Company to effectively manage its cost base.

Inflation and interest rates have increased in all jurisdictions where BBGI invests. Should long-term interest rates substantially rise further, discount rates may well be affected. It is reasonable to assume that if discount rates increase, then deposit rates would also increase, and inflation rates may exceed our forecast and at least partly offset any negative effects on the NAV from rising discount rates.

A sensitivity analysis is provided in the Valuation section to illustrate the effect of this combined movement on the Company's NAV, in a scenario where we experience discount, inflation, and deposit rates rises across the portfolio.

Selective asset acquisitions

Our asset selection and project structuring remain critical to BBGI continuing to deliver robust long-term inflation-linked shareholder returns during times of global macroeconomic and geopolitical uncertainty.

Where we make new acquisitions, we follow a proven availability-style investment strategy. In practice, we assessed significantly more assets than the Company acquired and declined all potential investments which did not match our disciplined, selective investment and ESG criteria.

In February, the Company completed the approximately £24 million investment in Canada's first public-private partnership procured for hydroelectric power generation. Investing in InPower BC General Partnership, the entity responsible for delivering the 132 MW John Hart Generation Station, the Company is helping provide clean energy to over 80,000 homes on Vancouver Island.

The project agreement is 100 per cent availability-style, and the Company is not exposed to any power price risk. This asset has strong ESG credentials and is our first investment into availability-style renewable energy infrastructure.

In May, the Company announced that it had entered into an agreement to acquire a 49 per cent equity interest in the project company for the A7 motorway public-private partnership between Bordesholm and Hamburg in Germany for approximately £40 million. The project includes expansions and upgrades to certain critical sections of the A7 motorway. Availability payments are received from the Federal Republic of Germany. Construction completion was achieved in December 2019.

The increased efficiency of the A7 will help to minimise any increase in exhaust emissions from the higher traffic load by reducing congestion and traffic jams and is expected to achieve a consistent traffic flow and uniform driving speeds. Completion of this acquisition is expected in Q3 2022.

Value accretive asset management

The Management Board continues to focus on a value-driven active asset management approach which is aligned to six focused SDGs. Our activities include applying high-quality corporate governance frameworks, cost optimisations, refinancing transactions, and change order revenue resulting from additional capital investment at the client's request.

Prudent financial management

In managing our existing portfolio and new asset acquisitions, the Company maintains modest cash balances and draws on a £230 million multi-currency RCF with a five-year tenor (maturing in May 2026) to finance new acquisitions.

Under the RCF, BBGI has access to a further uncommitted £70 million accordion tranche which increases our flexibility to consider larger acquisitions. As at 30 June 2022, the RCF is drawn by a total £11.3 million, of which £1.3 million is being used to cover letters of credit.

As an internally managed investment company, our interests remain fully aligned with those of our shareholders. The Company has again maintained the lowest annualised ongoing charge of 0.86 per cent through an efficient and cost-effective structure.

Maintaining resilience

The market for availability-style transactions will continue to be competitive but the Company has a high degree of confidence concerning our future pipeline. Proven by our recent acquisitions, the trend of large contractors divesting and de risking availability-style assets once they have become operational will likely continue and the Company is well placed to assess such deal flow.

We have worked hard to create a portfolio that allows the Company to generate predictable, long-term, inflation-linked income and attractive, secure returns for our shareholders, regardless of the wider macroeconomic environment.

We remain confident in the Company's ability to deliver stable returns now and into the future, while providing local communities with the essential social infrastructure they rely on every day.

Duncan Ball
Co-CEO

Frank Schramm
Co-CEO

30 August 2022

On behalf of the BBGI Management Board

Investment Proposition

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

Strategic Pillars	Investment Strategy	Consistent Delivery of Objectives
1 Low-risk	– Availability-style investment strategy – Secure public sector-(backed) revenues – Stable and predictable cash flows with progressive long-term dividend growth	Robust total shareholder returns with high-quality inflation-linkage
2 Globally diversified	– Focus on highly-rated investment grade countries – Stable, well-developed operating environments – A global portfolio serving society by supporting local communities	Low correlation to other asset classes
3 Strong ESG approach	– ESG fully integrated into the business model – Focus on delivering social impact – SFDR Article 8[8] – and offers a high degree of climate resilience – Executive compensation linked to ESG performance	
4 Internally managed	– Alignment of interests – Shareholder value first, portfolio growth second – Lowest comparative ongoing charges[9]	Sustainable growth

8 Sustainable Finance Disclosure Regulation ('SFDR') disclosure requirements. The Company is designated as an Article 8 under SFDR and will report on criteria for a socially beneficial investment.
9 On an annualised basis and in comparison to the latest publicly available information for all closed-ended, LSE-listed equity infrastructure investment companies.

Operating Model

The Management Board follows a proven operating model of value-driven active asset management, prudent financial management and a selective acquisition strategy in order 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 costs for 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 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; this approach 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.
- Focused management at the asset level to ensure distributions are on time, and on or above budget.
- Applying a high-quality corporate governance framework.
- ESG KPI tracking tool to evaluate non-financial performance of each investment.
- Climate resilience due diligence considers climate risks and opportunities within the portfolio.
- Comprehensive monitoring to ensure 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 investments 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).
- 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:

- Maintaining modest cash balances to limit cash drag.
- The portfolio's geographical diversification by necessity involves exposure to multiple currencies. We actively seek to manage and mitigate foreign exchange risk through our hedging strategy.
- Maintaining a low ongoing charge through an efficient and cost-effective internal management structure.
- Progressive future dividend growth underpinned by strong portfolio distributions.

Operating Model (continued)

Selective acquisition strategy and strategic investment partnership

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:

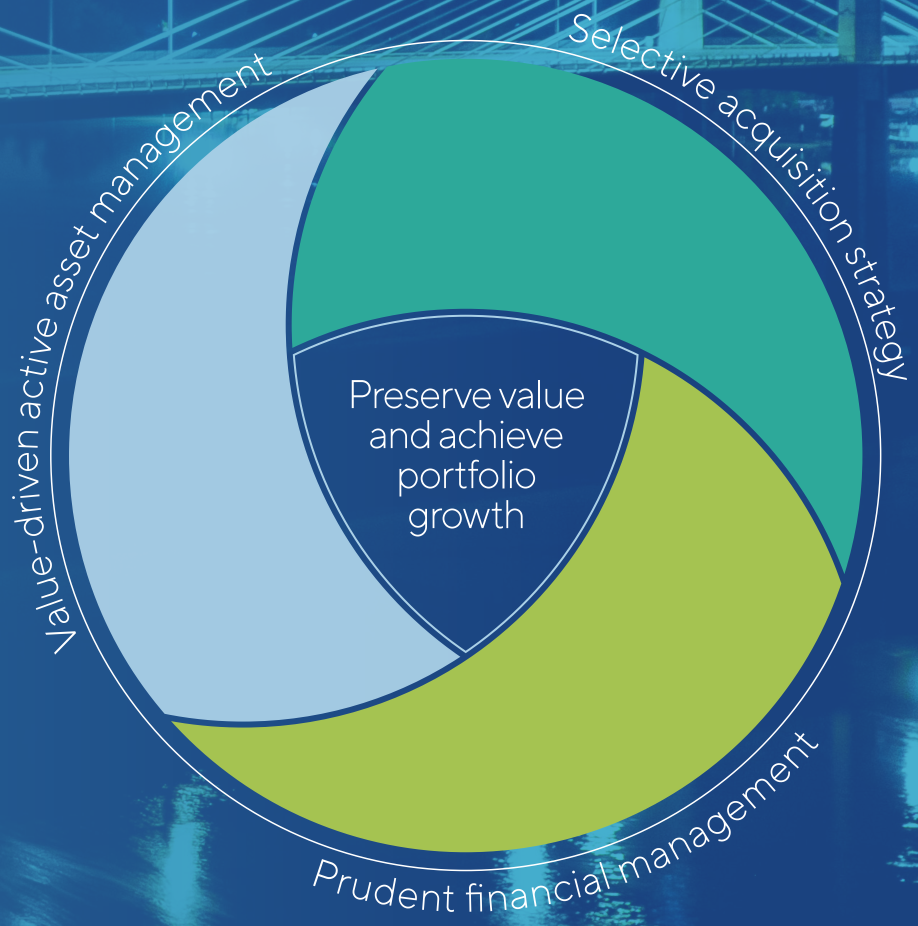
- Broad industry relationships in multiple geographies.
- Pre-emption rights to acquire co-shareholders' interests.
- Global exposure to avoid geographical concentration.
- Robust framework embedding ESG principals into investment due diligence.
- Revolving corporate debt facility to support transaction execution.
- Visible pipeline through a North American strategic partnership.
- Maintaining focus on the Management Board's core areas of expertise.

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 is the North American strategic partnership with SNC-Lavalin, which covers four assets. The Company estimates that further investment opportunities in excess of C$200 million could result from the pipeline agreement over the next few 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:

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



ESG Integration

As responsible investors in essential, social infrastructure, which creates unique value to local communities and a stable investment case, ESG has always been integral to BBGI's consistent and long-term investment strategy.

The ESG landscape is evolving, as are our stakeholders' needs, so we are continuing to keenly address both financial and non-financial risks to ensure our sustainable, value-driven approach delivers long-term positive outcomes for society and all of our stakeholders.

Sustainability highlights

We are pleased to report the material progress we have made in the first half of the year to further integrate ESG considerations, including climate change risk management, in BBGI's business model and the non-financial returns the Company generates for its stakeholders:

- We have been preparing for the upcoming Sustainable Finance Disclosure Regulation ('SFDR') disclosure requirements which will come into effect on 1 January 2023. The Company is designated as an Article 8 under SFDR and will report on criteria for a social beneficially investment.
- In the continuation of the detailed climate risk assessment of our portfolio undertaken in 2021, we completed a 'deep dive' analysis on a selection of assets. Overall, scenario analysis has highlighted that the BBGI portfolio is very resilient to climate hazards, both today and under future climate warming scenarios.
- We submitted our 2022 Communication on Progress to UN Global Compact under the new extended framework.
- Numerous Portfolio Company ESG initiatives were undertaken. Detailed progress on our 2022 targets will be reported in our next annual ESG report.

Frameworks

8 SFDR	Compliant with the Sustainable Finance Disclosure Regulation ('SFDR') since March 2021. Article 8 product classification and meet the criteria for socially beneficial investments.
9 Industry, Innovation and Infrastructure; 3 Good Health and Well-Being; 4 Quality Education; 11 Sustainable Cities and Communities; 13 Climate Action; 16 Peace, Justice and Strong Institutions	Elected to focus on six Sustainable Development Goals ('SDGs') that most closely align to our business purpose. SDG 9 'Industry, Innovation and Infrastructure' being our core SDG.
TCFD Task Force on Climate-Related Financial Disclosure	Voluntary disclosures aligned with the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations and TCFD supporter since 2020. Detailed climate risk assessment of our portfolio undertaken; modelling considered physical risk from eight different perils, under three different climate scenarios over multiple time horizons. Deep dive assessments undertaken for 20 assets.
PRI Principles for Responsible Investment; We Support UN Global Compact	Signatory of UN Principles of Responsible Investments since 2019; rated A. Signatory of UN Global Compact since 2020. Publication of an annual Communication on Progress.
Net Zero	Signatory of the Net Zero Asset Managers initiative since 2021. Committed to supporting the goal of Net Zero GHG emissions by 2050.
carbon footprint standard Carbon Neutral Organisation	Certified as carbon neutral for our 2021 Corporate Emissions.

Find out more

ESG Report | ESG & Sustainability Risk Policy | SFDR Disclosures

Portfolio Review

Portfolio summary

The Company's assets as at 30 June 2022 consist of interests in 55 high-quality, availability-style social infrastructure assets, 99.5 per cent of which are fully operational (by portfolio value). The portfolio has no exposure to demand-based or regulated investments, and is well diversified across sectors in education, health, blue light, affordable housing, modern correctional facilities, clean energy and transport.

Located in the UK, North America, Australia and Continental Europe, all Companies in our portfolio are located in stable, well developed and highly rated investment grade countries.

No.	Asset	Country	Percentage holding %
1	A1/A6 Motorway	Netherlands	37.1
2	Aberdeen Western Peripheral Route	UK	33.3
3	Avon & Somerset Police HQ	UK	100
4	Ayrshire and Arran Hospital	UK	100
5	Barking Dagenham & Havering (LIFT)	UK	60
6	Bedford Schools	UK	100
7	Belfast Metropolitan College	UK	100
8	Burg Correctional Facilities	Germany	90
9	Canada Line	Canada	26.7
10	Champlain Bridge	Canada	25
11	Clackmannanshire Schools	UK	100
12	Cologne Schools	Germany	50
13	Coventry Schools	UK	100
14	E18 Motorway	Norway	100
15	East Down Colleges	UK	100
16	Frankfurt Schools	Germany	50
17	Fürst Wrede Military Base	Germany	50
18	Gloucester Royal Hospital	UK	50
19	Golden Ears Bridge	Canada	100
20	Highway 104	Canada	50
21	John Hart Generating Station	Canada	80
22	Kelowna and Vernon Hospital	Canada	100
23	Kent Schools	UK	50
24	Kicking Horse Canyon	Canada	50
25	Lagan College	UK	100
26	Lisburn College	UK	100
27	Liverpool and Sefton Clinics (LIFT)	UK	60
28	M1 Westlink	UK	100

No.	Asset	Country	Percentage holding %
29	M80 Motorway	UK	50
30	McGill University Health Centre	Canada	40
31	Mersey Care Hospital	UK	79.6
32	Mersey Gateway Bridge	UK	37.5
33	N18 Motorway	Netherlands	52
34	North Commuter Parkway	Canada	50
35	North East Stoney Trail	Canada	100
36	North London Estates Partnership (LIFT)	UK	60
37	North West Fire and Rescue	UK	100
38	North West Regional College	UK	100
39	Northwest Anthony Henday Drive	Canada	50
40	Northern Territory Secure Facilities	Australia	100
41	Ohio River Bridges	US	66.7
42	Poplar Affordable Housing and Recreational Centres	UK	100
43	Restigouche Hospital Centre	Canada	80
44	Rodenkirchen Schools	Germany	50
45	Royal Women's Hospital	Australia	100
46	Scottish Borders Schools	UK	100
47	South East Stoney Trail	Canada	40
48	Stanton Territorial Hospital	Canada	100
49	Stoke and Staffordshire Rescue Service	UK	85
50	Tor Bank School	UK	100
51	Unna Administrative Centre	Germany	90
52	Victoria Correctional Facilities	Australia	100
53	Westland Town Hall	Netherlands	100
54	William R. Bennett Bridge	Canada	80
55	Women's College Hospital	Canada	100

Operating model in action

Preserving and enhancing value through active asset management

The portfolio value increased by £100.7 million from the rebased value[10] over the reporting period, which was driven largely by the net effect of actual inflation and a change in the short-term inflation and deposit rates forecast, the positive net effect of foreign exchange and the portfolio performance to reflect current expectations based on the Company's hands-on active asset management.

Our active value-driven approach to asset management and the robustness of our portfolio meant that the availability level of the Company's assets was recorded at approximately 99.9 per cent and deductions were either borne by third-party facility management companies and road operators, or were part of planned expenditures.

There were no material lock-ups or default events reported during the half-year period and we are very proud of this achievement.

Genuine, high-quality inflation-linkage

Inflation has exceeded forecast assumptions in all the regions where the Company is active, and this has contributed to BBGI's strong performance during the period.

BBGI's portfolio of 55 100 per cent availability-style projects have contractual income streams underpinned by government or government-backed counterparties. The obligations under the contractual arrangements between Portfolio Companies and public sector clients are bound by a Project Agreement.

Each Project Agreement is unique but generally follows a standard approach. The contractual revenues detailed in the Project Agreement are either partially or fully indexed to an appropriate inflation factor which is meant to compensate for increasing costs over the life of the concession. Partial indexation is most common in the Company's respective Project Agreements.

