



**BBGi**

INVESTING IN GLOBAL  
INFRASTRUCTURE

# 2022 Annual Results Presentation

March 2023

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Unless otherwise stated, the facts contained herein are accurate as at the time of approval of the Annual Report and Financial Statements on 29 March 2023.

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# Investment proposition



# Our investment proposition

Our purpose is to deliver social infrastructure for healthier, safer and more connected societies, while creating sustainable value for all stakeholders



## Low-risk<sup>1</sup>

Availability-style<sup>2</sup> investment strategy

Secure public sector-backed contracted revenues

Stable predictable cash flows with high-quality inflation linkage



## Globally diversified

Focus on highly-rated investment grade countries

Stable, well-developed operating environments

A global portfolio, serving society through supporting local communities



## Strong ESG approach

ESG fully integrated into the business model

Focus on delivering positive social impact – SFDR<sup>3</sup> Article 8 – and high degree of climate resilience

Executive compensation linked to ESG performance



## Internally managed

Delivering shareholder value first, portfolio growth second

Strong pricing discipline and portfolio management

Lowest comparative ongoing charges<sup>4</sup>

## Consistent delivery of objectives

Progressive long-term dividend growth

Robust shareholder returns

Sustainable growth

<sup>1</sup> References to "low-risk" throughout this presentation are made in comparison to other equity infrastructure asset classes.

<sup>2</sup> Availability-style means that revenues are paid so long as the assets are available for use, so our portfolio has no exposure to demand-based or regulated investments.

<sup>3</sup> EU Sustainable Finance Disclosure Regulation ('SFDR') disclosure requirements. The Company is designated as an Article 8 under SFDR and will report on criteria for a social beneficially investment.

<sup>4</sup> In comparison to the latest publicly available information for all closed ended, LSE-listed equity infrastructure investment companies.

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# Highlights





# Financial highlights

**Net asset value  
per share**

**149.9p**

Dec 2021: 140.7p (+6.6%)

**2022 dividend  
per share**

**7.48p**

FY 2021: 7.33p

**Increased 2023 target  
dividend per share<sup>1</sup>**

**7.93p**

+6.0%

**Increased 2024 target  
dividend per share<sup>1</sup>**

**8.40p**

+6.0%

**High quality inflation  
linkage<sup>2</sup>**

**0.5%**

FY 2021: 0.4%

**Cash dividend cover<sup>3</sup>**

**1.47x**

FY 2021: 1.31x

**Annualised total NAV  
return per share<sup>4</sup>**

**9.1%**

FY 2021: 8.8%

**Ongoing charges<sup>5</sup>**

**0.87%**

FY 2021: 0.86%

<sup>1</sup> These are targets only for 2023 and 2024 and are not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distributions at all.

<sup>2</sup> If inflation is 1 percentage point higher than our assumptions for all future periods, portfolio returns will increase from 6.9% to 7.4%.

<sup>3</sup> Net cash generated in the period / cash dividends paid for the period (see detailed explanation in the Company's Annual Report).

<sup>4</sup> On a compounded annual growth rate basis. This represents the steady state annual growth rate based on the NAV per share at 31 December 2022 assuming dividends declared since IPO in December 2011 have been reinvested. Calculated using the Morningstar methodology.

<sup>5</sup> Calculated using the AIC methodology and excludes all non-recurring costs (see detailed explanation in the Company's Annual Report).

# Our operating model

Robust business model delivering sustainable value for all stakeholders

## Value-Driven Active Asset Management

Hands-on approach to preserve and enhance the value of our investments, and to deliver well maintained infrastructure for communities and end-users

- Strong portfolio performance from our 56 high-quality availability style assets
- High-quality inflation linkage of 0.5% resulting in a £76 million increase in NAV
- Cash receipts ahead of expectations with no material lock-ups or defaults
- Consistently high level of asset availability at 99.9%
- Socially beneficial investment under SFDR's Article 8

## Prudent Financial Management

Long-term custodian with focus on cash performance to drive efficiencies and generate portfolio optimisations

- A net debt position of £26.3 million; £57.5 million drawings outstanding
- Progressive long-term average dividend growth of 3.1% since IPO
- £230 million revolving credit facility with a £70 million accordion tranche maturing in May 2026
- Hedging strategy aimed to reduce FX sensitivity of NAV to c. 3% for a 10% movement in FX rates
- Continued upward movement in risk free interest rates have resulted in discount rates increasing 0.3%

## Selective Acquisition Strategy

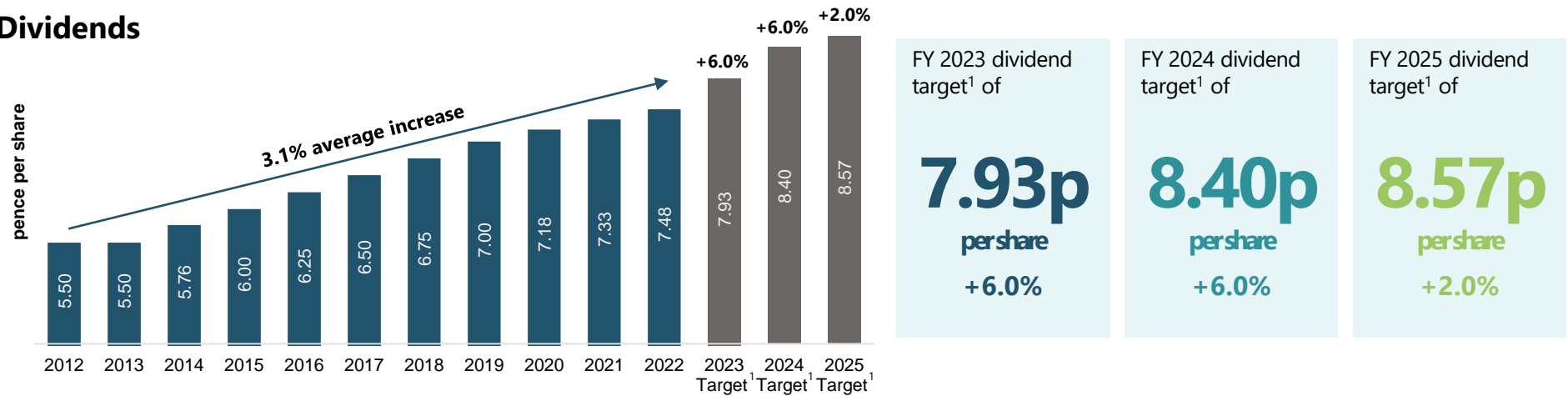
Disciplined acquisition strategy – growing and diversifying the portfolio whilst focusing on shareholder returns and stakeholder benefits

- Focus on availability-style investments with strong inflation linkage, yield or residual life
- £64.4 million of accretive investments completed
- Further diversification of our portfolio
- Attractive global pipeline of availability-style investments
- Selective and disciplined approach key in the current environment

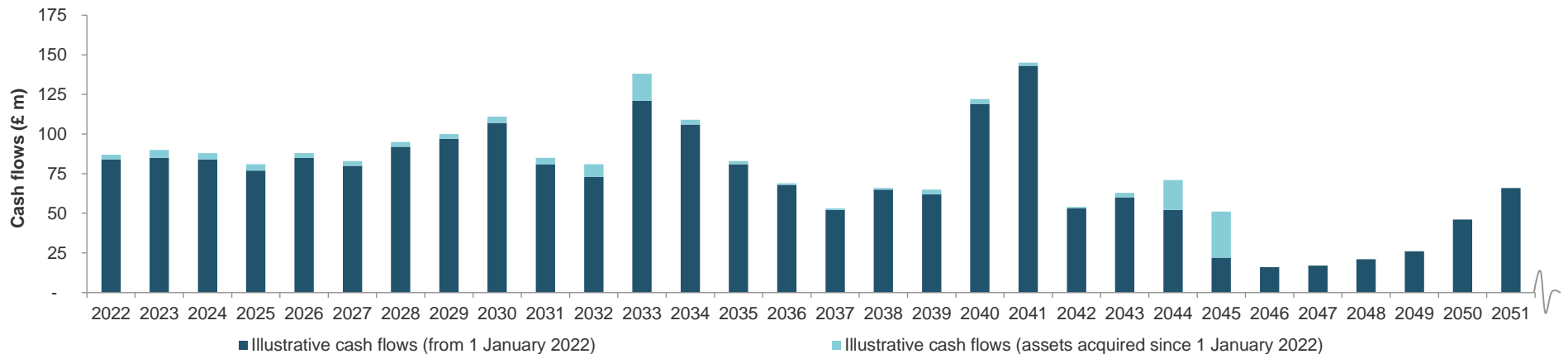


# Predictable and growing returns

## Dividends



## Long-term stable cash flows<sup>2</sup>

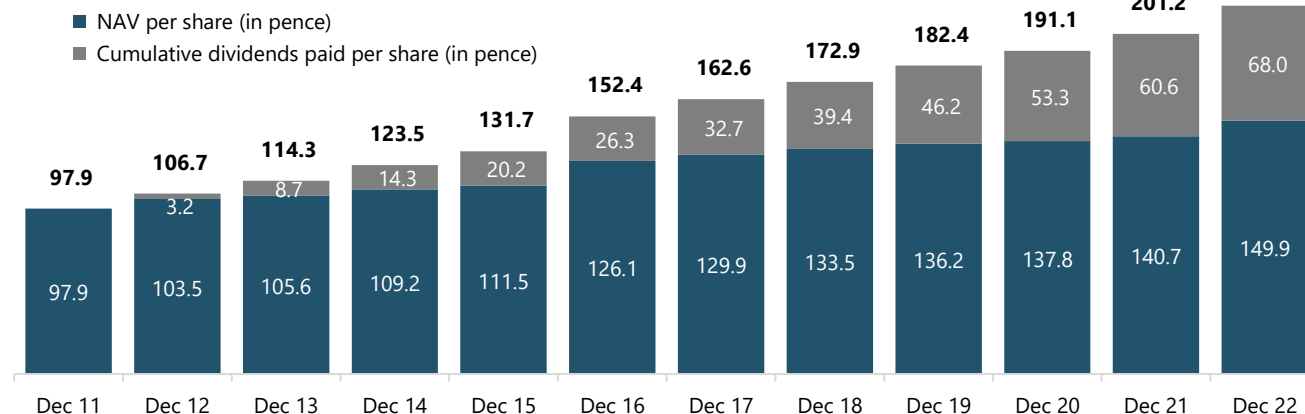


<sup>1</sup> These are targets only and are not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distributions at all.