The Portfolio Companies typically enter into facilities management and operating subcontracts which mirror the inflation arrangements contained in the Project Agreement. In the UK, Project Agreements tend to have a Retail Price Index ('RPI') adjustment factor. In other regions, Consumer Price Index ("CPI") indexation is common, but some Project Agreements have a bespoke inflation index which, as part of the Company's asset management approach, are developed to reflect expected operations and maintenance costs. These might include an element of CPI, a labour index, or a key input cost (such as fuel cost or bitumen cost, in the case of a road project.)

The level of linkage a Portfolio Company has to inflation is affected by the portion of the income and costs that are linked to inflation versus its cost base. In many, but not all cases, the contractual arrangements at the Portfolio Companies are such that the cash flows are inflation-linked as the indexation of revenues is greater than the indexation of the expenses.

The high-quality and defensive nature of the Company's inflation-linkage are underpinned by:

- **Contractual increases:** The inflation adjustment is contractual in nature. It is paid as part of the 100 per cent availability-style cash flows to each Portfolio Company, supported by creditworthy government, or government-backed counterparties procured in AA-AAA geographies. The Company does not invest in demand-based assets. These types of assets might typically appear to offer strong inflation-linkage (e.g. the ability to increase prices in response to an increase in CPI) but are likely still subject to changes in elasticity of demand. For example, in the case of toll roads and student accommodation projects, such assets might appear to be able to increase prices in response to an increase in CPI but market demand may prevent meaningful increases in revenues, while at the same time costs may be increasing.
- **Protection against rising costs:** The Company passes the indexation mechanism on to our subcontractors – on which we rely to support our assets' operations – and this provides an inflation cost hedge which allows the Company to effectively manage its cost base.
- **Not dependent on regulatory review:** The inflation adjustment is automatic and contractual and is not subject to regulatory review. Once the relevant reference factor is published, the adjustment is mechanical.
- **Portfolio approach:** The Company's inflation-linkage comes from a variety of Portfolio Companies in different countries.

Prudent financial management

The assets continued to perform well during the reporting period with cash receipts during the year ahead of business plan. For the first half of 2022, our cash dividend cover of 2.03x supports the Company's target dividend of 7.48 pence per share for 2022, and reaffirmed dividend target of 7.63 pence per share for 2023 and 7.78 pence per share for 2024.

The net cash position as at 30 June 2022 was £30.2 million.

The Company has efficient cash management in place which aims to avoid cash drag. This includes using the proven financing methodology of drawing on its RCF before raising new equity to repay the temporary debt. The committed amount available to the Company from the RCF is £230 million, which matures in 2026. Furthermore, the Company has the possibility of increasing the quantum to £300 million by means of an accordion provision.

This enables the Company to execute larger acquisitions in an efficient manner and to be a trusted and repeat partner in its key markets.

Selective acquisition strategy

The Company continued to pursue a selective acquisition strategy over the period, investing approximately £24 million.

One acquisition completed in February 2022:

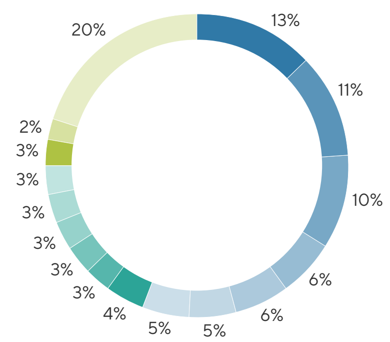
- **John Hart Generating Station (Canada):** BBGI completed the acquisition of an investment in InPower BC General Partnership, the entity responsible for delivering the John Hart Generating Station, an investment delivered through the existing strategic partnership between the Company and SNC-Lavalin Group Inc. The PPP consists of the design, construction, financing, maintenance and rehabilitation of a new three-turbine, 132-MW hydroelectric power generation station on the Campbell River, British Columbia, including a three generating-unit underground powerhouse, 2.1 km of water passage tunnels and a water bypass system to protect downstream fish habitat.

  Service commencement was achieved in 2019. The asset is classified as availability-style under the investment policy of the Company. The investment is not subject to demand or power price-risk. Availability payments are received from the British Columbia Hydro and Power Authority (rated AA/Aaa by DBRS Morningstar and Moody's, respectively), a Crown corporation wholly-owned by the Government of British Columbia. The station generates clean and reliable energy for over 80,000 homes on Vancouver Island.

10 Calculated using the portfolio value at 31 December 2021 and adjusting for acquisitions and investment distributions in the period ending 30 June 2022. Refer to the Valuation section of this Interim Report for further information.

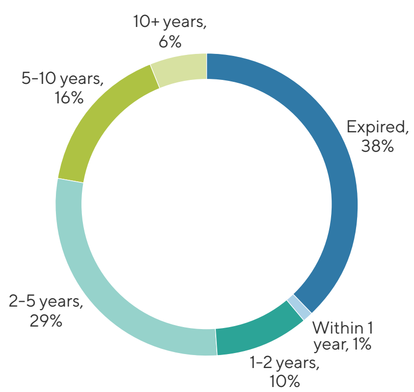
Portfolio Review (continued)

O&M Contractors



Portfolio Company inhouse	13%
SNC-Lavalin O&M Inc	11%
Capilano Highway Services	10%
Black & McDonald	6%
Cushman and Wakefield	6%
Honeywell	5%
Integral FM	5%
Carmacks Maintenance Services	4%
Amey Community Ltd	3%
Graham AM	3%
Intertoll Ltd	3%
Guildmore Ltd	3%
BEAR Scotland	3%
Galliford Try FM	3%
ENGIE FM Limited	2%
Remaining investments	20%
	100%

Latent Defects Limitations / Warranty Period Remaining



One acquisition announced in May 2022 investing approximately £40 million:

– **A7 Motorway Project (Germany):** The Company announced it had entered into an agreement to acquire a 49 per cent equity interest in the project company for the A7 motorway public-private partnership between Bordesholm and Hamburg in Germany.

  The project includes expansions and upgrades to certain critical sections of the A7 motorway and consists of the design, construction, financing, operation, maintenance and rehabilitation of 65 km widening from four to six lanes of a section of the A7 motorway. The project includes 11 interchanges, six parking facilities, four rest areas, 79 civil engineering structures, c. 100,000 m2 noise barriers and a c.550-metre noise enclosure tunnel. Availability payments are received from the Federal Republic of Germany, represented by DEGES (Deutsche Einheit Fernstraßenplanungs- und -bau GmbH), rated AAA/Aaa by S&P and Moody's, respectively. Construction completion was achieved in December 2019.

  The project's increased efficiency of the A7 will help to minimise any increase in exhaust emissions from the higher traffic load by reducing congestion and traffic jams and is expected to achieve a consistent traffic flow and uniform driving speeds.

  Completion of the acquisition is expected in Q3 2022.

Update on one acquisition agreement announced in October 2021:

– **Centre Hospitalier de l'Université de Montréal ('CHUM') (Canada):** BBGI has entered into an agreement to acquire a 25 per cent interest in the design, construction, finance, operation and maintenance of a fully functional new hospital facility including new buildings, parking and commercial retail areas together with supporting infrastructure for the Province of Québec. Completion of this acquisition remains subject to certain conditions which have not yet been satisfied.

All projects acquired or committed to in the period add to the portfolio's diversification across multiple social infrastructure sectors where the demand for private sector investment remains high. The Management Board continues to source a selective pipeline of investments from construction companies and developers who are looking to divest assets.

Our asset selection and project structuring remain critical to BBGI continuing to deliver robust long-term inflation-linked shareholder returns during times of global macroeconomic and geopolitical uncertainty.

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 opposite illustrates the level of O&M contractor exposure as a percentage of portfolio value[11].

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.

No material construction defects reported on any of the Company's portfolio assets

The Company routinely monitors the quality of its assets to identify any potential 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 62 per cent of portfolio value covered by either limitation or warranty periods and there were no material defects reported on any of the Company's portfolio assets.

11 When a project has more than one facilities management contractor and/or O&M contractor, the exposure is allocated equally among the contractors.

Market Trends & Pipeline

Rising inflation and tighter financial conditions have presented several economic headwinds in the first half-year period in 2022.

These conditions are partly the after-effects of very accommodative monetary and fiscal policies put in place during the global pandemic to support economic stability, further compounded by fallout following the invasion of Ukraine in February 2022. Since the start of 2022, many central banks began raising interest rates to cool higher than expected inflation.

Against this backdrop, infrastructure remains an attractive asset, largely because of its defensive nature, predictable cash flows, and its high-quality inflation-linkage. Strong investment allocation to the infrastructure sector is evidenced by another record-breaking quarter for infrastructure fundraising and a new annual record, despite being only halfway through the year[12].

Much of this fundraising has been focused on unlisted 'mega funds', which typically target much larger transactions which are further up the risk spectrum than those pursued by the Company. So, while interest in the overall infrastructure sector remains robust, we have not evidenced any major changes in the market dynamics for our niche within the broader sector.

As many market participants are evaluating the prospects of an economic recession, we take comfort in the contractual nature of our cash flows, paid by high credit quality government clients in return for delivering important social infrastructure.

Within the broader infrastructure sector, there has been a wide variation in how different types of assets have performed. Many demand-based assets like toll roads have experienced financial challenges due to reduced volumes or societal changes such as increased working from home. Going forward, economic infrastructure investments may be impacted if the economy grows at lower rates than forecast. The availability-style infrastructure assets in which the Company invests have largely been unaffected by these forces.

While the full consequences of rising interest rates and higher inflation remain unclear, the Company believes its business model continues to offer a significant degree of protection for investors. Rising interest rates have had negative effects on certain bond and other long-duration assets, but we have not seen a similar impact on the valuation of our assets within our portfolio. Additionally, our social infrastructure investments are typically financed with long term debt and they are generally not subject to refinancing risk. Our Portfolio Companies hedge substantially all of their floating rate interest liabilities against changes in underlying interest rates with interest rate swaps.

We have not seen evidence of any upward adjustment in the discount rates used to value our investments and there continues to be robust demand for availability-style social infrastructure assets in all the regions where the Company is active. In fact, the recent increases in short-term rates have positively impacted the Company's cash flows as we earn more from the cash balances held on deposit in various Portfolio Company reserve accounts. Similarly, higher than expected inflation has improved financial performance, due to the the high-quality inflation-linkage within our portfolio.

Since the first half of 2020, many investors have developed a greater appreciation for the robustness and resiliency of the availability-style infrastructure assets in which the Company invests, initially by seeing how the investments delivered steady returns despite the challenges of COVID-19, and more recently, during a potentially recessionary environment, marked with high and rising rates of inflation.

New primary opportunities

The level of PPP procurement is expected to vary between markets, but governments and local authorities in most of the countries where the Company operates acknowledge the current situation as a valuable opportunity to improve local and regional infrastructure and expand the economic opportunity this affords.

Significant infrastructure investment is also anticipated in many countries where climate change targets have been announced. As an example, the OECD forecast that US$6.9 trillion in global investment will be required in each year to 2030 to meet climate and development objectives.

We expect that most of BBGI's activity will continue to be in the secondary market, but primary market activity continues to be a useful barometer for future secondary activity in the medium to longer term. There is no certainty that the planned infrastructure spending noted below will follow a PPP or similar styled procurement methodology. However, the Company is optimistic that at least some of the infrastructure will be procured using a PPP or a similar style procurement model. This is because we believe public sector balance sheets will be stressed, in part due to the tremendous cost of the fiscal stimulus and support undertaken by governments during COVID-19, and governments will likely welcome the involvement of some private sector capital.

Canada: Through the 'Investing in Canada Plan', launched in 2016, the Government of Canada committed over C$180 billion over 12 years for a variety of infrastructure that benefits Canadians.

12 Source: Infralogic.

Avon & Somerset Police Headquarters, UK

Market Trends & Pipeline (continued)

To-date, over C$122 billion has been invested. In addition, the Government of Canada announced over C$100 billion to be spent over three years on infrastructure to support a resilient recovery. Significant expenditures are expected in public transit, initiatives to support a low-carbon transition, and to establish a national infrastructure fund.

UK: In order to catalyse growth in the UK and support the transition to Net Zero by 2050, the Government established the UK Infrastructure Bank in 2021.Together with the private sector and local government, the bank will lead a shared mission to accelerate investment in the UK's infrastructure. The Government expects to support at least £40 billion of investments in UK infrastructure. The strategy will focus on investing in projects to support UK shifts to Net Zero by 2050. The bank will also fund other sectors including transport, water, waste and digital.

US: In November 2021 a bipartisan bill was approved, and the US$1.2 trillion Infrastructure Investment and Jobs Act was signed into law. In each of the next five years, the federal government will now spend the equivalent of about one per cent of GDP on roads, bridges, rail, public transit, water systems, broadband, power systems and more. It is the largest such investment in more than a generation. It will raise federal infrastructure spending to its highest share of GDP since the early 1980s.

EU: The European Commission unveiled a major infrastructure investment strategy aimed at mobilising up to €300 billion of investments in global development by 2027. The strategy will seek to develop physical infrastructure in five key sectors: digital; climate and energy; transport; health; and education and research.

The strategy will allow the EU to leverage public and private investment in priority areas. The European Commission said the European Fund for Sustainable Development will make up to €135 billion available for guaranteed investments for infrastructure projects between 2021 and 2027.

Australia: The Australian Government is investing A$120 billion over ten years from 2022-23 in land transport infrastructure through its rolling infrastructure pipeline, most of which is delivered under the Infrastructure Investment Program. Across the Program, the Government has committed to upgrading key freight routes in the regions, reducing traffic congestion in cities, developing faster rail, improving road safety, and empowering local councils to support projects that matter to local communities.

Ongoing secondary opportunities

Historically, construction companies have been a good source of investment opportunities for BBGI and this trend has continued in 2022. In February, the Company completed an investment of c.£24 million into the John Hart Generating Station in Canada, and in May announced that it has entered into an agreement to acquire an interest in the A7 motorway in Germany. Both investments originated from construction companies. BBGI has developed well-established relationships with potential vendors over the years and enjoys a reputation for transacting quickly with low execution risk, which is appealing to vendors in the current market. The Management Board anticipates this trend to continue.

2022 and beyond: BBGI's pipeline for availability-style transactions remains strong

Investment activities in 2022 and beyond will involve sourcing, originating, and bidding for new operational availability-style assets, with consideration for measured exposure to construction assets to support valuation uplift.

The pipeline for availability-style transactions remains strong within the Company's target markets. The Company will assess any potential new assets on an individual basis, 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 four potential future availability-style PPP investment opportunities;
- Participating selectively in competitive sale processes;
- Participating selectively in primary investment opportunities and bidding on new availability-style assets as part of public sector procurement processes; and
- Acquiring equity interests from co-shareholders in existing assets.

When the Company began in 2011, our initial portfolio consisted of 19 availability-style roads, schools, healthcare facilities and justice facilities. In more recent years we have expanded our scope and made investments in affordable housing, community centres and, earlier this year, our first investment in clean energy infrastructure taking the portfolio to a total of 55 assets.

The Company will continue to source essential social infrastructure assets that fit the requirements of our low-risk, availability-style and globally diversified investment strategy, and a strong approach to ESG. We are also an existing investor in Local Improvement Finance Trust (LIFT) assets. With the vast majority of the LIFT investments, BBGI has title to the land and building and the availability payments are fully indexed with RPI. The Company will continue to source opportunities to diversify and expand its essential social infrastructure portfolio by considering investment opportunities with similar characteristics of long-term and inflation linked revenues with public sector counterparties or a link to the public sector, whether these are through long dated concessions or direct ownerships of assets.

Westland Town Hall, Netherlands

Operating & Financial Review

The Management Board is pleased to present the Operating and Financial Review for the six months ended 30 June 2022.

Highlights and Key Performance Indicators

Certain key performance indicators ('KPIs') for the past 3.5 years are highlighted below:

KPI	Target	Dec-19	Dec-20	Dec-21	Jun-22	Commentary
Dividends (paid or declared)	Progressive long-term dividend growth in pps	7.00	7.18	7.33	3.74	50% of the 2022 target declared
NAV per share	Positive NAV per share growth	2.0%	1.2%	2.1%	6.5%	Achieved
Annualised Shareholder Return since IPO	7% to 8% annualised on IPO issue price of £1 per share	11.3%	11.0%	10.4%	9.1%	Achieved
Ongoing charges	Competitive cost position	0.88%	0.86%	0.86%	0.86%[13]	Achieved
Cash dividend cover	>1.0x	1.3x	1.27x	1.31x	2.03x	Achieved
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	10% (GEB)	9% (GEB)	11% (ORB)	11% (ORB)	Achieved
Availability-style assets (as a percentage of portfolio value)	Maximise availability-style assets	100%	100%	100%	100%	Achieved

Asset Management

Cash Performance

The Company's portfolio of 55 high-quality, availability-style PPP infrastructure investments performed well during the period, with total cash flows ahead of 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, investments in assets that are under construction are limited to 25 per cent of the portfolio's value. This aims 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 2022, 99.5 per cent of the assets were operational. Highway 104 in Canada is the only project currently in the construction phase. The Company reached financial close on the Highway 104 project in May 2020 and construction work is progressing to plan.

The Management Board believes the Company's ability to meet its dividend targets will not be compromised by measured construction exposure.

13 The June 2022 Ongoing Charges figure is calculated on an annualised basis. Refer to the Alternative Performance Measurement section of this Interim Report for further details.

Operating & Financial Review (continued)

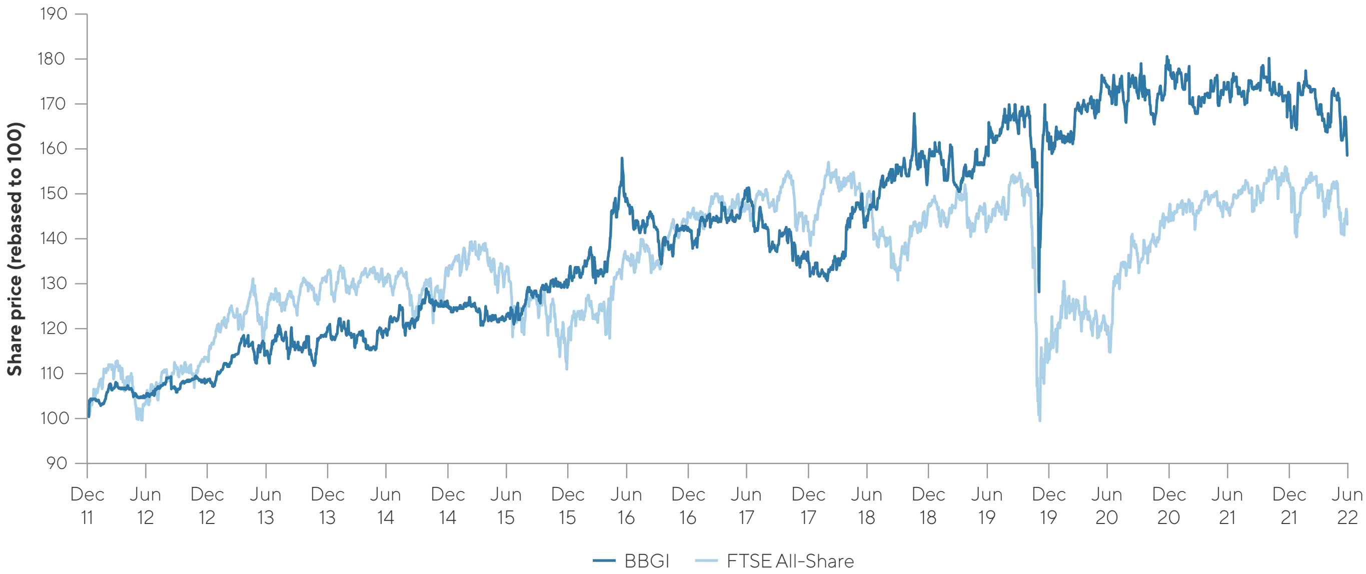
Investment performance

Return track record

The Company's share price maintained a strong premium to NAV per share through the reporting period.

Against the FTSE All-Share, the Company has shown a low five-year correlation of 30.5 per cent and a beta of 0.27[14].

BBGI Share Price Performance



The share price closed at 158.6 pence on 30 June 2022, representing a 5.9 per cent premium to the NAV per share at the period-end.

TSR from IPO to 30 June 2022 was 150.3 per cent or 9.1 per cent on an annualised basis.

The Total NAV Return[14] per share from IPO to 30 June 2022 was 154.4 per cent or 9.3 per cent on an annualised basis.

Distribution policy

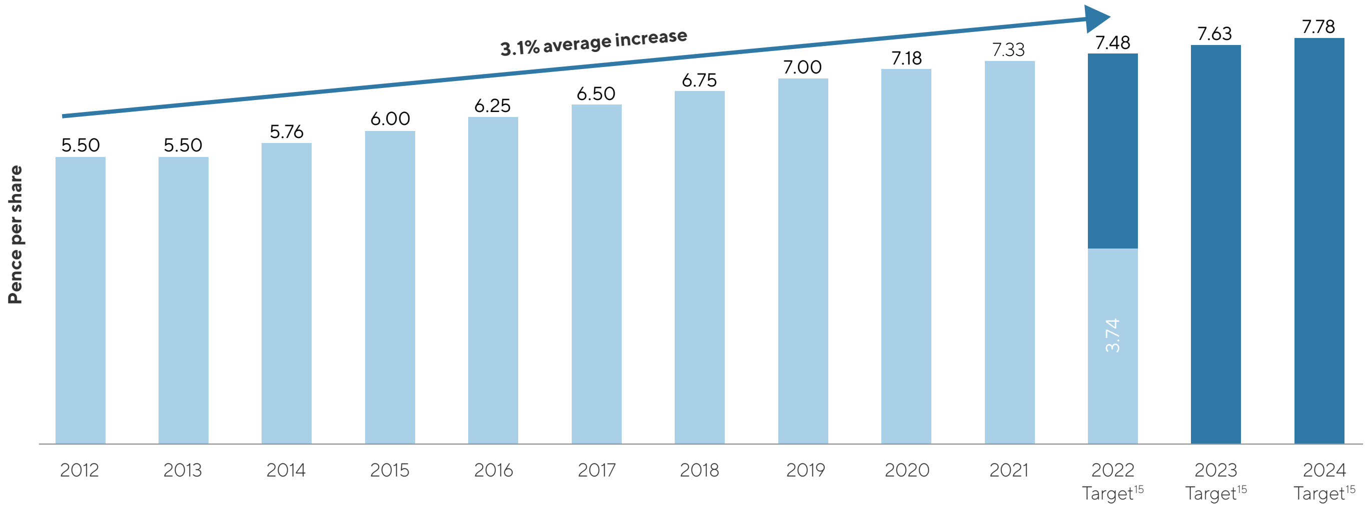
Distributions on the ordinary shares are planned to be paid twice a year, normally in respect of the six months to 30 June and the six months to 31 December.

Dividends

On 7 April 2022, the Company paid a second interim dividend of 3.665pps for the period 1 July 2021 to 31 December 2021. Together with the first interim dividend (which was paid in October 2021) the total dividend for the year ended 31 December 2021 amounted to 7.33pps. The Board approved a 2022 interim dividend of 3.74pps, which is in line with its target of 7.48pps, to be paid on 20 October 2022. Furthermore, the Board is reaffirming its 2023 dividend target of 7.63pps and a dividend target for 2024 of 7.78 pence per share.

14 Refer to the Alternative Performance Measurement section on page 29 of this Interim Report for further details.

Proven progressive dividend policy



- Average dividend increase of 3.1 per cent from 2012 to 2022.
- FY 2023 target dividend of 7.63pps, 2024 7.78 pps[15].

Strategic investment partnerships
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 is the North American strategic partnership with SNC-Lavalin, which covers four availability-style assets. The Company estimates that further investment opportunities in excess of C$200 million could result from this pipeline agreement.

15 These are targets only and not a profit forecast. There can be no assurance that these targets 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 consideration as part of its approval of the Interim and Annual Reports. The valuation is undertaken on a six-monthly basis as at 30 June and 31 December each year, and is reviewed by an independent third-party valuation expert.

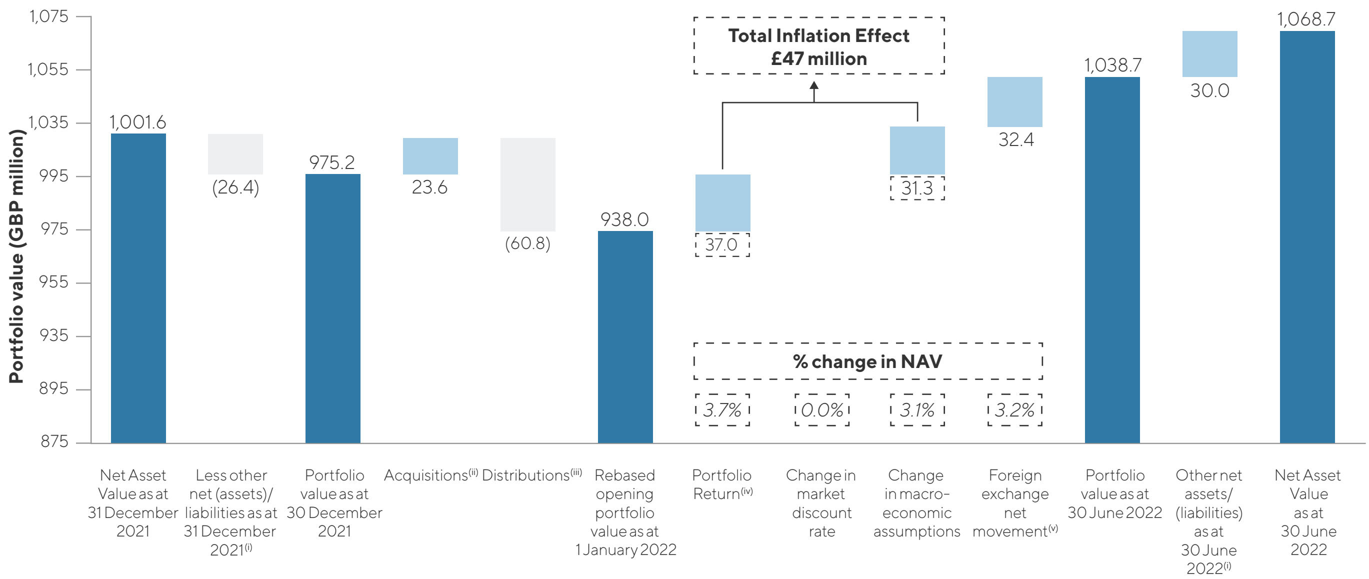
The Company's investments are principally non-market traded investments with predictable long-term availability-style revenue; therefore, the valuation is determined using the discounted cash flow methodology. The Company makes forecast assumptions for key macro-economic factors impacting upon the cash flow forecasts of investments such as inflation rates and deposit rates, based on market data, publicly available economic forecasts and long-term historical averages, and adjusts for any enacted changes in taxation rates during the reporting period. In addition, the Company exercises its judgement in assessing the expected future cash flows from each investment based on the detailed financial models produced by each Portfolio Company, adjusting these financial models where necessary to reflect the Company's assumptions as well as any specific cash flow assumptions. The Company's valuation is a sum-of-the-parts valuation with no further adjustments made to reflect scale, scarcity or diversification of the overall portfolio.

The fair value for each investment is then derived from the application of an appropriate discount rate, alongside contracted foreign exchange rates, reporting period-end currency exchange rates and withholding taxes (as applicable). The discount rate considers risks associated with the investment, including the phase of the investment (construction, ramp-up or stable operation), investment-specific risks and opportunities, as well as country-specific factors. The Company uses its judgement in determining the appropriate discount rates. This judgement 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 net asset value is shown in the chart below.

NAV movement 31 December 2021 to 30 June 2022

The Company's net asset value at 30 June 2022 was £1,068.7 million (31 December 2021: £1,001.6 million), representing an increase of 6.7 per cent.



(i) 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 in the Financial Results section of this Interim Report for further breakdown.
(ii) Refer to the Portfolio Review section of this Interim Report for further details on acquisitions during the year.
(iii) While distributions from Investments at FVPL reduce the portfolio value, there is no impact on the Company's NAV as the effect of the reduction in the portfolio value is offset by the receipt of cash at the consolidated Group level. Distributions in the above graph are shown net of withholding tax.
(iv) Portfolio Return comprises the unwinding of the discount rate, portfolio performance, the net effect of actual inflation, and updated operating assumptions to reflect current expectations.
(v) Includes the net liability from balance sheet hedging of £12.7 million. Under IFRS, this net liability is recorded separately as a derivative financial liability in the Consolidated Statement of Financial Position.

Key drivers for NAV change

The rebased opening portfolio value, after considering acquisitions in the reporting period of £23.6 million and cash distributions from investments of (£60.8) million was £938.0 million.

Portfolio Return comprises the unwinding of the discount rate, portfolio performance, the net effect of actual inflation, and updated operating assumptions:
During the period, the Company recognised £37.0 million, or a 3.7 per cent increase in NAV from the unwinding of discount rates, the net effect of actual inflation and portfolio performance to reflect current expectations based on the Company's hands-on active asset management. As the Company moves closer to forecasted investment distribution dates, the time value of those cash flows increases on a net present value basis and this effect is called unwinding.

Change in macro-economic assumptions:
During the period, the Company recognised an increase in the portfolio value of £31.3 million, or a 3.1 per cent increase in NAV, resulting from changes in the macro-economic assumptions. The main drivers are an increase in the short-term inflation and deposit rates, which were partially offset by a provision for additional Canadian taxes, likely to be realised based on the review of certain aspects of the current draft Canadian interest limitation rules[16].

Short-term inflation is forecast to remain at an elevated level and the Company believes it appropriate to incorporate two-year inflation forecast assumptions in our operational jurisdictions.

In total, the combined effect of revised short-term inflation forecasts and the update of actual inflation (included in Portfolio Return, above) resulted in a £47 million, or a 4.7 per cent increase in NAV, and this demonstrates the high-quality inflation-linkage of our investment proposition.

Key drivers for NAV change continued

Foreign exchange:
The forecasted distributions from investments are converted to Sterling at either the hedged rate, for 100 per cent of cash flows forecast to be received over the next four years on an annual rolling basis, 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 ended 30 June 2022, the depreciation of Sterling against the Canadian Dollar, Australian Dollar, the Euro, and the US Dollar, and the appreciation of Sterling against the Norwegian Krone accounted for a net increase in the portfolio value of £32.4 million which includes the unrealised result from the Company's balance sheet hedging. Since IPO in December 2011, the net cumulative effect of foreign exchange movements on the portfolio value, after considering the effect of balance sheet hedging, has been an increase of £19.7 million, or 1.8 per cent of the 30 June 2022 NAV.

The table below shows those closing rates, which were used to convert unhedged future cash flows into the reporting currency at 30 June 2022.

GBP/	Valuation impact	FX rates as of 30 June 2022	FX rates as of 31 December 2021	FX rate change
AUD	^	1.7625	1.8607	5.28%
CAD	^	1.5660	1.7159	8.74%
EUR	^	1.1623	1.1912	2.43%
NOK	v	12.0086	11.9114	(0.82%)
USD	^	1.2147	1.3512	10.10%

16 See the Risk Section on page 31 for further details.

Valuation (continued)

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

The Group uses forward currency swaps to (i) hedge 100 per cent of forecasted 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 three per cent, for a ten per cent adverse movement in foreign exchange rates[17]. This is achieved by hedging a portion of the non-Sterling and non-Euro portfolio value[18]. The effect 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 at 30 June 2022 would need to be approximately 70 per cent to obtain the same NAV sensitivity to a ten per cent adverse change in foreign exchange rates, as shown in the Foreign Exchange Sensitivity table below.

Macroeconomic events

The quality and security of portfolio cash flows has come into sharper focus given rising inflation globally. Against this backdrop, the Company is well-positioned through its high-quality inflation-linkage which is achieved through annually updated contractual indexation in the Company's project agreements.

The total effect of short-term inflation forecast and the update of actual inflation resulted in a £47 million, or a 4.7 per cent, increase in NAV, and this demonstrates the high-quality inflation-linkage of our investment proposition.

On the other hand, there has been no material adverse effect on the portfolio valuation resulting from COVID-19 or more recently the war in Ukraine. This strong portfolio performance is primarily as a result of the Company holding a low-risk, 100 per cent availability-style portfolio, coupled with strong stakeholder collaboration.