<sup>2</sup> This illustrative chart is a target only, 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 investments 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 or actual returns from the portfolio. There are minor cash flows extending beyond 2051 but for illustrative purposes, these are excluded from the chart above.

# Our track record

## NAV & Dividend Per Share Growth

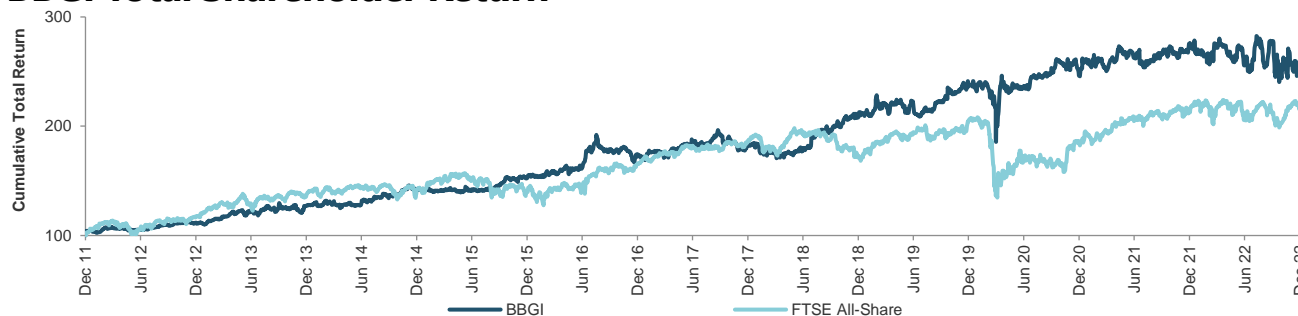


Continuous annual NAV growth since IPO in 2011

Total NAV return<sup>1</sup> of 160.9% and annualised Total NAV return<sup>2</sup> of 9.1%

Reliable and progressive dividend growth with a yield of 4.8%<sup>3</sup>

## BBGi Total Shareholder Return



Total Shareholder Return of 152.6%<sup>4</sup> and an annualised shareholder return of 8.8%<sup>5</sup>

Index-linked provisions provide high-quality inflation linkage of 0.5%<sup>6</sup>

<sup>1</sup> Based on NAV per share at 31 December 2022 and assuming dividends declared since IPO in December 2011 have been reinvested. Calculated using the Morningstar methodology.

<sup>2</sup> On a compounded annual growth rate basis. This represents the steady state annual growth rate based on the NAV per share at 31 December 2022 assuming dividends declared since IPO in December 2011 have been reinvested. Calculated using the Morningstar methodology.

<sup>3</sup> As of 31 December 2022 and based on 2022 declared dividend of 7.48 pence per share.

<sup>4</sup> Based on share price at 31 December 2022 and assuming dividends declared since IPO in December 2011 have been reinvested (source: Morningstar).

<sup>5</sup> On a compounded annual growth rate basis since IPO. This represents the steady state annual growth rate based on share price at 31 December 2022 assuming dividends declared since IPO in December 2011 have been reinvested (source: Morningstar).

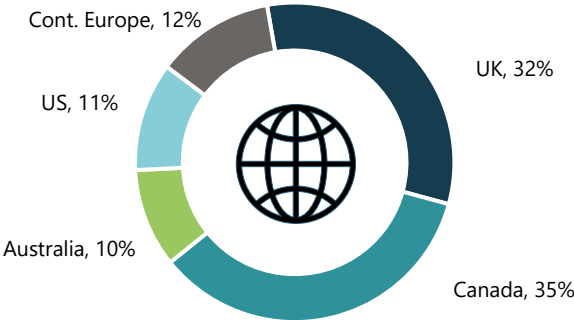
<sup>6</sup> If inflation is 1 percentage point higher than our assumptions for all future periods, portfolio returns will increase from 6.9% to 7.4%.

# Portfolio overview

Based on portfolio value as at 31 December 2022

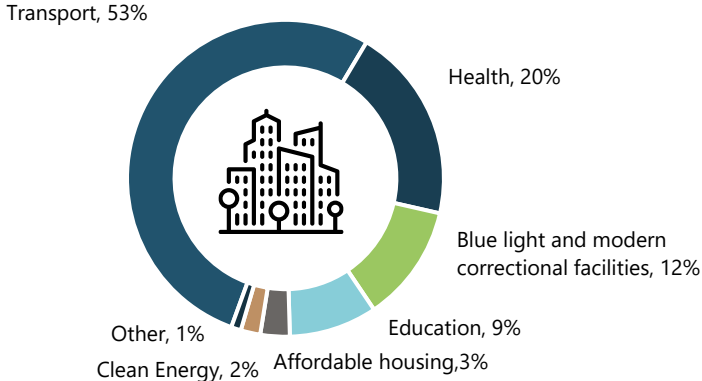
<h3>Investment type</h3>  <p><b>100%</b> availability-style investments</p>	<h3>Investment status</h3>  <p>Low-risk <b>99.5%</b> operational portfolio</p>
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## Geographical Split



Geographically diversified and located in countries with ratings between AA and AAA

## Sector Split

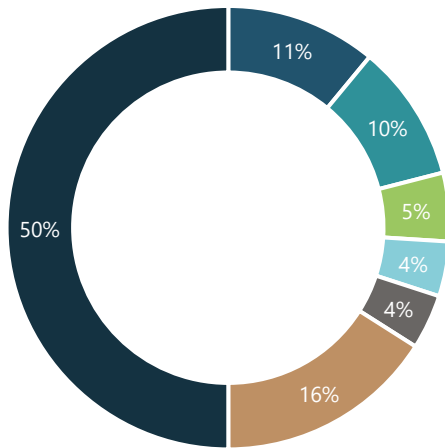


Social impact portfolio with a diversified sector exposure

# Portfolio overview

Based on portfolio value as at 31 December 2022

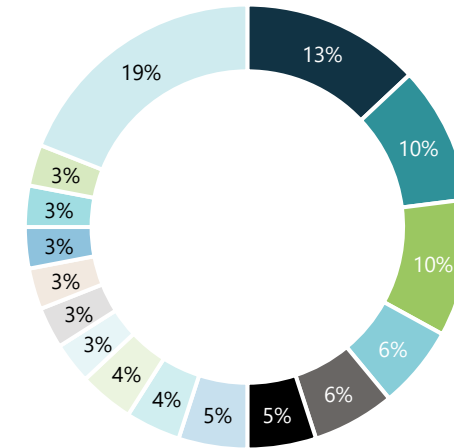
## Top five investments



- Ohio River Bridge (US)
- Golden Ears Bridge (Canada)
- Northern Territory Secure Facilities (Australia)
- Victoria Correctional Facilities (Australia)
- A1/A6 Motorway (Netherlands)
- Next five largest investments
- Remaining investments

Diversified portfolio with no major single asset exposure

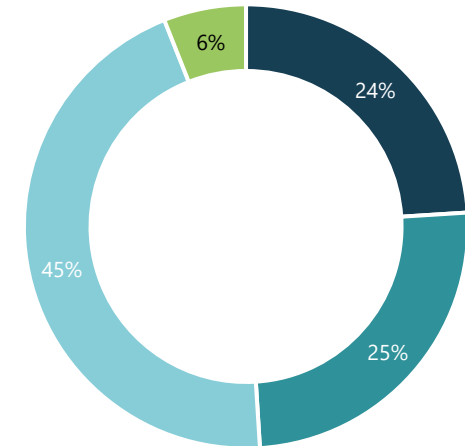
## Counterparty exposure FM contractor / O&M contractor<sup>1</sup>



- Portfolio Company inhouse
- Capilano Highway Services
- Black & McDonald
- Honeywell
- Carmacks Maintenance Services
- Intertoll Ltd
- Guildmore Ltd.
- Galliford Try FM
- SNC-Lavalin O&M Inc
- Cushman and Wakefield
- Integral FM
- Hochtief Solutions AG
- Graham AM
- BEAR Scotland
- Amey Community Ltd
- Remaining investments

Diversified supply chain partners

## Investment life



- ≥ 25 years
- ≥ 20 years and < 25 years
- ≥ 10 years and < 20 years
- < 10 years

Weighted average portfolio life of 20.2 years

<sup>1</sup> When a project has more than one Facility Maintenance contractor and/or Operation & Maintenance contractor the exposure is allocated equally among the contractors.

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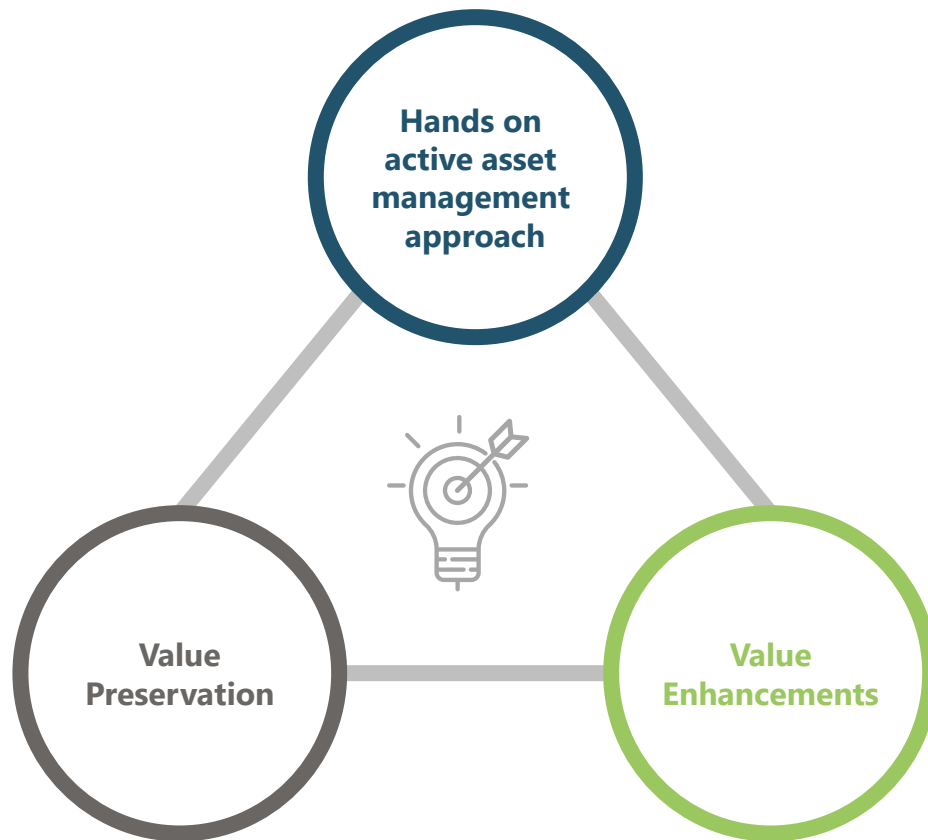
# Active asset management



# Our asset management approach

Stable operational performance through an active asset management approach

## Key objectives



### Hands on approach to deliver well-maintained infrastructure for communities and stable predictable returns for shareholders

- Robust governance in place to manage the investments;
- Strong client relationships by prioritising regular meetings to achieve high rates of client satisfaction;
- Focused asset management to ensure distributions are on time, and on or above budget.

### Value Preservation through the implementation of a strong environmental, social and corporate governance framework

- Value preservation is a key priority to maintain a robust portfolio;
- Rigorous subcontractor monitoring and contingency planning;
- Management of issues, if and when they arise.

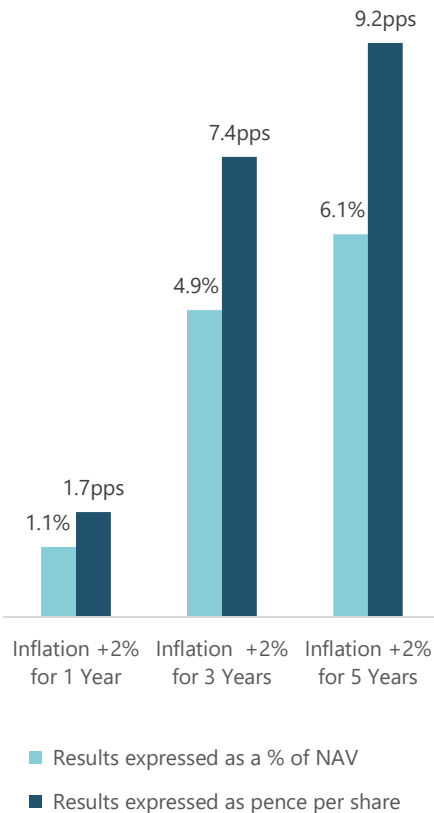
### Value Enhancements to improve customer experience, and financial and environmental performance

- The inflation adjustment is updated at least annually, which provides a direct and immediate reaction to increasing inflation. Inflation linkage is contracted and not implied and therefore not subject to elasticity demand or additional approvals;
- Active treasury management to maximise interest earned from funds held on deposit, and continuous careful monitoring of counter-party exposure for our portfolio company bank deposits;
- Proven high-degree of climate resilience based on extensive modelling.



# High-quality inflation linkage

Three scenarios where inflation is 2% above forecast assumptions for 1, 3 & 5 years



## High-quality contracted inflation linkage of 0.5% resulting in a £76 million increase in NAV

Inflation protection	Example asset classes	Inflation effect on infrastructure business models <sup>1</sup>
<b>LONG-TERM CONTRACTED</b>	Social infrastructure	<p><b>Contracted Infrastructure</b></p> <p>Long-term contractual agreements, under which a <b>public-sector client</b> of the asset <b>commits to paying a defined price including an explicit inflation pass-through providing direct contracted inflation protection, adjusted at least annually. All of BBGi's availability-style investments fall into this category.</b></p>
<b>ASSET DEPENDENT &amp; EXPOSED TO MARKET RISK</b>	Toll roads, airports, ports, EV charging	<p><b>Merchant Infrastructure</b></p> <p><b>Typically fully exposed to market and demand risk</b> with revenue increases being market based (i.e. what can be charged to the end-user based on economic conditions and subject to changes in elasticity of demand).</p>
<b>REGULATOR DEPENDENT &amp; EXPOSED TO REGULATORY RISK</b>	Gas, electricity and water distribution	<p><b>Regulated Infrastructure</b></p> <p>Regulated by a third party and the <b>operator must first agree with the regulator its future cost of capital before a 'fair' future tariff can be determined.</b> This review in the UK is typically every five years</p>

<sup>1</sup> Source: ARES in collaboration with EDHECinfra; *Inflation and Rising Rates: Impact on Infrastructure Assets* (October 2022); BBGi analysis

# Portfolio spotlight

## A7 Motorway (Germany)



Ultimate client is Federal Republic of Germany	In operation since 2014	Reducing congestion and improving travel time
c. €730 million Capital investment	Attractive inflation linkage	O&M Contractor Hochtief / Kemna JV
49% BBGI ownership	Remaining concession life c. 22 years	Strong environmental and social stewardship

### Investment

- A 30-year availability-style PPP investment to design, build, maintain, operate and finance the A7 motorway (Northern Section) in Germany involving the upgrade of existing four-lane motorway into six lanes and in some sections up to 8 lanes
- Total length of the Project is 65km and includes more than 10 interchanges, many structures and bridges as well as 6 parking & rest facilities and four rest areas. Up to 130,000 vehicles per day use this motorway

### Strong environmental and social stewardship

- Construction of a noise protection tunnel of approx. 550m close to the city of Hamburg re-connecting parts of the community that had to date been physically divided by the A7 and providing greenery and parks to be enjoyed by the greater community
- Over 100,000m<sup>2</sup> of noise protection barriers aimed at local needs and requirements were constructed along the motorway
- Implementation of various wildlife crossings to preserve natural habitat and migration patterns
- The objective of the A7 motorway is to increase efficiency with the aim to minimise any increase in exhaust emissions from the higher traffic load by reducing congestion and traffic jams
- High power EV charging stations have been implemented along the motorway

# Portfolio spotlight

## Women's College Hospital (Canada)



In operation since 2013	Concession end 2043	Serving local community through the provision of healthcare services
Stable operational project	c. C\$ 445 million Capital investment	FM Provider Black & McDonald Services Ltd.
100% BBGI ownership	Availability-based payments	Strong environmental and social stewardship

### Investment

- PPP agreement for the design, construction, finance, operation, and maintenance, of a 60,000 m<sup>2</sup> ten-storey hospital located in Toronto, Ontario (Canada)
- Availability-based payments are received from Women's College Hospital

### Strong environmental and social stewardship

- The redeveloped hospital replaced all existing buildings and consolidated most services into one location, enabling innovation in ambulatory models of care and enhancing the hospital's stature as a leader in women's health care, research and education
- During construction, the project provided a sizeable stimulus to the regional economy by creating thousands of jobs. At the peak of construction, it is estimated that 300 workers were on site daily. Labour was drawn largely from the Greater Toronto area
- All new buildings have been designed with environmentally responsible and Sustainable features in order to achieve Leadership in Energy and Environmental Design (LEED) Gold certification, which includes rigorous requirements for energy management and conservation
- The Portfolio Company in cooperation with the Client have swapped out LED lighting for all existing fluorescents in the parking garage and corridors
- The Portfolio Company makes annual donations to the Women's College Hospital Foundation to support the foundations work with education promotion amongst women in the community

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# Responsible investor in social infrastructure





# Responsible investor in social infrastructure

## Sustainability highlights



### Strategic integration

- ESG fully integrated in strategy and business model.
- Management Board remuneration tied to ESG targets within both STIP and LTIP awards.
- All staff received ESG training.

### Social characteristics with good governance

- Portfolio aligned with the social investment objective of our SFDR Article 8 product.
- Social safeguards screening based on UN Global Compact Ten Principles.
- 100% of our investments align with our focus SDGs.

### ESG monitoring

- Continuous engagement with all Portfolio Companies and strong ESG oversight.
- All Portfolio Companies completed a 100+ question proprietary ESG KPI survey.
- 75% of our assets have a sustainability certification.

### Climate-resilient

- Voluntary disclosures aligned with TCFD.
- Portfolio demonstrates a high degree of climate resilience.
- Climate risk scores shared with over 98% of Portfolio Companies' boards and 80% of clients.

### Net zero

- Net zero targets for our Corporate and Financed emissions.
- Certified as carbon neutral for Corporate Emissions Scope 1, 2 and 3.
- Financed emissions (Portfolio Companies) to be disclosed in June 2023.