Discount rates

The market for availability-style transactions continues to be very competitive and discount rates have, based on our market observations, largely remained stable since December 2021. Investment demand in the availability-style social infrastructure sector remains elevated, whilst the supply of new greenfield infrastructure investments is not keeping pace.

Based on data from transactional activity, benchmark analysis with comparable companies and sectors, discussions with advisers in the relevant markets, and publicly available information, BBGI has maintained its weighted average discount rate at 6.55 per cent (31 December 2021: 6.55 per cent) which management believes to be towards the conservative end of the range for a portfolio of availability-style social infrastructure investments. This methodology calculates the weighted average based on the value of each investment in proportion to the total portfolio value i.e. based on the net present value of their respective future cash flows.

The discount rates used for individual investments range between 6.00 per cent and 8.55 per cent.

Specific discount rates consider risks associated with the investment including the phase the investment is in, such as construction, ramp-up or stable operation, investment-specific risks and opportunities as well as country-specific factors.

BBGI applies a risk premium for investments in construction to reflect the higher-risk inherent in the construction phase of any investment's lifecycle. Currently, the portfolio has one investment in construction, Highway 104, which represents c. 0.5 per cent of the overall portfolio value. BBGI has also applied a risk premium to a limited number of other investments 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. The only UK acute hospital in the portfolio is Gloucester Royal Hospital, which represents less than 1.0 per cent of the overall NAV. The risk premium reflects the continued situation in the UK where some public health clients are under cost pressure and are actively looking for cost savings including deductions. To date, BBGI has not been affected.

While there is no direct correlation between government bond yields and the risk premium on the one hand and market discount rates on the other, the increase in 'risk-free' government bond yields could provide upward pressure on discount rates and BBGI will closely monitor future developments. To date, we have not observed any impact of increased interest rates on the discount rates.

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

18 The Company assumes an equal and offsetting amount between running costs and Euros received into the future.

Macro-economic assumptions

Apart from the discount rates, the Company uses the following assumptions ('Assumptions') for the cash flows:

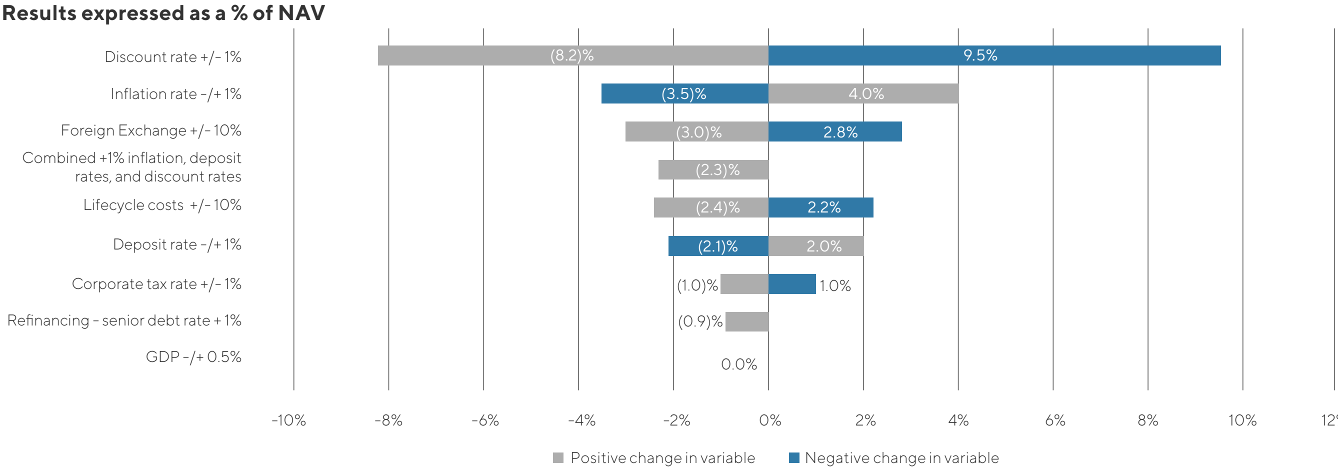
		30 June 2022	31 December 2021
Inflation	UK[(i)] RPI/CPIH	8.3% for 2022; 3.9% for 2023 then 2.75% / 2.0%	2.75% / 2.00%
	Canada	5.75% for 2022; 2.5% for 2023 then 2.0%	2.00% / 2.35%
	Australia	5.1% for 2022; 2.7% for 2023 then 2.5%	2.50%
	Germany	6.8% for 2022; 3.5% for 2023 then 2.0%	2.00%
	Netherlands[(ii)]	6.8% for 2022; 3.5% for 2023 then 2.0%	2.00%
	Norway[(ii)]	4.7% for 2022; 2.6% for 2023 then 2.25%	2.25%
	US[(iii)]	6.1% for 2022; 3.1% for 2023 then 2.5%	2.50%
Deposit rates (p.a.)	UK	0.5% to 2023, then 1.00%	0.00% to 2023, then 1.00%
	Canada	1.0% to 2023, then 1.50%	0.50% to 2023, then 1.50%
	Australia	1.0% to 2023, then 2.00%	0.25% to 2023, then 2.00%
	Germany	0.0% to 2023, then 0.5%	0.00% to 2023, then 0.50%
	Netherlands	0.0% to 2023, then 0.5%	0.00% to 2023, then 0.50%
	Norway	1.0% to 2023, then 2.00%	0.00% to 2023, then 2.00%
	US	0.5% to 2023, then 1.50%	0.00% to 2023, then 1.50%
Corporate tax rates (p.a.)	UK[(iv)]	19.0% to Q1 2023, then 25.0%	19.0% to Q1 2023, then 25.0%
	Canada[(v)]	23.0% / 26.5% / 27.0% / 29.0%	23.0% / 26.5% / 27.0% / 29.0%
	Australia	30.0%	30.0%
	Germany[(vi)]	15.8% (incl. solidarity charge)	15.8% (incl. solidarity charge)
	Netherlands	25.8%	25.8%
	Norway	22.0%	22.0%
	US	21.0%	21.0%

(i) On the 25 November 2020, the UK Government announced the phasing out of RPI after 2030, and replacement with CPIH; the Company's UK portfolio indexation factor changes from RPI to CPIH beginning on 1 January 2031.
(ii) CPI indexation only. Where investments are subject to a basket of indices, a projection for non-CPI indices is used.
(iii) 80 per cent of Ohio River Bridges investment indexation factor for revenue is contractual and is not tied to CPI.
(iv) On 10 June 2021, the UK Government enacted an increase in the UK Corporate Tax rate to 25.0 per cent with effect from April 2023.
(v) Individual tax rates vary among Canadian Provinces: Alberta; Ontario, Quebec, Northwest Territory; Saskatchewan, British Columbia; New Brunswick.
(vi) Individual local trade tax rates are considered in addition to the tax rate above.

Valuation (continued)

Sensitivities

Results expressed as a % of NAV



Discount rate sensitivity

The weighted average discount rate that is applied to the Company's portfolio of investments 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(i)	Change in NAV 30 June 2022
Increase by 1% to c. 7.55%	(£87.8) million, i.e. (8.2)%
Decrease by 1% to c. 5.55%	£101.9 million, i.e. 9.5%

(i) Based on the weighted average rate of 6.55 per cent.

Inflation has increased in all jurisdictions across BBGI's geographies and interest rates have risen from historical lows. In the event long-term interest rates rise substantially further, this may have an effect on discount rates.

Combined sensitivity: inflation, deposit rates and discount rates

It is reasonable to assume if discount rates increase then deposit rates and inflation rates would also be affected. To illustrate the effect of this combined movement on the Company's NAV, a scenario was created assuming a one percentage point increase in the weighted average discount rate to 7.55 per cent, and a one percentage point increase in both deposit and inflation rates above the macro-economic assumptions.

Combined sensitivity: discount, inflation and deposit rates	Change in NAV 30 June 2022
Increase by 1%	(£24.8) million, i.e. (2.3)%

Inflation sensitivity

The Company's investments are contractually entitled to receive availability-style revenue streams from public sector clients, which are adjusted every year for inflation. Facilities management subcontractors for accommodation investments and operating and maintenance subcontractors for transport investments have similar indexation arrangements. The portfolio cash flows are positively correlated with inflation (e.g. RPI, CPI, or a basket of indices).

This inflation-linkage is achieved through contractual indexation mechanics in the various project agreements with the public sector clients at the portfolio companies and the inflation adjustment updated at least annually.

The table below shows the sensitivity of the NAV to a change in inflation rates compared to the assumptions in the table above:

Inflation sensitivity	Change in NAV 30 June 2022
Inflation +1%	£43.2 million, i.e. 4.0%
Inflation −1%	(£37.4) million, i.e. (3.5)%

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(i)	Change in NAV 30 June 2022
Increase by 10%	(£32.2) million, i.e. (3.0)%
Decrease by 10%	£30.3 million, i.e. 2.8%

(i) Sensitivity in comparison to the spot foreign exchange rates at 30 June 2022 and considering the contractual and natural hedges in place, derived by applying a 10 per cent increase or decrease to the Sterling/foreign currency rate.

Deposit rate sensitivity

Portfolio Companies typically have cash deposits that are required to be maintained as part of the senior debt funding requirements (e.g. six-month debt service reserve accounts and maintenance reserve accounts). The asset cash flows are positively correlated with the deposit rates.

The table below shows the sensitivity of the NAV to a percentage-point change in long-term deposit rates compared to the assumptions in the table on the previous page:

Deposit rate sensitivity	Change in NAV 30 June 2022
Deposit rate +1%	£21.9 million, i.e. 2.0%
Deposit rate –1%	(£22.1) million, i.e. (2.1)%

Lifecycle costs sensitivity

Lifecycle costs are the cost of planned interventions or replacing material parts of an asset to maintain it over the concession term. They involve larger items that are not covered by routine maintenance and, for roads, it will include items such as replacement of asphalt, rehabilitation of surfaces, or replacement of electromechanical equipment. Lifecycle obligations are generally passed down to the facility maintenance provider, with the exception of transportation investments, where these obligations are typically retained by the Portfolio Company.

Of the 55 investments in the portfolio at period-end, 19 investments retain the lifecycle obligations. The remaining 36 investments have this obligation passed down to the subcontractor.

The table below shows the sensitivity of the NAV to a change in lifecycle costs:

Lifecycle costs sensitivity(i)	Change in NAV 30 June 2022
Increase by 10%	(£25.6) million, i.e. (2.4)%
Decrease by 10%	£23.0 million, i.e. 2.2%

(i) Sensitivity applied to the 19 investments 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 Portfolio Company is located.

The table below shows the sensitivity of the NAV to a change in corporate tax rates compared to the assumptions in the table above:

Corporate tax rate sensitivity	Change in NAV 30 June 2022
Tax rate +1%	(£10.8) million, i.e. (1.0)%
Tax rate –1%	£10.8 million, i.e. 1.0%

Valuation (continued)

Refinancing: senior debt rate sensitivity
Assumptions are used where a refinancing of senior debt financing is required for an investment during the remaining investment concession term. There is a risk that such assumptions may not be achieved.

The table below shows the sensitivity of the NAV to a +100bps adjustment to the forecasted debt rate.

Senior debt refinancing sensitivity	Change in NAV 30 June 2022
Debt rate +1%	(£9.4) million, i.e. (0.9)%

Gross Domestic Product ('GDP') sensitivity
The BBGI portfolio is not sensitive to GDP.

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

Key Portfolio Company and portfolio cash flow Assumptions underlying the NAV calculation include:
- Discount rates and the Assumptions, as set out above, continue to be applicable.
- The updated financial models used for the valuation accurately reflect the terms of all agreements relating to the Portfolio Companies and represent a fair and reasonable estimation of future cash flows accruing to the Portfolio Companies.
- Cash flows from and to the Portfolio Companies are received and made at the times anticipated.
- Non-UK investments are valued in local currency and converted to Sterling at either the period-end spot exchange rates or the contracted hedge rate.
- Where the operating costs of the Portfolio Companies are contractually fixed, 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 Portfolio Companies, they remain in line with the current forecasts in the valuation models.
- Contractual payments to the Portfolio Companies remain on track and contracts with public sector or public sector backed counterparties are not terminated before their contractual expiry date.
- Any deductions or abatements during the operations period of Portfolio Companies are passed down to subcontractors under contractual arrangements or are part of the planned (lifecycle) forecasts.
- Changes to the concession period for certain investments are realised.
- In cases where the Portfolio 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.
- Enacted tax or regulatory changes on or prior to this reporting period-end with a future effect impacting cash flow forecasts, are reflected in the financial models.

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

Financial Results

The Condensed Consolidated Interim Financial Statements of the Group for the six months ended 30 June 2022 are on pages 38 to 42.

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 ('EU'). 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 Investment Basis	Period ended 30 June 2022 £ million	Period ended 30 June 2021 £ million
Income from Investments at FVPL ('FVPL income')	**100.4**	32.6
Other operating income	**0.2**	0.5
Operating income	**100.6**	33.1
Administrative expenses	**(5.8)**	(5.0)
Other operating expenses	**(0.4)**	(1.5)
Net finance result	**(0.9)**	(0.6)
Profit before tax	**93.5**	26.0
Tax expense	**(1.0)**	(1.2)
Profit from continuing operations	**92.5**	24.8
Other comprehensive income	**–**	0.4
Total comprehensive income	**92.5**	25.2
Basic earnings per share (pence)	**12.98**	3.73

During the six-month period, the Group recognised a FVPL income of £100.4 million (30 June 2021: £32.6 million). This FVPL income is made up of a combination of the net positive effect of unwinding of the discount rate, the net effect of actual inflation on portfolio performance, the updated operating assumptions to reflect current expectations, the impact of changes in market discount rates, the change in macro-economic assumptions and the impact of foreign exchange movements on the portfolio value. Further detail on the components of FVPL income are provided in the Valuation section of this Report.

During the reporting period, the Company recognised a net loss of £13.6 million on balance sheet hedging and £14.1 million on cash flow hedging (30 June 2021: £0.3 million net gain on balance sheet hedging and £0.4 million net gain on cash flow hedging). For pro forma purposes the net result of balance sheet and cash flow hedging is included in the income from Investments at FVPL.

Administrative expenses include personnel expenses, legal and professional fees and office and administration expenses. See further detail in the Group Level Corporate Cost analysis.

Profit from continuing operations for the six-month period increased exceptionally by 273.0 per cent to £92.5 million (30 June 2021: £24.8 million).

Group Level Corporate Cost Analysis

The table below is prepared on an accrual basis.

Corporate costs	Period ended 30 June 2022 £ million	Period ended 30 June 2021 £ million
Net finance result	**0.9**	0.8
Personnel expenses	**3.7**	3.3
Legal and professional fees	**1.5**	1.3
Office and administration	**0.5**	0.3
Acquisition-related costs	**0.4**	1.3
Tax expense	**1.0**	1.2
Corporate costs	**8.0**	8.2

Financial Results (continued)

The net finance result for the six-month period was £0.9 million (30 June 2021: £0.8 million) and reflects borrowing costs, commitment fees and other fees relating to the Group's RCF. At 30 June 2022, the Group had £10 million of borrowings outstanding under the RCF.

Personnel expenses for the six-month period were £3.7 million (30 June 2021: £3.3 million) with the increase driven largely by inflation adjustments to staff salaries.

Acquisition-related costs incurred during the six-month period amounted to £0.4 million (30 June 2021: £1.3 million), which include unsuccessful bid costs amounting to less than £0.1 million (30 June 2021: £0.7 million).

Ongoing charges

Based on costs incurred to 30 June 2022, the Company's estimated annualised Ongoing Charges ('OGC') percentage at 30 June 2022 is 0.86 per cent (31 December 2021: 0.86 per cent).

The estimated annualised OGC percentage is prepared in accordance with the Association of Investment Companies ('AIC') recommended methodology[19]. The percentage represents the annualised reduction or drag on shareholder returns as a result of recurring operational expenses incurred in managing the Group's consolidated entities and provides an indication of the level of recurring costs likely to be incurred in managing the Group in the future.

Ongoing charges information	Period ended 30 June 2022 (annualised)	Year ended 31 Dec 2021
Ongoing Charges (using AIC recommended methodology)	**0.86%**	0.86%

In accordance with the AIC recommended methodology, fees that are linked to investment performance could be viewed as analogous to performance fees paid by externally managed investment companies and should therefore be excluded from the principal OGC calculation.

Annualised fees directly linked to investment performance as a percentage of average NAV are estimated to be 0.1 per cent. Combined therefore, the estimated annualised aggregate of Ongoing Charges plus investment performance fees is 0.96 per cent.

Cash flows

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

	Period ended 30 June 2022 £ million	Period ended 30 June 2021 £ million
Distributions from Investments at FVPL(i)	**62.1**	42.9
Net cash flows used in operating activities	**(11.1)**	(6.8)
Additional Investments at FVPL and other assets	**(23.7)**	(26.8)
Net cash flows from/(used in) financing activities	**(15.2)**	0.2
Impact of foreign exchange gain/(loss) on cash and cash equivalents	**1.2**	(0.2)
Net cash inflow	**13.3**	9.3

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

The performance of the Group's portfolio of investments continued to be strong during the six-month period, with gross distributions coming in ahead of business plan, up 44.8 per cent on a comparative basis.

Cash dividends paid during the six months ended 30 June 2022 amounted to £25.1 million, an increase of £1.8 million on the comparative six months ended to 30 June 2021.

Refer to the Condensed Consolidated Interim Statement of Cash Flows for further details on cash flows during the six months ended 30 June 2022.

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

For the six months ended 30 June 2022, the Group achieved a cash dividend cover ratio of 2.03x (period ended 30 June 2021: 1.55x) calculated as follows:

	30 June 2022 £ million (except ratio)	30 June 2021 £ million (except ratio)
Distributions from Investments at FVPL	**62.1**	42.9
Less: Net cash flows used in operating activities	**(11.1)**	(6.8)
Net distributions	**51.0**	36.1
Divided by: Cash dividends paid	**25.1**	23.3
Cash dividend cover (ratio)	**2.03x**	1.55x

The strong cash dividend coverage for the period was underpinned by BBGI's high-quality, contracted, inflation linked cash flows. Cash dividend cover for FY 2022 is currently forecast to be in the range of 1.4x to 1.5x. The drop off in coverage is largely due to a front-ended portfolio distribution profile in 2022. Furthermore, the Company received additional distributions during the reporting period that were outside of the contracted cash flows, including the proceeds from the completion of an opportunistic refinancing and a tax refund.

The Company has reaffirmed the target dividend of 7.63pps for 2023 and 7.78pps for 2024.

Pro Forma Balance Sheet

Investment Basis	30 June 2022 £ million	31 Dec 2021 £ million
Investments at FVPL	**1,038.7**	975.2
Trade and other receivables	**1.1**	1.0
Other assets and liabilities (net)	**(1.3)**	(2.4)
Net cash	**30.2**	26.9
Derivative financial asset	**–**	0.9
NAV attributable to ordinary shares	**1,068.7**	1,001.6

As at 30 June 2022, the Group has 55 availability-style Investments at FVPL (31 December 2021: 54).

As at 30 June 2022, cash and cash equivalents amounted to £40.2 million (£26.9 million as at 31 December 2021).

A reconciliation of net cash as compared to net borrowings is as follows:

	30 June 2022 £ million	31 Dec 2021 £ million
Cash and cash equivalent	**40.2**	26.9
Loans and borrowings	**(9.0)**	(0.2)
Unamortised debt issue costs – net of RCF related fees	**(1.0)**	0.2
Outstanding loan drawdown	**(10.0)**	–
Net cash	**30.2**	26.9

Three-year comparative of Investment Basis NAV	30 June 2022	31 Dec 2021	31 Dec 2020
NAV (millions)	**1,068.7**	1,001.6	916.0
NAV per share (pence)	**149.8**	140.7	137.8

The Investment Basis NAV increased by 6.70 per cent to £1,068.7 million at 30 June 2022 (31 December 2021: £1,001.6 million) or by 6.5 per cent on an Investment Basis NAV per share compare to the 2021 period. The Investment Basis NAV per share is the Investment Basis NAV divided by the number of Company shares issued and outstanding at the end of the reporting period. This information presents the residual claim of each shareholder to the net assets of the Group.

Alternative Performance Measures ('APM')

APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified under IFRS. The Group reports a selection of APM as summarised in the table below and as used throughout this Interim Report. The Management Board believe that these APM provide additional information that may be useful to the users of this Interim Report.

The APM presented here should supplement the information presented in the Financial Statement section of this Interim Report. The APM used are not measures of performance or liquidity under IFRS and should not be considered in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities, as determined in accordance with IFRS.

APM	Explanation	30 June 2022	31 December 2021
Annualised total shareholder return since IPO ('Annualised TSR')	Presented on a compounded annual growth rate basis. This represents the steady state annual growth rate based on closing share price as at 30 June 2022, assuming dividends paid or declared since IPO in December 2011 have been reinvested. Investment performance can be assessed by comparing this figure to the 7% to 8% TSR target set at IPO[20].	**9.1%**	10.4%
Asset availability	Calculated as a percentage of actual availability payments received, as a percentage of scheduled availability fee payments. The Company targets a rate in excess of 98%. A high asset availability rate can be viewed as a proxy to strong underlying asset performance.	**99.9%**	99.9%
Cash dividend cover ratio	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 cash flow from operating activities under IFRS. A high cash dividend cover ratio reduces the risk that the Group will not be able to make fully covered dividend payments.	**2.03x**	1.31x (30 June 2021: 1.55x)
Five-year beta	Calculated using the FTSE All-Share, five-year data representing the five years preceding 30 June 2022. This performance measure demonstrates the level of volatility of the Company's shares in comparison to the wider equity market.	**0.27**	0.25
Inflation correlation	Represents the contractual, index-linked provisions which adjust annually and provide a positive and high-quality link to inflation.	**0.43x**	0.44x
Net cash (debt)	Total consolidated cash balance less outstanding loans and borrowings. This amount can be used to depict the solvency of the Group before considering the committed amount available under the RCF.	**£30.2 million**	£26.9 million
Ongoing charges	Represent the estimated annualised reduction or drag on shareholder returns as a result of recurring operational expenses incurred in managing the Group's consolidated entities, and provide an indication of the level of recurring costs likely to be incurred in managing the Group in the future.	**0.86%**	0.86%
Target dividend	Represents the forward-looking target dividend per share. These are targets only and are not a profit forecast. There can be no assurance that these targets will be met or that the Company will make any distribution at all.	**7.63 for 2023 and 7.78 for 2024**	7.48 for 2022 7.63 for 2023 and 7.78 for 2024
Total NAV return per share (Annualised)	On a compounded annual growth rate basis. This represents the steady state annual growth rate based on the NAV per share at 30 June 2022 assuming dividends paid or declared since IPO in December 2011 have been reinvested[21].	**9.3%**	8.8%
Total shareholder return since IPO ('TSR')	The TSR combines share price appreciation and dividends paid since IPO in December 2011 to represent the total return to the shareholder expressed as a percentage. This is based on closing share price at 30 June 2022, assuming dividends paid or declared since IPO in December 2011 have been reinvested[22].	**150.3%**	171.1%
Weighted average portfolio life	Represents the weighted average, by value, of the remaining individual project concession lengths. Calculated by reference to the existing portfolio at 30 June 2022, assuming no future portfolio additions.	**20.8**	20.3

20 Source: Morningstar.
21 Calculated using the Morningstar methodology.
22 Source: Morningstar.

Alternative Performance Measures ('APM') (continued)

Reconciliation of Investment Basis to IFRS

Reconciliation of Consolidated Income Statement

	30 June 2022			30 June 2021		
	Investment basis[i] £ million	Adjust £ million	Consolidated IFRS £ million	Investment basis £ million	Adjust £ million	Consolidated IFRS £ million
Income from Investments at FVPL	**100.4**	**27.7**	**128.1**	32.6	–	32.6
Other operating income	**0.2**	**–**	**0.2**	0.5	–	0.5
Operating income	**100.6**	**27.7**	**128.3**	33.1	–	33.1
Administrative expenses	**(5.8)**	**–**	**(5.8)**	(5.0)	–	(5.0)
Other operating expenses	**(0.4)**	**(14.1)**	**(14.5)**	(1.5)	–	(1.5)
Net finance result	**(0.9)**	**–**	**(0.9)**	–	–	–
Net loss on balance sheet hedging	**–**	**(13.6)**	**(13.6)**	(0.6)	–	(0.6)
Profit before tax	**93.5**	**–**	**93.5**	26.0	–	26.0
Tax expense	**(1.0)**	**–**	**(1.0)**	(1.2)	–	(1.2)
Profit from continuing operations	**92.5**	**–**	**92.5**	24.8	–	24.8

Reconciliation of Consolidated Statement of Financial Position

	30 June 2022			31 December 2021		
	Investment basis[i] £ million	Adjust £ million	Consolidated IFRS £ million	Investment basis £ million	Adjust £ million	Consolidated IFRS £ million
Investments at FVPL	**1,038.7**	**26.1**	**1,064.8**	975.2	–	975.2
Trade and other receivables	**1.1**	**–**	**1.1**	1.0	–	1.0
Other net liabilities	**(1.3)**	**–**	**(1.3)**	(2.4)	–	(2.4)
Net cash	**30.2**	**–**	**30.2**	26.9	–	26.9
Derivative financial asset (liability)	**–**	**(26.1)**	**(26.1)**	0.9	(1.1)	(0.2)
NAV attributable to ordinary shares	**1,068.7**	**–**	**1,068.7**	1,001.6	(1.1)	1,000.5

(i) Represents the value of the Group's total net assets under the Investment Basis NAV. 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.

Risk

The Company follows a risk-based approach to internal controls. The Company's Risk Management Function facilitates the Management Board's duty to effectively govern and manage risks facing the Company. Given the nature of its assets and its interaction with the capital markets, the Company does not operate in a risk-free environment. In an uncertain environment, proactive action is required to address risks to achieve business and investment objectives.

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

- Market risks;
- Credit risks;
- Counterparty risks;
- Liquidity risks;
- Operational risks;
- Sustainability risks.

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

In the Risk Profile all identified risks are classified according to the risk type, in line with the risk categories defined above. For the material risks identified, the Company's Risk Manager advises on the key risk indicators to be included in the Risk Profile and suggests appropriate quantitative and qualitative limits to mitigate the potential impact of those risks, which are discussed and approved by the Management Board before being formally included in the Risk Profile.

The inherent risk has been assessed and relevant mitigating factors been applied, to arrive at a remaining residual risk, which has been deemed manageable and acceptable by the Management Board.

This following section provides a summary of the assessment of the Company's material risks. This is not intended to be an exhaustive list of all the potential risks to the business. There may be other risks that are currently unknown or regarded as less material, which could turn out to materially impact the performance of the Company, its assets, capital resources and reputation. Where the Company has applied mitigation processes, it is unlikely that the techniques applied will mitigate the risk entirely.

MARKET RISK

	Risk description	Risk mitigation
Volatility of discount rates	The Company uses a discounted cash flow methodology to value its portfolio of investments. Higher discount rates may have a negative impact on valuation while lower discount rates may have a positive impact. The discount rates applied to the Company's portfolio of investments are the single most important judgement and variable used. Appropriate discount rates are therefore key to deriving a fair and reasonable valuation for the portfolio.	BBGI uses a market-based evaluation to determine a base discount rate for steady-state, operational investments and the Company uses its judgement in arriving at the appropriate discount rates. Adjustments may then be applied to the base rate to reflect variances from the average benchmark when determining the investment-specific characteristics and risk profile. 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 NAV is sensitivity-tested periodically for changes in discount rates. Interest and inflation rates are positively correlated over the long-term. Therefore, an increase in discount rates due to increased interest rates over the long-term is likely to coincide with higher inflation rates. These two rates partly offset one another in the portfolio valuation calculation. An interest rate increase would also have a positive impact on cash deposit interest income for Portfolio Companies. This would additionally mitigate a portfolio value reduction arising from increased discount rates. It does not necessarily follow that an increase in long-dated government bond yields would immediately result in an increase in discount rates. As long-dated government bond yields have largely trended downwards since BBGI's launch in 2011, the market discount rate applied to secondary transactions has not followed in lockstep. A sensitivity analysis is provided in the valuation section of this report in relation to discount rates of the Portfolio Companies.

Risk (continued)

MARKET RISK (continued)	**Risk description**	**Risk mitigation**
Foreign exchange	A significant proportion of the Company's underlying investments – 67 per cent of portfolio value at 30 June 2022 – are denominated in currencies other than Sterling. The Company maintains its financial statements, prepares the valuation, and pays dividends in Sterling. There is a risk that fluctuations in exchange rates between Sterling and the relevant local currencies will adversely affect the value of the Company's underlying investments, the distributions and the ultimate rate of return realised by investors.	Currency-hedging arrangements in respect of the non-Sterling portfolio distributions denominated in Australian Dollar, Canadian Dollar, Norwegian Krone and US Dollar are in place for a rolling period of four years to mitigate some of this risk. In addition to cash flow hedging, our strategy is also to hedge a portion of the non-Sterling, non-Euro portfolio with an aim to reduce NAV sensitivity to approximately three per cent for a ten per cent adverse foreign exchange movement. Euro-denominated fund running costs currently provide a natural hedge against the Euro-denominated portfolio distributions. Furthermore, the ability to draw on the RCF in the currency of the underlying asset distributions provides an additional hedging alternative. BBGI has investments in five currencies other than Sterling, resulting in some natural diversification amongst the underlying currencies. A sensitivity analysis is provided in the valuation section of this report in relation to foreign exchange rates.
Interest and deposit rates	The Company's performance may be adversely affected by changes in interest rates. BBGI has an exposure to interest rates through borrowings under the RCF, debt at the Portfolio Company level and cash deposits. The Portfolio Companies typically have some cash reserves and deposits. From a financial modelling perspective, an assumption is made that the deposits can be placed at a forecast rate that varies depending on country. The effect on investment returns if deposit rates exceed or fall below the projections for short-term and long-term rates is also dependent on the amount of deposits.	The Portfolio Companies have sought to hedge substantially all of their floating rate interest liabilities against changes in underlying interest rates with interest rate swaps. At the Group level, BBGI maintains deposits at low levels with the Company only raising capital when there is a clear strategy for the deployment of proceeds. A sensitivity analysis is provided in the valuation section of this report in relation to deposit rates of the Portfolio Companies.
Inflation	The Company has observed inflationary pressure across all jurisdictions in which it invests. The Company's performance may be adversely or positively affected by lower or higher than expected inflation, and prolonged periods of deflation could result in defaults under loan arrangements. The revenues and expenditure of Portfolio Companies developed under availability-style schemes are often partly or wholly subject to indexation. From a financial modelling perspective, an assumption is usually made that inflation will increase at an assumed rate (which may vary depending on country). The effect on investment returns if inflation exceeds or falls below the projections for this rate is typically dependent on the extent to which the Portfolio Company's costs are affected by inflation and any unitary charge indexation provisions agreed with the client on any investment.	A scenario of persistent high inflation across the Company's jurisdictions presents the risk of declining real returns to investors. With respect to our Portfolio Companies, inflation risk is typically mitigated to some extent by seeking to match the indexation of the revenues to the indexation of the operational costs. The Company and the service providers for the underlying Portfolio Companies continually monitor any potential or actual changes. Also, it is important to note BBGI's equity cash flows are positively correlated to inflation. A sensitivity analysis is provided in the valuation section of this report in relation to inflation rates of the Portfolio Companies. However, the level of inflation-linkage across the investments held by the Company varies and is not consistent. The consequences of higher or lower levels of inflation than that assumed by the Company, will not be uniform across its investments.
Changes to tax legislation, treaties and rates	There is a continued risk that enacted changes in tax law, tax rates and global tax initiatives, including the OECD's recommendation in relation to Base Erosion and Profit Shifting, could have an adverse effect on the Group's cash flows thereby reducing the returns to investors.	The Company is currently monitoring the evolution of the draft legislation for excessive interest and financing expenses limitation ('EIFEL') rules in Canada, and the potential impact on the Canadian investments. The draft EIFEL rules aim to limit the deduction of 'interest and financing expenses' to a fixed percentage of earnings before interest, tax, depreciation and amortisation for Canadian income tax purposes. A significant number of submissions were made by the private sector to the Department of Finance on the proposed legislation, which are currently under review. Due to the volume and nature of the submissions, and the complexity of the draft EIFEL rules, the Company believes that it is too soon to assess the impact, if any, of the draft legislation on the Portfolio Companies. However, the majority of the Canadian investments are held through a Canadian holding company, which the Company expects to fall within the scope of the EIFEL rules, regardless of any changes to the legislation as currently drafted, and has therefore assessed the likely impact of EIFEL on this company. The new rules are expected to result in a decrease in the NAV of c. £8 million, which has been reflected in the 30 June 2022 valuation.