### External ratings

- UN PRI  
★★★★★ Investment & Stewardship policy  
★★★★ Direct Infrastructure
- Sustainalytics  
ESG Risk Rating 2021: negligible (8.3).
- ISS Corporate  
ESG Corporate Rating 2022:  
Prime (B-) - Decile Rank: 1

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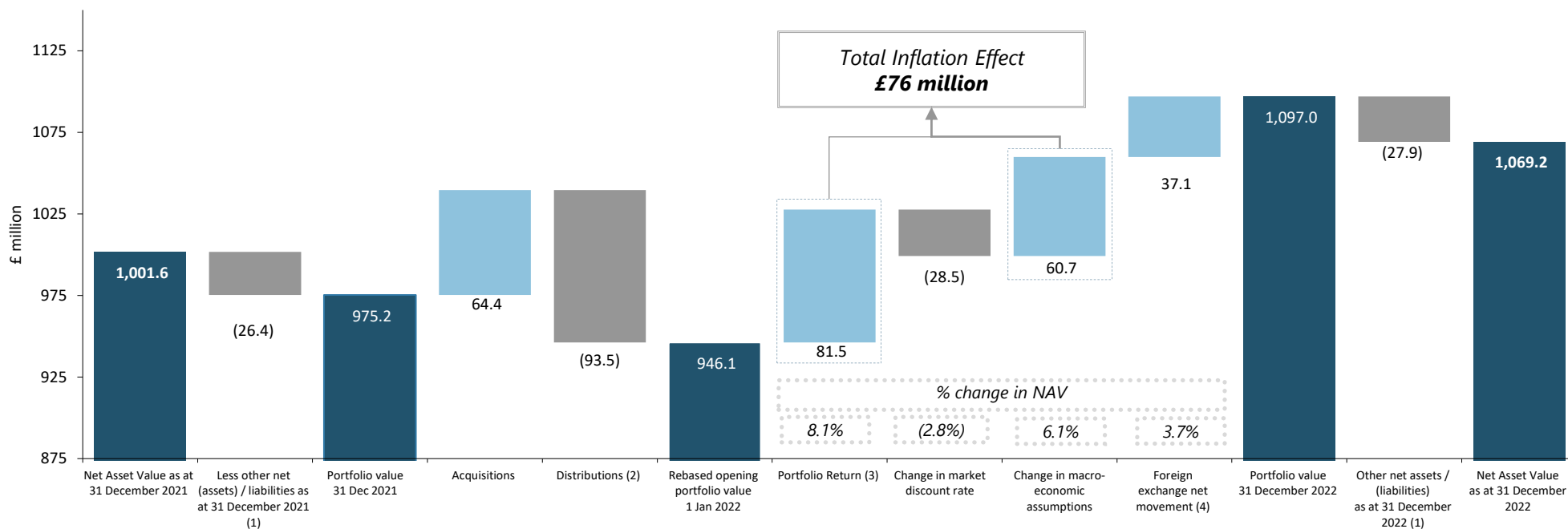
# Valuation





# Net asset value movement

Strong portfolio performance



NAV growth of 6.7%

£76 million, or a 7.6% increase in NAV due to total effect of short-term inflation forecast and the updated actual inflation

Forecast deposit rates increase resulted in a £15.8 million, or a 1.6% increase in NAV

Change in market discount rate resulted in a £28.5 million, or a 2.8% decrease in NAV

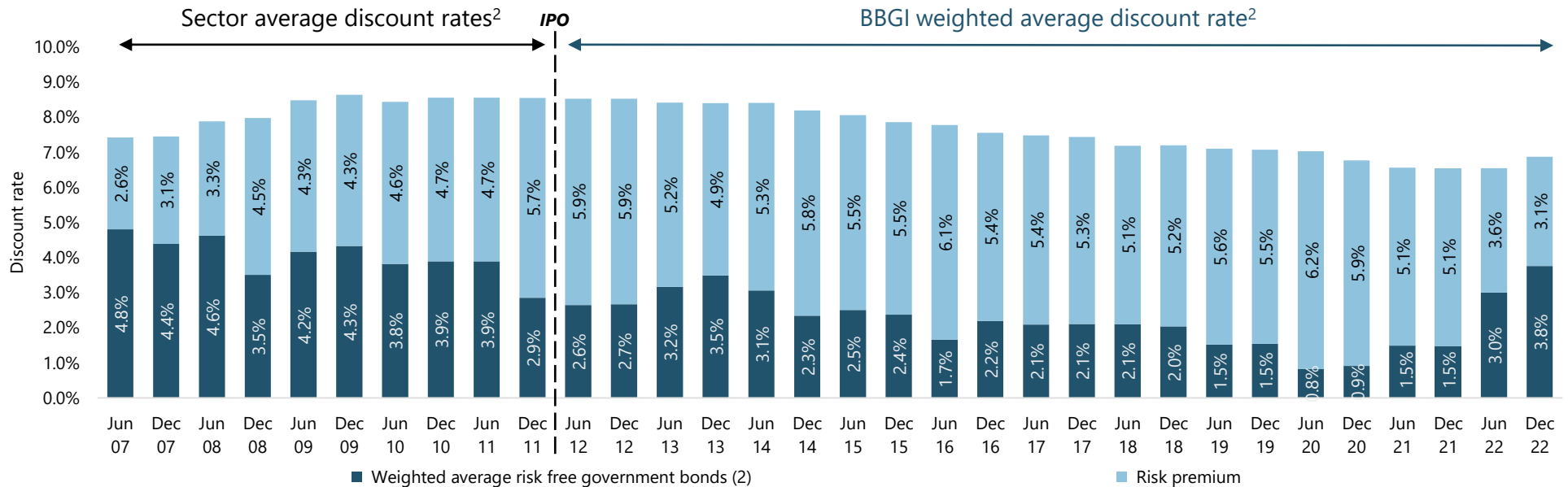
During the year, the Company recognised £81.5 million, or an 8.1% increase in the NAV from the unwinding of discount rates, the net effect of actual inflation and portfolio performance to reflect current expectations based on the Company's hands-on active asset management.

<sup>1</sup> 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 Company's Annual Report for further information.  
<sup>2</sup> While distributions from investments reduce the portfolio value, there is no impact on the Company's NAV as the effect of the reduction in the portfolio value (investments at FVPL) is offset by the receipt of cash (cash and cash equivalents) at the consolidated Group level. Distributions are shown net of withholding tax.  
<sup>3</sup> 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.  
<sup>4</sup> Includes the net asset from balance sheet hedging of £2.9 million. Refer to the Company's Annual Report for further information.

# Discount rates

Risk-free rates within historic ranges

## Average discount rates<sup>1</sup>



Weighted average discount rate of 6.9% at 31 December 2022  
(31 December 2021: 6.6%)

The Company believes, that a risk premium in the range of 250 to 350 basis points is appropriate for the low risk availability style assets in our portfolio

As transactional data was limited during the second half of 2022, we complemented our market-based approach by using the capital asset pricing model where government risk free rates plus an equity risk premium are used to calculate discount rates. This analysis is used as a reasonability check for our market-based approach

<sup>1</sup> Sector average from listed peers for the period from December 2007 until June 2011 and the BBGI discount rate from December 2011.

<sup>2</sup> Both Sector and BBGI weighted average risk-free rate estimates are based on the geographical breakdown of BBGI portfolio as at 31 December 2022.

# Financial overview

## Key macroeconomic assumptions

	31 December 2022		31 December 2021
<b>Discount rate</b>	Weighted average	6.9%	6.6%
<b>Inflation</b>	UK <sup>1</sup> RPI/CPIH	13.4% (actual) for 2022; 5.8% for 2023 then 2.75% (RPI) / 2.0% (CPIH)	2.75% / 2.00%
	Canada	6.3% (actual) for 2022; 4.0% for 2023; 2.3% for 2024, then 2.0%	2.00% / 2.35%
	Australia	8.0% for 2022; 4.75% for 2023; 3.25% for 2024, then 2.5%	2.50%
	Germany / Netherlands <sup>2</sup>	8.4% for 2022; 6.3% for 2023; 3.4% for 2024, then 2.0%	2.00%
	Norway <sup>2</sup>	5.9% (actual) for 2022; 4.9% for 2023, then 2.25%	2.25%
	US	6.5% (actual) for 2022; 3.4% for 2023, then 2.5%	2.50%
<b>Deposit rates (p.a.)</b>	UK	2.00% to 2024, then 1.50%	0.00% to 2023, then 1.00%
	Canada	3.50% to 2024, then 1.75%	0.50% to 2023, then 1.50%
	Australia	3.25% to 2024, then 3.00%	0.25% to 2023, then 2.00%
	Germany / Netherlands	0.50% to 2024, then 1.00%	0.00% to 2023, then 0.50%
	Norway	2.00% to 2024, then 2.00%	0.00% to 2023, then 2.00%
	US	3.75% to 2024, then 1.50%	0.00% to 2023, then 1.50%
<b>Corporate tax rates (p.a.)</b>	UK <sup>3</sup>	19.00% until March 2023, then 25%	19.0% to Q1 2023, then 25.0%
	Canada <sup>4</sup>	23.00% / 26.50% / 27.00% / 29.00%	23.0% / 26.5% / 27.0% / 29.0%
	Australia	30.00%	30.0%
	Germany <sup>5</sup>	15.83% (incl. solidarity charge)	15.8% (incl. solidarity charge)
	Netherlands	25.80%	25.8%
	Norway	22.00%	22.0%
	US	21.00%	21.0%

<sup>1</sup> 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.

<sup>2</sup> CPI indexation only. Where investments are subject to a basket of indices, a projection for non-CPI indices is used.