Risk (continued)

MARKET RISK (continued)

	Risk description	Risk mitigation
Lifecycle / operational cost risk	During the life of an investment, components of the assets (such as asphalt or concrete in the case of roads and bridges, or roofs and air handling plants in the case of buildings) are likely to need to be replaced or undergo a major refurbishment. There is a risk that the actual cost of replacement or refurbishment will be greater than the forecasted cost, or that the timing of the intervention may be earlier than forecast. There is the general risk that costs may be higher than budgeted. This typically relates to insurance costs and management service contracts.	Of the 55 assets in the BBGI portfolio at 30 June 2022, 19 Portfolio Companies retain the lifecycle obligations. The remaining 36 assets have this obligation passed down to the subcontractor. The timing and costs of such replacements or refurbishments is forecasted, modelled and provided for by each Portfolio Company based upon internal or external technical advice to assist in such forecasting of lifecycle timings, scope of work and costs. As part of the acquisition due diligence, the budgeted costs are reviewed and an assessment is made as to their adequacy. A sensitivity analysis is provided in the valuation section of this report in relation to life-cycle costs. In the case of insurance cost, this risk is partly mitigated by a contractual premium risk-sharing mechanism with the public sector client or for certain Portfolio Companies, the risk is borne entirely by the public sector client.

COUNTERPARTY RISK

	Risk description	Risk mitigation
Failure of subcontractor performance or credit risk (construction contractors, facility managers, operation and maintenance contractors)	The risk of a subcontractor service failure, poor performance or subcontractor insolvency, which is sufficiently serious to cause a Portfolio Company to terminate or to be required by the client or lenders to terminate a subcontract. There may be a loss of revenue during the time taken to find a replacement subcontractor. Furthermore, the replacement subcontractor may levy a surcharge to assume the subcontract, or charge more to provide the services.	For assets under construction, there are a number of mitigants and steps taken to manage this risk: In the case of a construction joint venture consisting of two or more counterparties, these are typically jointly and severally liable, meaning if one party fails, the other is obligated to take over the obligations. A contractor replacement analysis is performed as part of the initial investment due diligence. Most of the subcontractors of our investments are reasonably well-established, with a number of competing providers. Therefore, it can be reasonably expected that a pool of potential replacement supplier counterparties would be available, in the event that a service counterparty fails, albeit not necessarily at the same cost. The construction subcontractors are typically required by lenders to provide a robust security package, often consisting of letters of credit, parent company guarantees or performance bonding. The latter two mitigants are also in place for investments once they become operational. However, any liability of subcontractors is typically capped at contractually agreed amounts. Other mitigants during operations include: – Periodic benchmarking of defined soft facility services on some investments. – The Company aims to have a diversified group of subcontractors with no substantial concentration risk. – Ongoing subcontractor monitoring is in place for our investments, as well as contingency plans as appropriate, to ensure the risk of counterparty failure is mitigated.

LIQUIDITY RISK

	Risk description	Risk mitigation
Access to capital	There is a risk that a disruption to the equity markets could lead to an inability to raise new capital. Such a disruption could limit the Company's ability to grow and its ability to repay debt drawn under its RCF. To the extent that the Company does not have cash reserves pending investment, the Company expects to bridge-finance further investments by way of the RCF. Although the Company has had an RCF 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 Board and its corporate brokers regularly assess market sentiment. Furthermore, the 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's RCF expires in May 2026.

Risk (continued)

LIQUIDITY RISK (continued)		
	Risk description	**Risk mitigation**
Premium/ discount to NAV	The risk of share price volatility, or trading at a discount to NAV, leading to shareholder dissatisfaction.	To assist the Company in managing any share price premiums or discounts to NAV, the Company has the ability to make market purchases of up to 14.99 per cent per annum of the ordinary shares in issue. In addition, a continuation vote is offered to shareholders every two years, the next of which will be proposed at the Company's AGM on 30 April 2023. Furthermore, the Management Board meets regularly with shareholders, and receives regular briefings from the Company's brokers to manage investor relations.

OPERATIONAL RISKS

	Risk description	**Risk mitigation**
Poor investment due diligence	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 Portfolio Company may be lower than those estimated or projected.	BBGI has developed a robust asset acquisition due diligence process. Typical due diligence includes model, legal, tax, technical, anti-money laundering, ESG/sustainability and insurance reviews.
Valuation risk	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 applied 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. Financial models, either for the Group or the underlying Portfolio Companies, may contain errors, or incorrect inputs, resulting in inaccurate projections of the distributions. These could adversely impact the valuation on individual investments and the overall assessment of the Company's financial position.	The Company's portfolio value is prepared semi-annually by an experienced internal team, overseen by the Management Board. The valuation is then independently reviewed by an independent, third-party valuer, and is also reviewed and audited by the Company's auditor. All key assumptions used in the valuation process are set out in the valuation section on page 19, some of which are subject to sensitivity testing. However, sensitivity testing, whilst useful, has its limitations. It cannot provide a comprehensive assessment of all risks and should be considered accordingly.
Construction defects	The risk of certain operational costs in relation to construction defects lies with the Portfolio Company.	In general, Portfolio Companies can submit claims against construction subcontractors when it comes to defects in the design, construction or commissioning of project assets. This right to claim applies for a pre determined period of time following the completion of construction (the 'statutory limitations period') and this may differ between jurisdictions. If disputes were to arise, an arbitration or court process may be used. Once the statutory limitations period has ended, the remediation of construction defects which are identified after this point typically fall to the Portfolio Company itself, and thus becomes the risk of the Portfolio Company. In addition, there may be other situations where the risk would lie with the Portfolio Company, for example where a subcontractor becomes insolvent, and may no longer be able to fulfil its obligations to correct these defects.
Change in law/ regulation	Different laws and regulations apply within the countries where the Company and the Portfolio Companies are located. There is a risk that changes in laws and regulations may have an adverse effect on the performance of the underlying investment that in turn will affect the cash flows derived from the investments and/or the valuation of the investments. In 2017, the FCA announced that the underlying markets from which the London Interbank Offered Rate ('LIBOR') is derived were no longer considered appropriate to offer a sustainable interest rate benchmark, and determined that this benchmark would be discontinued on 31 December 2021 and replaced with the Sterling Overnight Index Average ('SONIA').	The Management Board seeks regular briefings from its legal and tax advisers to stay abreast of impending or possible changes in law. Change in law provisions are included in some contracts, thus providing further mitigation. BBGI has a globally diversified portfolio of assets, thereby reducing the Group's exposure to changes in any one country. Of the 16 projects that BBGI had with LIBOR exposure, 14 have now transitioned to SONIA with only two remaining. Management expect these remaining assets to transition by 30 September 2022 and do not expect any material risk to arise.

Risk (continued)

OPERATIONAL RISKS (continued)	Risk description	Risk mitigation
Failing IT systems/ cyber-attack	A breach of data security could occur by accident or as a result of an external cyber-attack. A cyber-attack could affect the IT systems of BBGI or a Portfolio Company, causing theft or loss of data, or damage to the infrastructure's control systems and equipment. The threat of cyber-attack has meant that businesses can no longer afford to be reactive. A cyber-attack could affect not only BBGI's reputation, but could also have legal, financial and operational repercussions for the Group.	BBGI has taken several measures to reduce the risk of a cyber-attack, some of which are outlined below. The Company has outsourced the hosting of its IT platform to an industry specialist. In doing so, BBGI obtains the benefit of having access to IT security experts, with the platform being monitored by an advanced IT security system, something that might not be cost-effective if the Company's IT infrastructure was maintained on-site. BBGI engages an external expert to carry out an annual intrusion test on the IT platform in order to identify and patch any vulnerabilities that might be identified. Business continuity tests are performed regularly, disaster recovery tests are performed annually, and staff and the Boards periodically undergo cyber-security training. In a typical PPP structure, the public sector client has its own IT systems; the vast majority of our Portfolio Companies do not maintain their own IT systems. Subcontractors of the Portfolio Company such as management service providers, facility maintenance contractors for accommodation investments and operations, and maintenance contractors for transport assets, will have their own IT systems, which will likely house data relating to the project. In a typical PPP structure, such as those in BBGI's portfolio, risks are passed down to subcontractors by the Portfolio Company. However, any liability is capped to contractually agreed amounts. This includes risks relating to design and construction warranties relating to IT systems (such as a warranty that the system will meet specifications requiring it to meet robust security requirements), as well as the risk of a cyber-attack interrupting the provision of services to the project.
Voluntary termination risk	There remains a risk that public sector clients of Portfolio Companies choose to exercise their right to voluntarily terminate the contracts. In case of such a voluntary termination, the public sector is typically contractually obliged to pay compensation amounts on termination to both the equity holders and the debt providers and - depending on the circumstances - to other parties. While the provisions vary between contracts, they generally ensure that the investor is paid either market value for the equity interests or a value to achieve the originally projected IRR, and in these cases, where the compensation amount is less than current valuation levels, the Company could suffer a material loss.	We remain unconvinced by the practicalities of terminating the contracts given the complexities involved and the overall compensation that would currently be required to terminate these contracts. The Management Board believes there are several mitigants or deterrents to the risk of voluntary termination of contracts. Most transactions were agreed at a time when interest rates were higher than they are currently. As interest rate swaps remain largely 'out of the money' for the Portfolio Companies, any public body wishing to terminate a contract in the current interest rate environment would also need to cover the cost of the swap breakage fee. The Portfolio Company equity investors would typically also need to be compensated, often requiring a compensation payment, as well as the public sector being required to budget for the ongoing provision of the service.
COVID-19	Since the outbreak of COVID-19 in December 2019, there has been materially increased market volatility and macroeconomic uncertainty, prompting several monetary and fiscal policy interventions to manage what became a severe global economic shock. Whilst the ultimate long-term impact of COVID-19 still contains some uncertainty, the widespread rollout of vaccination programmes in the markets in which the Company invests, and the cessation of the majority if not all COVID-19 related restrictions during the reporting period have meant a return to relative normality in the financial markets and the local environments in which the Company's assets operate.	The Company's portfolio is more than 99.5 per cent operational and relies on availability-style revenues. At the time of producing this report, there had been no material disruption to the Company and financial performance had not been materially affected, nor was it expected to be in future.

SUSTAINABILITY RISK

	Risk description	Risk mitigation
Sustainability risk	Sustainability risk has been defined in Article 2(22) of the Sustainable Financial Disclosure Regulation as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". For example, climate change can give rise to a range of sustainability risks. Financial risks from climate change can arise through two primary channels: (i) physical risk from abrupt and acute weather events or chronic longer-term shifts in climate patterns, each causing disruptions to businesses and economic activities (and the value of investments in them) and (ii) transition risk from a shift to low carbon and climate resilient policies, laws and technologies and changes in societal attitudes. Failure to acknowledge climate change may also alienate certain investors and reduce access to capital. Similarly, all sustainability risks can be broken down into physical and transition risks that could impact the performance of an asset or of the Company as a whole. As another example, infringements of human rights could have a significant impact on the financial performance of an investment. All of these factors could have a material negative impact on investment returns.	BBGI seeks to integrate and appraise material sustainability risks into our processes in a number of ways. This means that, alongside more traditional financial criteria, we systematically consider whether – and to what extent – financially material sustainability risks might meaningfully impact our investments. BBGI has undertaken a formal climate risk assessment for its entire portfolio to better understand the impact of climate risk on our Company. Findings demonstrate a high degree of climate resilience across our asset portfolio, both today and under different climate warming scenarios. Although climate change is projected to increase physical risk impacts across our portfolio, many of our assets, due to the vital services they provide, have been designed and constructed with consideration to potential physical risk impacts and thus are inherently more resilient to climate change. Events arising from adverse climate change are typically mitigated through insurance coverage, pass-down to subcontractors and public sector client relief events. However, in severe cases, adverse climate change events could lead to early termination of concession agreements, and compensation payments which are lower than the valuation. In alignment with our SFDR Article 8 product classification, BBGI has a focused approach, investing in core social infrastructure assets which serve society.

Report on Review of Condensed Consolidated Interim Financial Statements

To the Management Board of
BBGI Global Infrastructure S.A.
6E, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

We have reviewed the accompanying condensed consolidated interim financial statements of BBGI Global Infrastructure S.A. and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of the of financial position as at 30 June 2022, 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 a summary of significant accounting policies and other explanatory information.

Management Board's responsibility for the condensed consolidated interim financial statements

The Management Board is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 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". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

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

PricewaterhouseCoopers, Société coopérative   Luxembourg, 30 August 2022

Represented by

Emanuela Sardi

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Condensed Consolidated Interim Income Statement (Unaudited)

For the six months ended 30 June 2022

In thousands of Sterling	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
Continuing operations			
Income from investments at fair value through profit or loss	8	**128,059**	32,620
Other operating income		**248**	468
Operating income		**128,307**	33,088
Administrative expenses	5	**(5,789)**	(4,991)
Other operating expenses	6	**(14,501)**	(1,488)
Operating expenses		**(20,290)**	(6,479)
Results from operating activities		**108,017**	26,609
Net finance result	7	**(890)**	(821)
Net gain (loss) on balance sheet hedging	15	**(13,592)**	260
Profit before tax		**93,535**	26,048
Tax expense	10	**(1,057)**	(1,203)
Profit from continuing operations		**92,478**	24,845
Profit from continuing operations attributable to the owners of the Company		**92,478**	24,845
Earnings per share			
Basic earnings per share (pence)	12	**12.98**	3.73
Diluted earnings per share (pence)	12	**12.97**	3.73

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 2022

In thousands of Sterling	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
Profit from continuing operations attributable to the owners of the Company		**92,478**	24,845
Other comprehensive income for the period that may be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations	11	**55**	381
Total comprehensive income for the period attributable to the owners of the Company		**92,533**	25,226

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 2022

In thousands of Sterling	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Property and equipment		**132**	68
Investments at fair value through profit or loss	8	**1,064,806**	975,225
Deferred tax assets		**606**	–
Other non-current assets		**–**	1,417
Non-current assets		**1,065,544**	976,710
Trade and other receivables	16	**1,137**	1,024
Other current assets		**1,139**	761
Derivative financial assets	15	**–**	907
Cash and cash equivalents	9	**40,195**	26,862
Current assets		**42,471**	29,554
Total assets		**1,108,015**	1,006,264
Equity			
Share capital	11	**849,879**	847,858
Additional paid-in capital	16	**1,535**	1,833
Translation and other capital reserves	11	**26,709**	(8,809)
Retained earnings		**190,577**	159,661
Equity attributable to the owners of the Company		**1,068,700**	1,000,543
Liabilities			
Loans and borrowings	13	**8,744**	–
Derivative financial liabilities	15	**10,114**	429
Non-current liabilities		**18,858**	429
Loans and borrowings	13	**233**	246
Trade and other payables	14	**2,721**	2,956
Derivative financial liabilities	15	**15,985**	717
Tax liabilities	10	**1,518**	1,373
Current liabilities		**20,457**	5,292
Total liabilities		**39,315**	5,721
Total equity and liabilities		**1,108,015**	1,006,264
Net asset value attributable to the owners of the Company	11	**1,068,700**	1,000,543
Net asset value per ordinary share (pence)	11	**149.8**	140.5