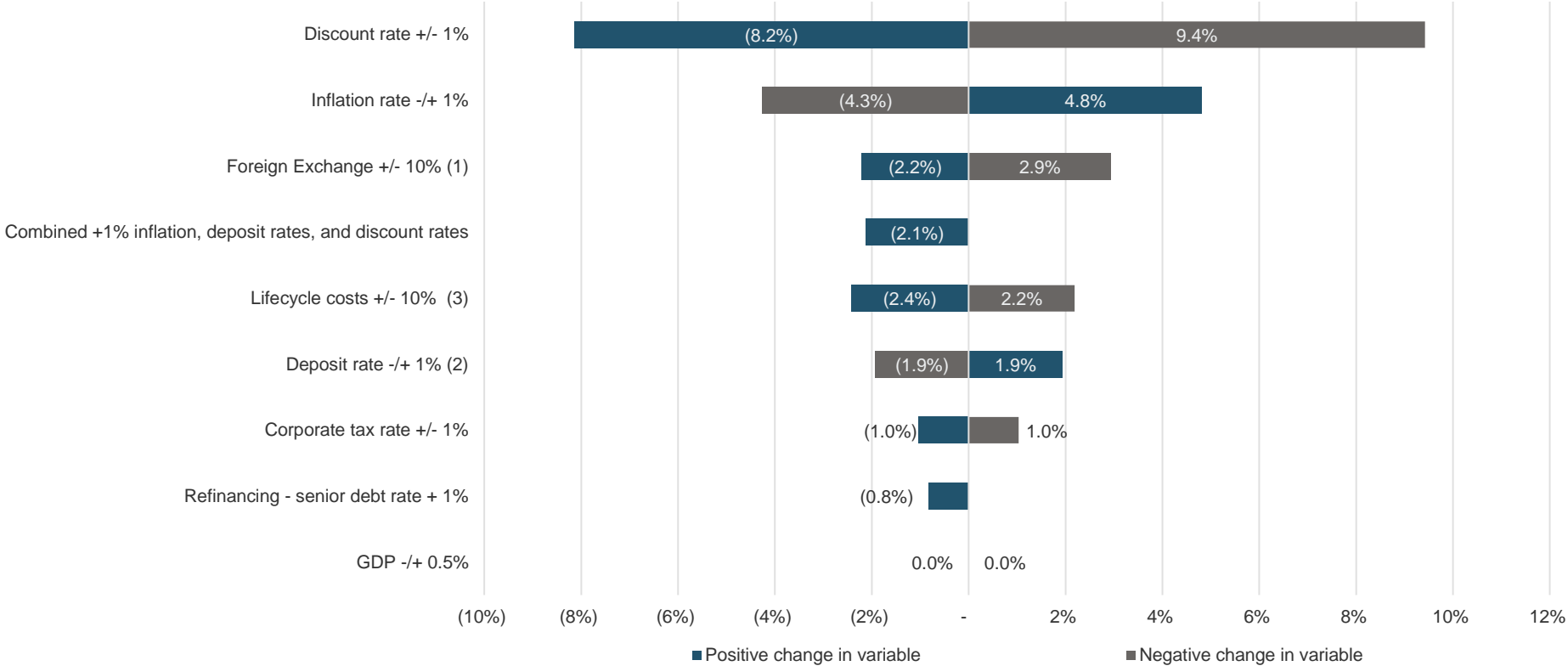
<sup>3</sup> On 10 June 2021, the UK Government enacted an increase in the UK Corporate Tax rate to 25.0% with effect from April 2023.

<sup>4</sup> Individual tax rates vary among Canadian Provinces: Alberta; Ontario, Quebec, Northwest Territory; Saskatchewan, British Columbia; New Brunswick.

<sup>5</sup> Individual local trade tax rates are considered in addition to the tax rate above.

# Key sensitivities

## Results expressed as a % of NAV



<sup>1</sup> Considering the contractual and natural hedges in place (see hedging strategy in the Company's Annual Report).

<sup>2</sup> Applied to the long-term rates in comparison to the macroeconomic assumptions.

<sup>3</sup> Applied to investments where Portfolio Company retains the lifecycle risk.

# Risk management

## General



### Economic & Market

- Government bond yields have increased significantly during 2022 and have led to increased discount rates, which negatively impacted the NAV;
- Higher actual and revised short term forecasted inflation and deposit rates have more than offset increased discount rates in the December 2022 valuation;
- Following the invasion of Ukraine in February 2022, the Company has not experienced any material adverse effect on the portfolio and continues to monitor the situation closely.



### Taxation

- The impact of changes in the global tax environment continues to be monitored;
- Our globally diversified portfolio of investments reduces tax concentration risk to any one country;
- We are monitoring the evolution of draft legislation for interest limitation rules in Canada and preliminary processes in Australia. The new rules are expected to result in a decrease in NAV of c. £12.5 million, which has been reflected in the December 2022 valuation.



### Sustainability

- BBGi seeks to integrate and evaluate material sustainability risks in our processes;
- We systematically consider whether, and to what extent, material financial ESG risks might meaningfully impact our investments;
- Events arising from adverse climate change are typically mitigated through insurance coverage, being passed down to subcontractors, and covered by the public sector as client relief events.



### Cyber-Risk

- Cyber-attacks, which are increasingly common, come in many forms and may have different motivations (political, criminal extortion, etc.);
- BBGi has taken several measures to reduce the risk of a cyber-attack at corporate level;
- In a typical PPP structure, the public sector client has its own IT systems and the vast majority of our Portfolio Companies do not maintain their own IT systems;
- IT related obligations and risks of Portfolio Companies are typically passed down to subcontractors;
- Residual risks could nevertheless affect BBGi's reputation and could also affect the Group.

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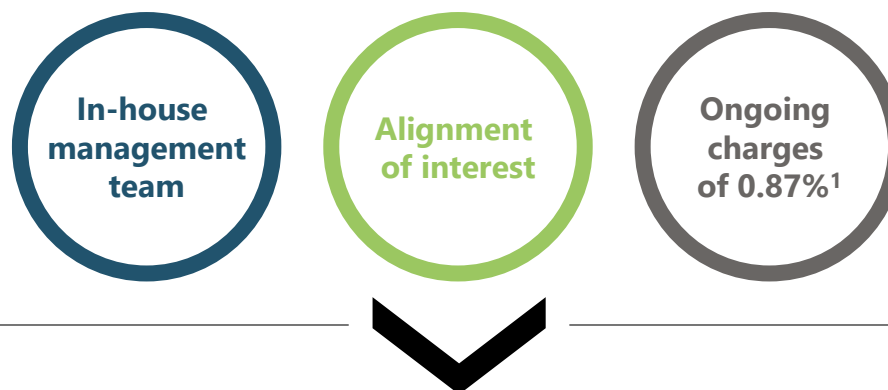
# Internal management





# Internal management

BBGI is the only internally-managed LSE-listed equity infrastructure investment company



## Delivering economic value for shareholders

No NAV-based management fees

No acquisition fees

Lowest ongoing charges<sup>2</sup> of all LSE-listed equity infrastructure investment companies

## No conflict of interest

Management team incentivised based on NAV per share growth and ESG performance

No growth for the sake of growth – pricing discipline

Full management focus, not distracted by other investment mandates

<sup>1</sup> Calculated using the AIC methodology and excludes all non-recurring costs (see detailed explanation in the Company's Annual Report).

<sup>2</sup> In comparison to the latest publicly available information for all closed ended LSE-listed equity infrastructure investment companies.

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# Pipeline



# Our pipeline

Disciplined and value accretive approach with focus on strong inflation linkage, yield or residual life

## Secondary pipeline

Attractive pipeline of secondary opportunities



Global pipeline of social infrastructure investments

## Strategic Partnership pipeline<sup>1</sup>

To date, resulting in the acquisition of six assets amounting to approximately C\$230m of investments



Successful acquisition of John Hart Generating Station in Q1 2022; total investment of C\$40m



Four SNC-Lavalin pipeline investments; total investment volume of c. C\$200m<sup>2</sup>

Sourcing transactions through our extensive industry relationships

Strategic investment partnership in North America provides attractive pipeline

Exploring portfolio diversification with similar long-term and inflation-linked investments with public sector (backed) counterparties

Acquiring equity interests from co-shareholders in existing investments

<sup>1</sup> This partnership is based on a "right of first offer" structure and is not an obligation to purchase.

<sup>2</sup> Potential investment opportunity.

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# Conclusion





## Low-risk & resilient portfolio

Strong performance of availability-style portfolio delivering long-term, predictable returns with high quality inflation linkage

Globally diversified portfolio in AAA/AA rated countries

Sustainable investment portfolio that benefits from a strong social purpose – SFDR Article 8 offering



## Performance

Strong operational and financial performance during the year delivering tangible results for all stakeholders

Shareholders benefit from strong NAV per share increases and progressive dividend growth

Internally-managed with highly experienced management team and low ongoing charges<sup>1</sup>



## Outlook

Under-investment in public infrastructure persists and constraints on public finance necessitates the involvement of the private sector

Maintain a disciplined and selective approach to growth

Confidence in our ability to continue to deliver positive and sustainable outcomes for all stakeholders over the short and longer term.

<sup>1</sup> Calculated using the AIC methodology and excludes all non-recurring costs (see detailed explanation in the Company's Annual Report).

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# Appendices





The logo for BBGi, consisting of the letters 'BBGi' in a white, sans-serif font against a blue background.

# BBGi

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**Our purpose is to deliver social infrastructure for healthier, safer and more connected societies, while creating sustainable value for all stakeholders.**

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## **Our vision**

We invest to serve and connect people.

---

## **Our values**

- Trusted to deliver
- Dependable partner
- Investor with impact
- Present-focused, future-ready



# Company overview

<b>The Company</b>	<ul style="list-style-type: none"><li>• Luxembourg Investment Company</li><li>• Chapter 15 Premium Listing on the UK Official List</li><li>• £ denominated shares</li></ul>
<b>Investment policy</b>	<ul style="list-style-type: none"><li>• Infrastructure investments predominantly availability-style or equivalent</li><li>• Principally operational investments</li><li>• Predominantly public sector-backed counterparties</li><li>• Single investment exposure limit of 25% of portfolio value</li><li>• Construction investments limited to maximum 25% of portfolio value</li><li>• Demand-based investments limited to maximum 25% of portfolio value</li></ul>
<b>Portfolio</b>	<ul style="list-style-type: none"><li>• 56 availability-style essential social infrastructure investments</li><li>• Weighted average concession length of 20.2 years</li><li>• Globally and diversified portfolio of infrastructure investments that generate long-term, attractive and sustainable returns</li></ul>
<b>Gearing</b>	<ul style="list-style-type: none"><li>• Prudent use of leverage with a maximum ratio of 33% of portfolio value</li></ul>
<b>Further investments</b>	<ul style="list-style-type: none"><li>• Selective and disciplined approach to growth</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>• Internal management team with extensive infrastructure experience</li><li>• Independent oversight performed by experienced Supervisory Board</li><li>• Performance-based and ESG linked remuneration (short and long-term)</li></ul>
<b>Dividend</b>	<ul style="list-style-type: none"><li>• Dividend targets of 7.93 pence per share for 2023, 8.40 pence per share for 2024, and 8.57 pence per share for 2025<sup>1</sup></li></ul>
<b>ESG</b>	<ul style="list-style-type: none"><li>• Article 8 product classification and meet the criteria for socially beneficial investments</li><li>• BBGi portfolio is very resilient to climate hazards both today and under future climate warming scenarios</li></ul>
<b>Ongoing charges</b>	<ul style="list-style-type: none"><li>• Very competitive ongoing charges percentage of 0.87%<sup>2</sup> at 31 December 2022</li></ul>
<b>Discount management</b>	<ul style="list-style-type: none"><li>• Discretionary share repurchases and tender offer authorisations in place with annual renewal</li><li>• Next continuation vote in 2023 and every second year thereafter</li></ul>
<b>Financial year end</b>	<ul style="list-style-type: none"><li>• 31 December</li></ul>

<sup>1</sup> These are targets only and are not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distribution at all.

<sup>2</sup> Calculated using the AIC methodology and excludes all non-recurring costs (see detailed explanation in the Company's Annual Report).

# Company overview

Value-driven active asset management

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**Value preservation**  
+  
**Value enhancement**

Efficiencies

Tax and  
treasury

Contract  
variations

Insurance  
premium

Refinancing

Lifecycle  
management

Operational  
synergies

ESG  
initiatives

Divestment/  
acquisitions

# Risk management

Foreign exchange and hedging

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## Continued mitigation of FX rate risk

### **Natural hedge for EUR denominated cash flow**

Majority of BBGi's running costs are paid in EUR

### **Balance sheet hedging through FX forward contracts**

Enter into one-year FX forward contracts to partially hedge non-GBP/EUR portfolio values

### **Hedging of forecast portfolio distributions**

Rolling four-year hedging policy for non-GBP/EUR portfolio distributions reducing risk of adverse currency movements on target dividends

### **Borrowing in non-GBP**

Multi-currency revolving credit facility permits borrowing in the currency of the underlying investment creating a natural hedge

# Portfolio overview

## Health



Gloucester Royal Hospital



Liverpool & Sefton Clinics (LIFT<sup>1</sup>)



North London Estates Partnerships (LIFT<sup>1</sup>)



Barking Dagenham & Havering Clinics (LIFT<sup>1</sup>)



Mersey Care Hospital (LIFT)



Royal Women's Hospital



Women's College Hospital



Kelowna and Vernon Hospitals



Restigouche Hospital Centre



McGill University Health Centre



Stanton Territorial Hospital



Ayrshire and Arran Hospital

## Education



Scottish Borders Schools



Clackmannanshire Schools



Kent Schools



Bedford Schools



Coventry Schools



East Down Colleges



Lisburn College



Tor Bank School



Lagan College



North West Regional College



Belfast Metropolitan College



Frankfurt Schools



Cologne Schools



Rodenkirchen Schools

<sup>1</sup> Assets were procured under the UK National Health Service LIFT (Local Improvement Finance Trust) programme



# Portfolio overview

## Transport



Canada Line



Golden Ears Bridge



Kicking Horse Canyon



North East Stoney Trail



Champlain Bridge



North Commuter Parkway



South East Stoney Trail



William R. Bennett Bridge



Northwest Anthony Henday Drive



Aberdeen Western Peripheral Route



Ohio River Bridges



M1 Westlink



Mersey Gateway Bridge



M80 Motorway



A7 Motorway



E18 Motorway



A1/A6 Motorway



N18 Motorway



Highway 104

## Blue Light and Modern Correctional Facilities



Avon & Somerset Police HQ



Stoke & Staffs Rescue Service



Burg Correctional Facility



Northern Territory Secure Facilities



Victoria Correctional Facilities



North West Fire & Rescue

## Affordable Housing, Clean Energy & Other



Poplar Affordable Housing and Recreational Centres



John Hart Generating Station



Westland Town Hall








Fürst Wrede Military Base



Unna Administrative Centre

# Responsible investor in social infrastructure

## Contribution to Sustainable Development Goals

Sustainable Development Goals	 <b>Good health and well-being</b>	 <b>Quality education</b>	 <b>Industry, innovation and infrastructure</b>	 <b>Sustainable cities and communities</b>	 <b>Peace, justice and strong institutions</b>
Positive social outcomes	<b>Healthcare</b> <ul style="list-style-type: none"> <li>• 41 healthcare facilities</li> <li>• c. 600,000 m<sup>2</sup> managed</li> <li>• c. 4 million patients</li> </ul> <b>Safety</b> <ul style="list-style-type: none"> <li>• 26 fire stations</li> <li>• c. 33,000 m<sup>2</sup> managed</li> <li>• c. 800,000 people</li> </ul>	<b>Education</b> <ul style="list-style-type: none"> <li>• 33 schools &amp; colleges</li> <li>• c. 430,000 m<sup>2</sup> managed</li> <li>• c. 36,000 pupils</li> </ul>	<b>Transport</b> <ul style="list-style-type: none"> <li>• 19 roads and bridges</li> <li>• c. 2,800 single-lane kms operated</li> <li>• c. 290 million vehicles</li> </ul> <b>Clean energy</b> <ul style="list-style-type: none"> <li>• One hydroelectric generation station</li> <li>• 132 MW installed</li> <li>• c. 80,000 homes</li> </ul>	<b>Public transport</b> <ul style="list-style-type: none"> <li>• One fully electric public transit line</li> <li>• c. 39 kms</li> <li>• c. 32 million passengers</li> </ul> <b>Social housing</b> <ul style="list-style-type: none"> <li>• Three affordable residential housing and two community centres</li> <li>• c. 17,000 m<sup>2</sup> / 100 units</li> <li>• c. 200 people</li> </ul>	<b>Safety</b> <ul style="list-style-type: none"> <li>• Four police stations</li> <li>• c. 16,000 m<sup>2</sup> managed</li> <li>• c. 1.5 million people</li> </ul> <b>Justice</b> <ul style="list-style-type: none"> <li>• Three modern correctional facilities</li> <li>• c. 190,000 m<sup>2</sup> managed</li> <li>• c. 2,500 detainees</li> </ul> <b>Public services</b> <ul style="list-style-type: none"> <li>• Two public administration buildings</li> <li>• 37,000 m<sup>2</sup> managed</li> <li>• c. 500,000 people</li> </ul>
Portfolio SDG contribution <sup>1</sup>	<b>23%</b>	<b>9%</b>	<b>51%</b>	<b>6%</b>	<b>11%</b>



### Climate-resilience

100% of assets screened for resilience and adaptative capacity to climate related hazards and natural disasters.

<sup>1</sup> Based on portfolio value as at 31 December 2022.

# Responsible investor in social infrastructure

ESG is an integrated part of our investment process



## 1 Sourcing

- Screening to determine compatibility with BBGI's ESG policy
- Public data searched to identify ESG issues
- Pre-defined exclusions list (adult entertainment, alcohol, tobacco, weapons, nuclear weapons, combat-related activities, fossil fuels, gaseous fuels, coal, destruction of critical habitats, breach of fundamental human rights, modern slavery and human trafficking, money laundering, terrorism financing, gambling)

## 2 Due diligence

- Align responsible investing approach to the SDGs framework and specifically focus on aligning any potential investment to six SDGs where BBGI's social investments portfolio has greatest impact.
- Detailed proprietary ESG KPI questionnaire covering SFDR principal adverse impacts indicators
- ESG assessment completed as part of Investment Committee papers
- Seek when necessary appropriate environmental, climate-risk and technical due diligence carried out by independent third-party experts
- Anti-money laundering screening and counter terrorism financing database checks

## 3 Stewardship

- Implement ESG policies at the Portfolio Company level
- Review and monitor assets for ESG-related issues and performance
- Assess climate risk against RCP2.6<sup>1</sup> (~+1°C warming), RCP4.5 (~+1.8°C warming) and RCP8.5 (~+3.7°C warming) across three time periods (2020, 2050, and 2100)
- Regular training of staff in ESG matters
- Review our staff's achievement of ESG targets and executive compensation tied to ESG
- Management Board's STIP and LTIP targets contain ESG and GHG reduction targets
- Seek to share ESG best practices inside and outside of the Company
- Share ESG information acquired during our concession period with our public sector clients