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 2022

In thousands of Sterling	Notes	Share capital	Additional paid-in capital	Translation and other capital reserves	Retained earnings	Total equity
Balance at 31 December 2021 (Audited)		**847,858**	**1,833**	**(8,809)**	**159,661**	**1,000,543**
Total comprehensive income for the six months ended 30 June 2022						
Profit from continuing operations attributable to the owners of the Company		**–**	**–**	**–**	**92,478**	**92,478**
Other comprehensive income		**–**	**–**	**35,518**	**(35,463)**	**55**
Total comprehensive income for the period		**–**	**–**	**35,518**	**57,015**	**92,533**
Transactions with the owners of the Company, recognised directly in equity						
Scrip dividends	11	**964**	**–**	**–**	**(964)**	**–**
Cash dividends	11	**–**	**–**	**–**	**(25,135)**	**(25,135)**
Equity settlement of share based compensation	11,16	**1,084**	**(1,068)**	**–**	**–**	**16**
Share-based payment	16	**–**	**770**	**–**	**–**	**770**
Share issuance costs		**(27)**	**–**	**–**	**–**	**(27)**
Balance as at 30 June 2022 (Unaudited)		**849,879**	**1,535**	**26,709**	**190,577**	**1,068,700**

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

For the six months ended 30 June 2021

In thousands of Sterling	Notes	Share capital	Additional paid-in capital	Translation and other capital reserves	Retained earnings	Total equity
Balance at 31 December 2020 (Audited)		770,942	1,517	(597)	143,978	915,840
Total comprehensive income for the six months ended 30 June 2021						
Profit from continuing operations attributable to the owners of the Company		–	–	–	24,845	24,845
Other comprehensive income		–	–	(5,930)	6,311	381
Total comprehensive income for the period		–	–	(5,930)	31,156	25,226
Transactions with the owners of the Company, recognised directly in equity						
Scrip dividends	11	514	–	–	(514)	–
Cash dividends	11	–	–	–	(23,349)	(23,349)
Equity settlement of share-based compensation	11,16	1,045	(1,045)	–	–	–
Share-based payment	16	–	362	–	–	362
Balance as at 30 June 2021 (Unaudited)		772,501	834	(6,527)	151,271	918,079

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 2022

In thousands of Sterling	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
Operating activities			
Profit from continuing operations		**92,478**	24,845
Adjustments for:			
Depreciation expense	5	**14**	10
Net finance result	7	**890**	821
Income from investments at fair value through profit or loss	8	**(128,059)**	(32,620)
Net loss/(gain) on derivative financial instruments	15	**27,684**	(628)
Foreign currency exchange gain – net		**(186)**	(214)
Share-based compensation	16	**770**	362
Tax expense	10	**1,057**	1,203
Working capital adjustments:			
Trade and other receivables		**(316)**	1,557
Other current assets		**(536)**	(228)
Trade and other payables		**(828)**	(164)
Cash used in operating activities		**(7,032)**	(5,056)
Interest paid and other borrowing costs		**(747)**	(553)
Interest received		**6**	–
Realised gain/(loss) on derivative financial instruments – net	15	**(1,825)**	309
Taxes paid		**(1,518)**	(1,477)
Net cash flows used in operating activities		**(11,116)**	(6,777)
Investing activities			
Acquisition of/additional investments at fair value through profit or loss	8	**(23,619)**	(26,810)
Distributions received from investments at fair value through profit or loss	8	**62,097**	42,856
Acquisition of property and equipment		**(78)**	(12)
Net cash flows from investing activities		**38,400**	16,034
Financing activities			
Dividends paid	11	**(25,135)**	(23,349)
Proceeds from issuance of loans and borrowings	13	**10,000**	25,000
Debt and equity instruments issue costs		**(27)**	(1,458)
Net cash flows from/(used in) financing activities		**(15,162)**	193
Net increase in cash and cash equivalents		**12,122**	9,450
Impact of foreign exchange gain/(loss) on cash and cash equivalents		**1,211**	(189)
Cash and cash equivalents at 1 January		**26,862**	20,532
Cash and cash equivalents at 30 June	9	**40,195**	29,793

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 2022

1. Corporate information

BBGI Global Infrastructure 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 liability 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.

As of 1 January 2021, the main market of the London Stock Exchange is not considered as an EU regulated market (as defined by the MiFID II). As a result, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, and amending Directive 2001/34/EC (the Transparency Directive) as implemented in Luxembourg law by the act dated 11 January 2008 on transparency requirements for issuers (the Transparency Act 2008), among other texts, do not apply to the Company.

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 2022, the Company has one investment that is under construction.

As at 30 June 2022, the Group employed 25 staff (30 June 2021: 25 staff).

Reporting period

The Group's interim reporting period runs from 1 January to 30 June each year. The Group's condensed consolidated interim income statement, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of changes in equity, and condensed consolidated interim statement of cash flows include comparative figures as at 31 December 2021 and 30 June 2021, as appropriate.

These condensed consolidated interim financial statements were approved by the Management Board on 30 August 2022.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements of the Group for the six-month period ended 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. Accordingly, these condensed consolidated interim financial statements are to be used in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

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

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.

2. Basis of preparation (continued)

Changes in accounting policy

The accounting policies, measurement and valuation principles applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

New and amended standards applicable to the Group starting on 1 January 2022 are as follows:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments have no significant impact on the interim condensed consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no significant impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in 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 which is to be achieved over the longer term via active management and 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 2022, the Company has 55 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

3. Significant accounting judgements, estimates and assumptions

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

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

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

3.1 Assessment as an investment entity

Refer to Note 2 for the discussion on this topic.

3.2 Fair value determination

The Group accounts for its investments in PPP/PFI entities ('Portfolio 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 Portfolio Companies, 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 15.

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

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

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

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

3.3 Going concern basis of accounting

The Management Board has satisfied itself that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the condensed consolidated interim financial statements. After due consideration, the Management Board believes it is appropriate to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements.

There has been no material adverse effect on the portfolio valuation resulting from COVID-19 or more recently the war in Ukraine. This strong portfolio performance is primarily as a result of the Company holding a low-risk, 100 per cent availability-style portfolio, coupled with strong stakeholder collaboration.

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.

For the six months ended 30 June 2022

4. Segment reporting (continued)

Profit or loss from continuing operations for the six months ended are presented below:

For the six months ended 30 June 2022 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from Investments at FVPL	**47,696**	**65,982**	**9,509**	**4,872**	**–**	**128,059**
Administration expenses	**–**	**–**	**–**	**–**	**(5,789)**	**(5,789)**
Other operating expenses – net	**–**	**–**	**–**	**–**	**(14,253)**	**(14,253)**
Results from operating activities	**47,696**	**65,982**	**9,509**	**4,872**	**(20,042)**	**108,017**
Net finance result	**–**	**–**	**–**	**–**	**(890)**	**(890)**
Net loss on derivative financial instruments	**–**	**–**	**–**	**–**	**(13,592)**	**(13,592)**
Tax expense	**–**	**–**	**–**	**–**	**(1,057)**	**(1,057)**
Profit or loss from continuing operations	**47,696**	**65,982**	**9,509**	**4,872**	**(35,581)**	**92,478**

For the six months ended 30 June 2021 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Income from Investments at FVPL	2,619	23,560	2,112	4,329	–	32,620
Administration expenses	–	–	–	–	(4,991)	(4,991)
Other operating expenses – net	–	–	–	–	(1,020)	(1,020)
Results from operating activities	2,619	23,560	2,112	4,329	(6,011)	26,609
Net finance result	–	–	–	–	(821)	(821)
Net gain on derivative financial instruments	–	–	–	–	260	260
Tax expense	–	–	–	–	(1,203)	(1,203)
Profit or loss from continuing operations	2,619	23,560	2,112	4,329	(7,775)	24,845

Statement of financial position segment information as at 30 June 2022 and 31 December 2021 are presented below:

As at 30 June 2022 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Property and equipment	**–**	**–**	**–**	**–**	**132**	**132**
Investments at FVPL	**345,212**	**513,391**	**115,433**	**90,770**	**–**	**1,064,806**
Other non-current assets	**–**	**–**	**–**	**–**	**606**	**606**
Current assets	**–**	**–**	**–**	**–**	**42,471**	**42,471**
Total assets	**345,212**	**513,391**	**115,433**	**90,770**	**43,209**	**1,108,015**
Liabilities						
Non-current	**–**	**–**	**–**	**–**	**18,858**	**18,858**
Current	**–**	**–**	**–**	**–**	**20,457**	**20,457**
Total liabilities	**–**	**–**	**–**	**–**	**39,315**	**39,315**

As at 31 December 2021 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Property and equipment	–	–	–	–	68	68
Investments at FVPL	319,324	456,690	110,242	88,969	–	975,225
Other non-current assets	–	–	–	–	1,417	1,417
Current assets	–	–	–	–	29,554	29,554
Total assets	319,324	456,690	110,242	88,969	31,039	1,006,264
Liabilities						
Non-current	–	–	–	–	429	429
Current	–	–	–	–	5,292	5,292
Total liabilities	–	–	–	–	5,721	5,721

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

4. Segment reporting (continued)

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.

5. Administrative expenses

In thousands of Sterling	Six months ended 30 June 2022	Six months ended 30 June 2021
Personnel expenses	**3,697**	3,309
Legal and professional fees	**1,529**	1,335
Office and other expenses	**549**	337
Depreciation expense	**14**	10
	5,789	4,991

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.

During the six months ended, the Company and its consolidated subsidiaries obtained the following services from the External Auditors:

In thousands of Sterling	Six months ended 30 June 2022	Six months ended 30 June 2021
Group auditor remuneration:		
Statutory audit fees	**77**	80
Audit-related fees	**49**	54
Non-audit-related fees	**7**	–
	133	134
Audit and audit-related fees from non-Group Auditor	**48**	17
	181	151

Audit-related fees includes fees with respect to the interim review of the Group's condensed consolidated financial statements and other permitted audit-related services.

6. Other operating expenses

In thousands of Sterling	Six months ended 30 June 2022	Six months ended 30 June 2021
Net loss on derivative financial instruments(i)	**14,092**	–
Acquisition-related costs	**409**	1,274
Foreign currency exchange loss – net	**–**	214
	14,501	1,488

(i) Relates to foreign exchange hedging on forecasted distributions from Investments at FVPL.

7. Net finance result

In thousands of Sterling	Six months ended 30 June 2022	Six months ended 30 June 2021
Finance costs on loan and borrowings (Note 13)	**(896)**	(821)
Interest income on bank deposits	**6**	–
	(890)	(821)

For the six months ended 30 June 2022

8. Investments at FVPL

In thousands of Sterling	30 June 2022	31 December 2021
Balance at 1 January	**975,225**	895,674
Acquisitions of/additions in Investments at FVPL	**23,619**	79,163
Income from Investments at FVPL(i)	**128,059**	75,443
Distributions received from Investments at FVPL	**(62,097)**	(75,055)
	1,064,806	975,225

(i) Relates to unrealised gains on the valuation of Investments at FVPL.

Refer to Note 15 of the condensed consolidated interim financial statements for further information on Investments at FVPL.

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

As at 30 June 2022 and 31 December 2021, loans and interest receivable from unconsolidated subsidiaries are embedded within Investments at FVPL.

The valuation of Investments at FVPL considers all cash flows related to each individual Portfolio Company.

During the six months ended 30 June 2022, the Group completed the following acquisition:

John Hart Generating Station Replacement Project (Canada): In February 2022, BBGI completed the acquisition of an investment in InPower BC General Partnership, the entity responsible for delivering the John Hart Generating Station Replacement Project ('John Hart Generating Station'), an investment delivered through the existing strategic partnership between the Company and SNC-Lavalin Group Inc. The PPP consists of the design, construction, financing, maintenance and rehabilitation of a new three-turbine, 132-MW hydroelectric power generation station on the Campbell River, British Columbia, including a three generating-unit underground powerhouse, 2.1 km of water passage tunnels and a water bypass system to protect downstream fish habitat.

Service commencement was achieved in 2019. The asset is classified as availability-style under the investment policy of the Company. The investment is not subject to demand or power price risk. Availability payments are received from the British Columbia Hydro & Power Authority.

9. Cash and cash equivalents

Cash and cash equivalents relate to bank deposits amounting to £40,195,000 (31 December 2021: £26,862,000).

10. 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 net assets.

For the six months ended 30 June 2022, the Company incurred a subscription tax expense of £249,000 (30 June 2021: £229,000). The Company as a collective investment vehicle 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 relates to the movement in fair valuation of Investments at FVPL, which are only recognised in the consolidated financial statements and are therefore not included in the taxable income of the standalone accounts of consolidated entities.

As a consequence of the adoption of IFRS 10, the Company is designated as an Investment Entity (see Note 2). Therefore, tax expenses of unconsolidated subsidiaries are not included in these condensed consolidated interim financial statements as a separate line item but instead are embedded in the fair value calculation of Investments at FVPL with net income being taxed in the respective jurisdiction.

During the six months ended 30 June 2022, the Group recognised a tax expense of £1,057,000 (30 June 2021: £1,203,000). The tax liability as at 30 June 2022 is £1,518,000 (31 December 2021: £1,373,000).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

11. Capital and reserves

Share capital

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

In thousands of Sterling	30 June 2022	31 December 2021
Share capital as at 1 January	**847,858**	770,942
Issuance of ordinary shares through placing	**–**	75,000
Share capital issued through scrip dividends	**964**	1,978
Equity settlement of share-based compensation (see Note 16)	**1,084**	1,045
Share issuance costs	**(27)**	(1,107)
	849,879	847,858

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 2022	31 December 2021
In issue at beginning of the year	**712,126**	664,691
Shares issued through placing of ordinary shares	**–**	45,181
Shares issued through scrip dividends	**575**	1,155
Shares issued as share-based compensation	**556**	1,099
	713,257	712,126

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 and other capital reserve

During the six months ended 30 June 2022, the unrealised foreign currency exchange gains and losses arising from the translation of monetary items that form part of the Group's net investments in foreign operations were recognised in the translation and other capital reserve. These foreign currency exchange gains and losses are recognised in other comprehensive income until the net investment is realised, at which time, the effective portion of the settlement of the foreign currency exchange gains and losses in the net investment in a foreign operation is reclassified to profit or loss from continuing operations.

Dividends

The dividends declared and paid by the Company during the six months ended 30 June 2022 and 2021 are as follows:

In thousands of Sterling except as otherwise stated	30 June 2022
2021 2nd interim dividend of 3.665 pence per qualifying ordinary share – for the period 1 July 2021 to 31 December 2021	**26,099**

The 31 December 2021 2nd interim dividend was paid in April 2022. The value of the scrip election was £964,000, with the remaining amount of £25,135,000 paid in cash to those investors that did not elect for the scrip.

In thousands of Sterling except as otherwise stated	30 June 2021
2020 2nd interim dividend of 3.59 pence per qualifying ordinary share – for the period 1 July 2020 to 31 December 2020	23,862

The 31 December 2020 2nd interim dividend was paid in April 2021. The value of the scrip election was £514,000, with the remaining amount of £23,349,000 paid in cash to those investors that did not elect for the scrip.

11. Capital and reserves (continued)

Net Asset Value ('NAV')

The consolidated NAV and NAV per share as at 30 June 2022, 31 December 2021 and 31 December 2020 were as follows:

	2022	2021	2020
NAV attributable to the owners of the Company	**1,068,700**	1,000,543	915,840
NAV per ordinary share (pence)	**149.8**	140.5	137.8

12. Earnings per share

a) Basic earnings per share

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

In thousands of Sterling/in thousands of shares	Six months ended 30 June 2022	Six months ended 30 June 2021
Profit from continuing operations attributable to the owners of the Company	**92,478**	24,845
Weighted average number of ordinary shares in issue	**712,340**	665,601
Basic earnings per share (in pence)	**12.98**	3.73

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 2022	Six months ended 30 June 2021
Shares outstanding as at 1 January	**712,126**	664,691
Effect of scrip dividends issued	**144**	223
Shares issued as share-based compensation	**70**	687
Weighted average – outstanding shares	**712,340**	665,601

b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the profit from continuing operations 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:

	Six months ended 30 June 2022	Six months ended 30 June 2021
Weighted average number of ordinary shares for basic earnings per share	**712,340**	665,601
Effect of potential dilution from share-based payment	**565**	726
Weighted average number of ordinary shares adjusted for the effect of dilution	**712,905**	666,327

The price of the Company's shares for the purpose of calculating the potential dilutive effect of award letters (Note 16) was based on the average market price for the six months ended 30 June 2022 and 30 June 2021, respectively, during which period the awards were outstanding.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

13. Loans and borrowings

Previously, the Group had a four-year £180 million Revolving Credit Facility ('RCF') from ING Bank N.V. London Branch ('ING Bank'), and KfW IPEX-Bank GmBH ('KfW IPEX Bank') and DZ Bank AG Deutsche Zentral Genossenschaftsbank ('DZ Bank') which commenced in January 2018 and had a maturity date in January 2022. The borrowing margin was 165 bps over LIBOR.