## 4 Monitoring

- Annual ESG KPI monitoring for each investment
- Active ESG management at the Portfolio Company level through engaged board representation
- Regular health and safety audits, fire audits, or other similar monitoring
- Consider investing to improve energy efficiency and reduce GHG emissions/decarbonisation pathways where relevant
- Where a potential climate risk has been identified, monitor if mitigation measures can be implemented over time
- Annual reporting of ESG initiatives
- Identify areas of improvement

## 5 Reporting

- Communicate results to stakeholders
- Annual reporting in line with ESG standards (SFDR, UN PRI, UNGC, NZAM and TCFD)
- Continuous improvement of process and reporting

## 6 End of investment life








- Hold investment for the duration or realise value through an exit
- Responsible and collaborative approach to asset hand back to the public sector

<sup>1</sup> RCP: Representative Concentration Pathway



# Financial overview

## Credit risk management

Country	Number of investments <sup>1</sup>	% of portfolio	S&P rating	Moody's rating
 Canada	16	35%	AAA	Aaa
 UK	25	32%	AA	Aa3
 Australia	3	10%	AAA	Aaa
 US	1	11%	AA+	Aaa
 Netherlands	11	12%	AAA	Aaa
 Norway			AAA	Aaa
 Germany			AAA	Aaa

Top 5 projects	Public sector counterparty	% of portfolio	S&P rating	Moody's rating
Ohio River Bridges	Indiana Finance Authority (IFA)	11%	AA+	Aa1
Golden Ears Bridge	Translink	10%	AA (DBRS)	Aa2
Northern Territory Secure Facilities	Northern Territory	5%	N/A	Aa3
Victoria Correctional Facilities	State of Victoria	4%	AA	Aa2
A1/A6 Motorway	Rijkswaterstaat	4%	AAA	Aaa

All investments are located in AAA to AA rated countries, including Canada, UK, Australia, US, Netherlands, Norway and Germany

Public sector counterparties on all investments either have strong investment grade ratings or are government-backed:

- In Canada, counterparty ratings range from A+ to AAA by S&P and DBRS, and from Aaa to Aa3 by Moody's
- In the UK, local authorities procuring PPP projects may benefit from central government backing
- In Australia, counterparties are rated AAA / Aaa and Aa3
- In the US, the counterparty is rated AA+/Aa1
- In Netherlands, local authorities procuring PPP projects may benefit from central government backing
- In Norway, the counterparty is rated AAA/Aaa
- In Germany, local authorities benefit from legislative support from the Republic of Germany rated AAA/Aaa

<sup>1</sup> As at 31 December 2022.

# Financial overview

## Foreign exchange

GBP /	Valuation impact	FX rates as at 31 December 2022	FX rates as at 31 December 2021	FX rate change v GBP
AUD	▲	1.7743	1.8607	4.64%
CAD	▲	1.6386	1.7159	4.50%
EUR	▲	1.1298	1.1912	5.15%
NOK	▼	11.9150	11.9114	(0.03%)
USD	▲	1.2097	1.3512	10.47%

Depreciation of GBP against the AUD, CAD, EUR, and USD

Appreciation of GBP against the NOK

Positive FX impact on portfolio value since IPO: £11.9 million

Diversified currency exposure

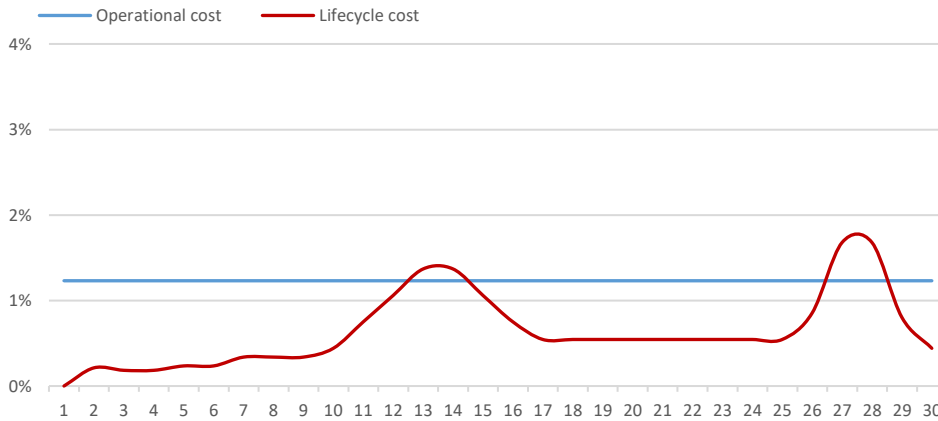
Hedging strategy results in an implied GBP exposure of c. 74%

# Risk management

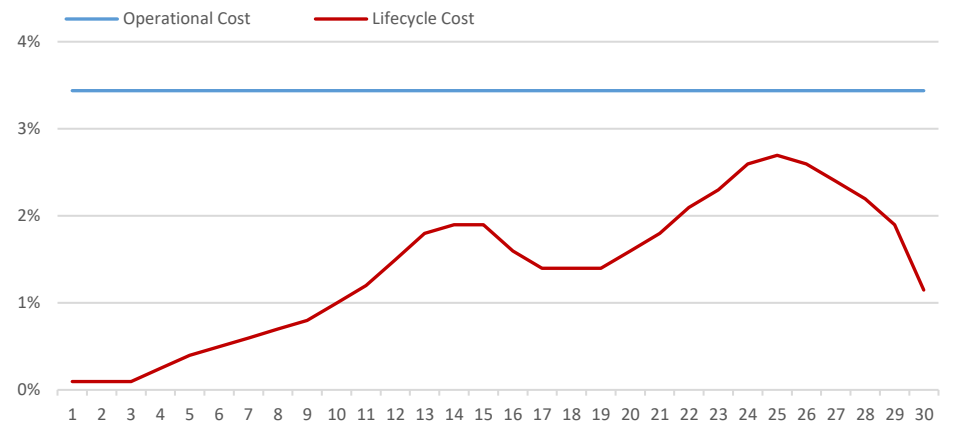
## Operational Gearing

### Operational gearing is typically lower in availability roads & bridges than buildings

Typical O&M and Lifecycle Profile - Roads and Bridges



Typical O&M and Lifecycle Profile - Buildings (e.g. schools, hospitals)



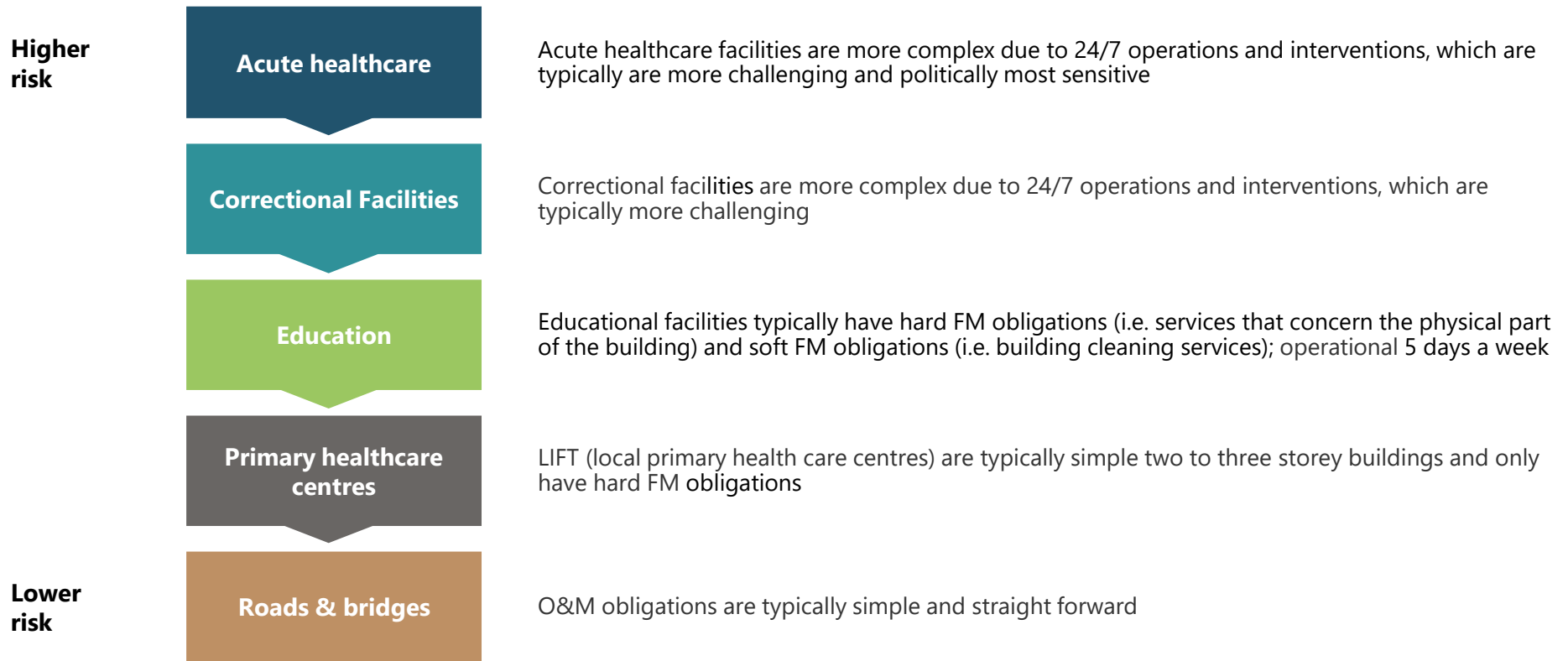
<b>Lifecycle costs<sup>1</sup></b>	c. 19% of construction cost over concession
<b>Lifecycle spending<sup>1</sup></b>	c. 2-3 consolidated main interventions
<b>Operational cost<sup>1</sup></b>	c. 1% p.a. of construction cost
<b>Maintenance profile</b>	Fewer maintenance groups – less complex coordination
<b>Client interaction</b>	Client is not the main user of the asset and has fewer interfaces

c. 42% of construction cost over concession
Several interventions with more even distribution over operating period
c. 3% p.a. of construction cost
Many maintenance groups – complex coordination and organisation of maintenance and replacement work
Client is the user of the asset with day-to-day exposure

<sup>1</sup> Analysis based on investments within the BBGi portfolio, June 2022 financial models, percentages are based on nominal operational and lifecycle cost compared to original construction cost.

# PPP sector differentiation

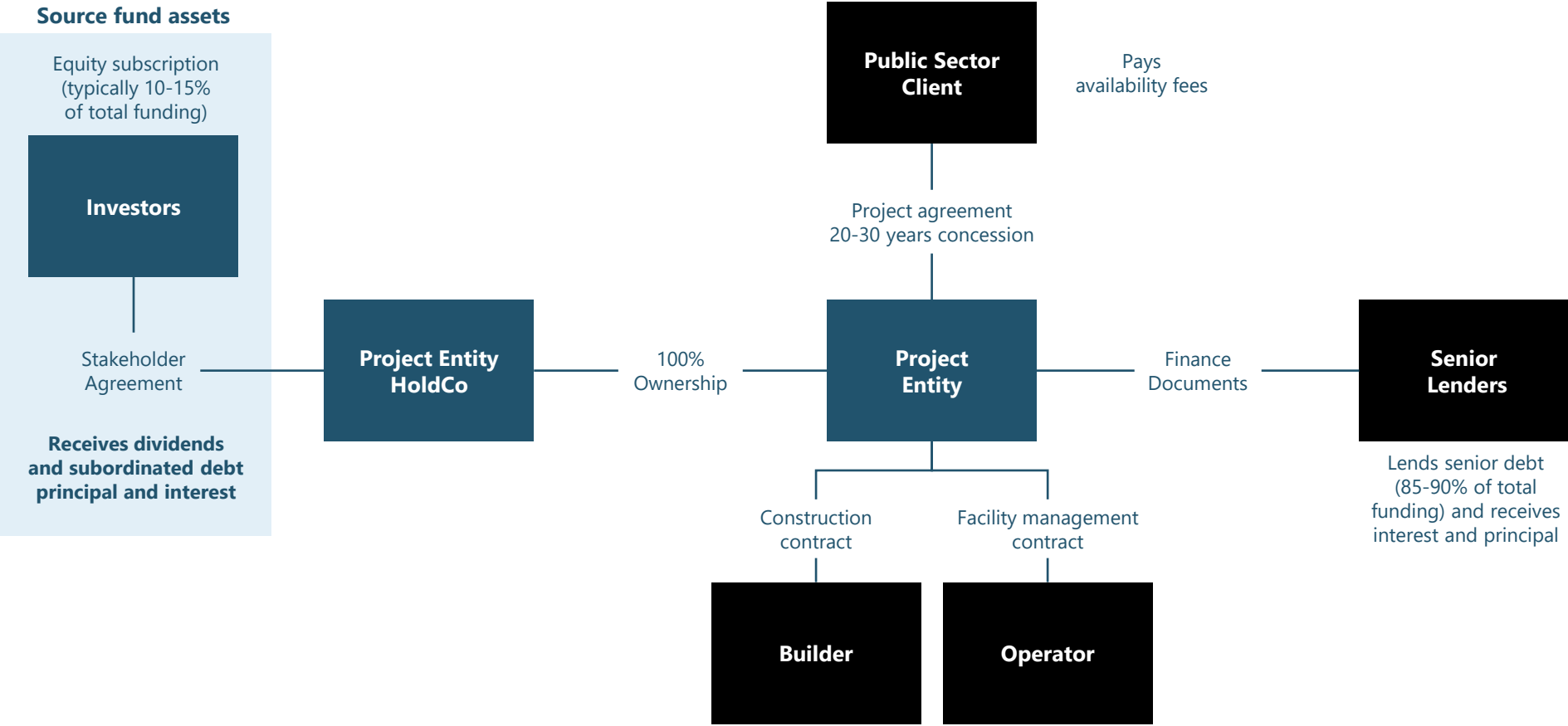
## BBGi PPP sector exposure is towards the lower end of the risk spectrum<sup>1</sup>



<sup>1</sup>This is a simplified assessment of PPP sector risk and actual risk profile may be different depending on the facts and circumstances.

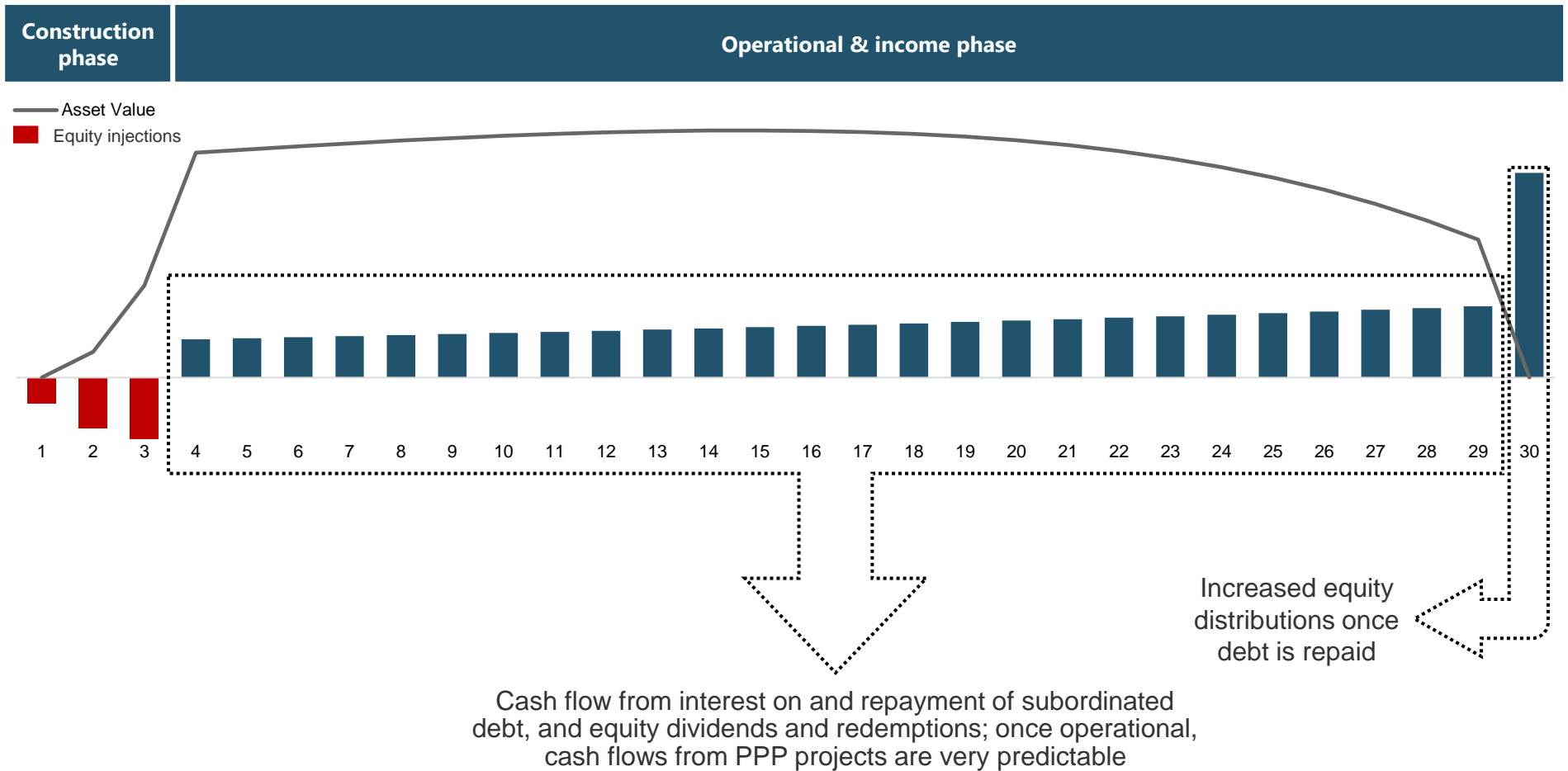
# PPP overview

## Typical ownership structure



# PPP overview

## Illustrative PPP equity investment cash flow profile





**Duncan Ball**  
Co-CEO

Duncan Ball has been co-CEO of BBGI from inception and was actively involved in the establishment and IPO listing of BBGI in 2011 and the subsequent growth from 19 investments at IPO to 56 investments currently.

Duncan has worked in the infrastructure sector, investment banking and advisory business for over 30 years.

As co-CEO of BBGI, Duncan is responsible for overall strategy and management of the Company. He is one of three members of the Management Board, and sits on the Investment Committee and the ESG Committee. Additionally, he is a shareholder representative or holds directorships in key investments of BBGI.



**Frank Schramm**  
Co-CEO

Frank Schramm has been co-CEO of BBGI from inception and was actively involved in the establishment and IPO listing of BBGI in 2011 and the subsequent growth from 19 investments at IPO to 56 investments currently.

Frank has worked in the infrastructure sector, investment banking and advisory business for over 25 years.

As co-CEO of BBGI, Frank is responsible for overall strategy and management of the Company. He is one of three members of the Management Board, and sits on the Investment Committee and the ESG Committee. Additionally, he is a shareholder representative or holds directorships in key investments of BBGI.

# Contact details

## BBGI

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