On 21 May 2021, the Group secured an amendment and restatement to the multi-currency RCF with ING Bank, KfW IPEX Bank, DZ Bank, Frankfurt Am Main and SMBC Bank EU AG for a total commitment of £230 million. The tenor of the RCF is five years (maturing in May 2026). The borrowing margin is 165 bps over the reference bank rate. Under the new 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 2022, the Group had utilised £11.3 million (31 December 2021: £1.2 million) of the £230 million RCF, of which £1.3 million (31 December 2021: £1.2 million) was being used to cover letters of credit.

The interest payable and other related RCF fees payable as at 30 June 2022 amounted to £233,000 (31 December 2021: £246,000).

The RCF unamortised debt issuance cost amounted to £1,256,000 as at 30 June 2022 (31 December 2021: £1,417,000). The unamortised debt issuance cost is netted against the outstanding amount drawn under the credit facility.

The total finance cost incurred under the RCF for the six months ended 30 June 2022 amounted to £892,000 (30 June 2021: £803,000) which includes the amortisation of debt issuance costs of £162,000 (30 June 2021: £209,000).

Changes in liabilities arising from financing activities

In thousands of Sterling	1 January 2022	Proceeds	Repayment	Foreign Exchange	Others(i)	30 June 2022
Loans and borrowings – non-current	**–**	**10,000**	**–**	**–**	**(1,256)**	**8,744**

In thousands of Sterling	1 January 2021	Proceeds	Repayment	Foreign Exchange	Others	31 December 2021
Loans and borrowings – non-current	–	67,000	(67,000)	–	–	–

(i) Unamortised debt issuance costs.

Pledges and collaterals in relation to the RCF

As of 30 June 2022 and 31 December 2021, certain consolidated subsidiaries, that are classified as Obligors under the RCF, have provided a pledge over all shares issued, over receivables between the Obligors and over the bank accounts of the Obligors.

Based on the provisions of the RCF, in the event of continuing event of 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 2022 and year ended 31 December 2021.

14. Trade and other payables

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

15. Fair value measurements and risk management

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 (i.e., cash and cash equivalents, trade and other receivables, trade payables, accruals 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 under Note 3.2 Fair value determination:

30 June 2022 In thousands of Sterling	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	**–**	**–**	**1,064,806**	**1,064,806**
Derivative financial assets	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value				
Derivative financial liabilities	**–**	**(26,099)**	**–**	**(26,099)**

31 December 2021 In thousands of Sterling	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	–	–	975,225	975,225
Derivative financial assets	–	907	–	907
Financial liabilities measured at fair value				
Derivative financial liabilities	–	(1,146)	–	(1,146)

There were no transfers between Level 1 and Level 2 fair value measurements during the six months ended 30 June 2022, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2022.

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 Sterling	30 June 2022	31 December 2021
Balance at 1 January	**975,225**	895,674
Acquisitions of/additions in Investments at FVPL	**23,619**	79,163
Income from Investments at FVPL[(i)]	**128,059**	75,443
Distributions received from Investments at FVPL	**(62,097)**	(75,055)
	1,064,806	975,225

(i) Relates to unrealised gains on the valuation of investments.

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 Portfolio Companies, 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.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

15. Fair value measurements and risk management (continued)

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

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

		30 June 2022	31 December 2021
Inflation	UK[i] RPI/CPIH	**8.3% for 2022; 3.9% for 2023 then 2.75% / 2.0%**	2.75% / 2.00%
	Canada	**5.75% for 2022; 2.5% for 2023 then 2.0%**	2.00% / 2.35%
	Australia	**5.1% for 2022; 2.7% for 2023 then 2.5%**	2.50%
	Germany	**6.8% for 2022; 3.5% for 2023 then 2.0%**	2.00%
	Netherlands[ii]	**6.8% for 2022; 3.5% for 2023 then 2.0%**	2.00%
	Norway[ii]	**4.7% for 2022; 2.6% for 2023 then 2.25%**	2.25%
	US[iii]	**6.1% for 2022; 3.1% for 2023 then 2.5%**	2.50%
Deposit rates (p.a.)	UK	**0.5% to 2023, then 1.00%**	0.00% to 2023, then 1.00%
	Canada	**1.0% to 2023, then 1.50%**	0.50% to 2023, then 1.50%
	Australia	**1.0% to 2023, then 2.00%**	0.25% to 2023, then 2.00%
	Germany	**0.0% to 2023, then 0.5%**	0.00% to 2023, then 0.50%
	Netherlands	**0.0% to 2023, then 0.5%**	0.00% to 2023, then 0.50%
	Norway	**1.0% to 2023, then 2.00%**	0.00% to 2023, then 2.00%
	US	**0.5% to 2023, then 1.50%**	0.00% to 2023, then 1.50%
Corporate tax rates (p.a.)	UK[iv]	**19.0% to Q1 2023, then 25.0%**	19.0% to Q1 2023, then 25.0%
	Canada[v]	**23.0% / 26.5% / 27.0% / 29.0%**	23.0% / 26.5% / 27.0% / 29.0%
	Australia	**30.0%**	30.0%
	Germany[vi]	**15.8% (incl. solidarity charge)**	15.8% (incl. solidarity charge)
	Netherlands	**25.8%**	25.8%
	Norway	**22.0%**	22.0%
	US	**21.0%**	21.0%

(i) On 25 November 2020, the UK Government announced the phasing out of RPI after 2030, and replacement with CPIH; the Company's UK portfolio indexation factor changes from RPI to CPIH beginning on 1 January 2031.
(ii) CPI indexation only. Where investments are subject to a basket of indices, a projection for non-CPI indices is used.
(iii) 80 per cent of Ohio River Bridges investment indexation factor for revenue is contractual and is not tied to CPI.
(iv) On 10 June 2021, the UK Government enacted an increase in the UK Corporate Tax rate to 25.0 per cent with effect from April 2023.
(v) Individual tax rates vary among Canadian Provinces: Alberta; Ontario, Quebec, Northwest Territory; Saskatchewan, British Columbia; New Brunswick.
(vi) Individual local trade tax rates are considered in addition to the tax rate above.

15. Fair value measurements and risk management (continued)

Key Portfolio Company and portfolio cash flow assumptions underlying NAV calculation include: (continued)

- Discount rates and the Assumptions, as set out above, continue to be applicable.
- The updated financial models used for the valuation accurately reflect the terms of all agreements relating to the Portfolio Companies and represent a fair and reasonable estimation of future cash flows accruing to the Portfolio Companies.
- Cash flows from and to the Portfolio Companies are received and made at the times anticipated.
- Non-UK investments are valued in local currency and converted to Sterling at either the period-end spot exchange rates or the contracted hedge rate.
- Where the operating costs of the Portfolio Companies are contractually fixed, 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 Portfolio Companies, they remain in line with the current forecasts in the valuation models.
- Contractual payments to the Portfolio Companies remain on track and contracts with public sector or public sector backed counterparties are not terminated before their contractual expiry date.
- Any deductions or abatements during the operations period of Portfolio Companies are passed down to subcontractors under contractual arrangements or are part of the planned (lifecycle) forecasts.
- Changes to the concession period for certain investments are realised.
- In cases where the Portfolio 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.
- Enacted tax or regulatory changes on or prior to this reporting period end with a future effect impacting cash flow forecasts are reflected in the financial models.

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

Discount rate sensitivity

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

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

	+1% to 7.55% in 2022(i)		-1% to 5.55% in 2022(i)	
Effects In thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2022	**(87,822)**	**(87,822)**	**101,861**	**101,861**
31 December 2021	(78,057)	(78,057)	89,908	89,908

(i) Based on the weighted average discount rate of 6.55 per cent (31 December 2021: 6.55 per cent)

Combined sensitivity: inflation, deposit rates and discount rates

Inflation has increased in all jurisdictions across BBGI's geographies and interest rates are expected to rise from its historical lows. In the event long term interest rates substantially rise this may have an effect on discount rates.

It is reasonable to assume if discount rates increase then deposit rates and inflation rates would increase as well. To illustrate the effect of this combined movement on the Company's NAV, a scenario was created assuming a one per cent increase in the discount rate to 7.55 per cent, and a one per cent increase in both deposit and inflation rates above the macro-economic assumptions.

	+1%	
Effects In thousands of Sterling	**Equity**	**Profit or loss**
30 June 2022	**(24,782)**	**(24,782)**
31 December 2021	(23,127)	(23,127)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

15. Fair value measurements and risk management (continued)

Inflation sensitivity

The Company's investments 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 investments and operating and maintenance subcontractors for transport investments have similar indexation arrangements. The investment cash flows are positively correlated with inflation (e.g. RPI, CPI, or a basket of indices).

This inflation-linkage is achieved through contractual indexation mechanics in the various project agreements with the public sector clients at the Portfolio Companies and the inflation adjustment updated at least annually.

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

	+1%		-1%	
Effects In thousands of Sterling	NAV	Profit or loss	NAV	Profit or loss
30 June 2022	**43,190**	**43,190**	**(37,446)**	**(37,446)**
31 December 2021	39,499	39,499	(32,622)	(32,622)

Foreign exchange rate sensitivity

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

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

	Increase by 10%(i)		Decrease by 10%(i)	
Effects In thousands of Sterling	NAV	Profit or loss	NAV	Profit or loss
30 June 2022	**(32,161)**	**(32,161)**	**30,252**	**30,252**
31 December 2021	(28,372)	(28,372)	31,140	31,140

(i) Sensitivity in comparison to the spot foreign exchange rates at 30 June 2022 and considering the contractual and natural hedges in place, derived by applying a 10 per cent increase or decrease to the Sterling/foreign currency rate.

Deposit rate sensitivity

Portfolio Companies typically have cash deposits that are required to be maintained as part of the senior debt funding requirements (e.g. six months' debt service reserve accounts, maintenance reserve accounts). The asset cash flows are positively correlated with the deposit rates.

The following table shows the sensitivity of the NAV to a percentage point change in long-term deposit rates:

	+1%		-1%	
Effects In thousands of Sterling	NAV	Profit or loss	NAV	Profit or loss
30 June 2022	**21,890**	**21,890**	**(22,090)**	**(22,090)**
31 December 2021	17,260	17,260	(17,151)	(17,151)

Lifecycle costs sensitivity

Lifecycle costs are the cost of planned interventions or replacing material parts of an asset to maintain it over the concession term. It involves larger items that are not covered by routine maintenance, and for roads, it will include items such as replacement of asphalt, rehabilitation of surfaces, or replacement of electromechanical equipment. Lifecycle obligations are generally passed down to the facility maintenance provider with the exception of transportation investments where these obligations are typically retained by the Portfolio Company.

Of the Group's 55 Investments at FVPL, 19 Investments at FVPL retain the lifecycle obligations. The remaining 36 investments have this obligation passed down to the subcontractor.

15. Fair value measurements and risk management (continued)

Lifecycle costs sensitivity (continued)

The following table shows the sensitivity of the NAV to a change in lifecycle costs:

	Increase by 10%[i]		Decrease by 10%[i]	
Effects In thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2022	**(25,561)**	**(25,561)**	**23,021**	**23,021**
31 December 2021	(19,003)	(19,003)	19,580	19,580

(i) Sensitivity applied to the 19 Investments at FVPL 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 Portfolio Company is located.

The following table shows the sensitivity of the NAV to a change in the corporate tax rate:

	+1% in 2022		-1% in 2022	
Effects In thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2022	**(10,802)**	**(10,802)**	**10,810**	**10,810**
31 December 2021	(8,760)	(8,760)	8,739	8,739

Senior debt refinancing sensitivity

Assumptions are used where a refinancing of senior debt financing is required for an investment during the remaining concession term. There is a risk that such assumptions may not be achieved.

The table below shows the sensitivity of the NAV to a +100bps adjustment to the forecasted debt rate.

	Debt rate +1%	
In thousands of Sterling	**Equity**	**Profit or loss**
30 June 2022	**(9,422)**	**(9,422)**
31 December 2021	(6,321)	(6,321)

Derivative financial instruments

The fair value of derivative financial instruments ('foreign exchange forward contracts') is calculated by the difference between the contractual forward rate and the estimated forward exchange rates at the maturity of the forward contract. The foreign exchange forward contracts are fair valued periodically by the counterparty bank. The fair value of foreign exchange forward contracts as of 30 June 2022 amounted to a net liability of £26,099,000 (31 December 2021: £239,000 – net liability). The counterparty bank has an S&P/Moody's credit rating of A+/Aa3.

The net loss on the valuation of foreign exchange forward contracts, which consists of cash flow and balance sheet hedging, for the six months ended 30 June 2022 amounted to £27,684,000 (30 June 2021: £628,000 – net gain).

During the six months ended 30 June 2022, the Group realised a net loss of £1,825,000 on the cash settlement of foreign exchange forwards (30 June 2021: £309,000 – net realised gain).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the six months ended 30 June 2022

15. Fair value measurements and risk management (continued)

Derivative financial instruments (continued)
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.

16. 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 £115,000 in fees for the six months ended 30 June 2022 (30 June 2021: £93,000).

Directors' shareholding in the Company

In thousands of shares	30 June 2022	31 December 2021
Management Board		
Duncan Ball	**871**	636
Frank Schramm	**829**	600
Michael Denny	**504**	412
Supervisory Board		
June Aitken	**15**	–
Sarah Whitney	**39**	39
Christopher Waples	**17**	17
Andrew Sykes	**40**	-
	2,315	1,704

For the six months ended 30 June 2022

16. Related parties and key contracts (continued)

Remuneration of 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 ('STIP') and a long-term incentive plan ('LTIP'). Compensation under their contracts is reviewed annually by 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 Sterling	Six months ended 30 June 2022	Six months ended 30 June 2021
Short-term benefits	**1,352**	1,514
Share-based payment	**687**	341
	2,039	1,855

Share-based compensation
Each of the members of the Management Board participates in the Group's LTIP.

During the six months ended 30 June 2022, the Company settled the outstanding obligation under the 2018 LTIP Award and the 2021 Deferred STIP, on a net basis after taking into account the expected tax liability, through the issuance of 346,203 shares and 209,893 shares respectively. The total accrued amount under the 2018 LTIP Award and the 2021 Deferred STIP was £471,000 and £616,000 respectively and an amount of £1,084,000 was transferred from Additional paid in capital to Share capital at the settlement date.

During the six months ended 30 June 2022, the Group recognised share-based compensation, as part of 'administrative expenses' in its condensed consolidated interim income statement, of £770,000 in relation to the outstanding LTIP Award, Deferred STIP and Staff Award Plan (30 June 2021: £362,000).

Trade and other receivables
As at 30 June 2022, trade and other receivables include short-term net receivables from non-consolidated subsidiaries amounting to £1,137,000 (31 December 2021: £1,024,000).

17. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 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.

18. Events after the end of the reporting period

Agreement to acquire A7
In May, the Company announced that it had entered into an agreement to acquire a 49 per cent equity interest in the project company for the A7 motorway public-private partnership between Bordesholm and Hamburg in Germany for approximately £40 million. Public sector client consent was received subsequent to the reporting period end. Completion is expected to occur in Q3 2022.

Board Members, Agents & Advisers

Supervisory Board
- Sarah Whitney (Chair)
- Howard Myles (Appointed until 29 April 2022)
- Jutta af Rosenborg
- Christopher Waples
- June Aitken (Appointed as of 29 April 2022)
- Andrew Sykes (Appointed as of 29 April 2022)

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Listing:	Chapter 15 premium listing, closed-ended investment company
Trading:	Main Market
ISIN:	LU0686550053
SEDOL:	B6QWXM4
Ticker:	BBGI
Indices:	FTSE 250, FTSE 350, FTSE 350 High Yield and FTSE All-Share

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