BBGI

www.bb-gi.com

Interim Report 2023

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

Company overview

Strategic report

Financial statements

Listing	Chapter 15 premium listing, closed-ended investment company
Trading	Main Market
ISIN	LU0686550053
SEDOL	B6QWXM4
Indices	FTSE 250, FTSE 350, FTSE 350 High Yield and FTSE All-Share
RCS	B163879

Find out more
www.bb-gi.com

Image on front cover: Champlain Bridge, Canada

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 responsible capital to build and maintain critical social infrastructure[1].

From hospitals to schools, to affordable housing and safer roads, we partner with the public sector to deliver social infrastructure that forms the building blocks of local economies, while creating sustainable value for all stakeholders.

Our purpose:

To deliver social infrastructure for healthier, safer and more connected societies, while creating sustainable value for all stakeholders.

Our vision:

We invest to serve and connect people.

Our values:

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

1 Social infrastructure refers to public infrastructure assets and services. It includes education, healthcare, blue light (fire and police), affordable housing, modern correctional facilities, clean energy and transport infrastructure assets. In exchange for providing these assets and services, BBGI receives a revenue stream that is paid directly by the public sector.

Six Months in Numbers

Financial highlights[2]

Investment Basis NAV	NAV per share	Annualised total NAV return per share since IPO
£1,056.7m	147.8pps[3]	8.8%
down 1.2% as at 30 June 2023 (31 December 2022: £1,069.2m)	down 1.4% as at 30 June 2023 (31 December 2022: 149.9pps)	FY 2022: 9.1%

High-quality inflation linkage	Annualised ongoing charges	Cash dividend cover
0.6%	0.92%	1.68x
(FY 2022: 0.5%)	(FY 2022: 0.87%)	FY 2022: 1.47x

2023 target dividend	2024 target dividend	2025 target dividend
7.93pps	8.40pps	8.57pps
+6%	+6%	+2%

Portfolio highlights

- Strong operational performance of our globally diversified portfolio of 56 high-quality, 100 per cent availability-style infrastructure assets.
- Maintained a consistently high asset availability rate of 99.9 per cent.
- Contracted high-quality inflation linkage of 0.6 per cent.
- 6 per cent dividend growth targets for 2023 and 2024 reaffirmed.
- Cash receipts ahead of projections, with no material lockups or defaults.
- Fund level leverage remains modest with £25.8 million of RCF cash drawings, representing only 2.4 per cent of NAV, which could be repaid with excess cash by 31 December 2023. Net debt of £7.9 million.
- No structural gearing at Group level, and, with limited exceptions only, borrowing costs are fixed at the Portfolio Company level, providing stability and predictability. 55 of 56 projects have no refinancing risk during the concession period.
- No outstanding commitments to acquire assets and no requirement to raise capital in the foreseeable future.
- Disciplined approach to capital allocation and potential acquisitions.
- Weighted average discount rate increased to 7.2 per cent from 6.9 per cent as at 31 December 2022, reflecting an equity risk premium of c. 3.4 per cent, mainly reflecting an increase in UK risk-free rates.
- Hedging strategy aimed to reduce NAV foreign exchange ('FX') sensitivity to c. 3 per cent for a 10 per cent movement in FX.
- Completed a comprehensive data collection process to assess our portfolio's Scope 1, 2 and material Scope 3 greenhouse gas ('GHG') emissions, carbon footprint and carbon intensity, a crucial step in the journey to net zero.

2 Refer to the Alternative Performance Measures section of this Interim Report for further details.
3 Pence per share ('pps').

E18, Norway

Portfolio at a Glance

The fundamentals

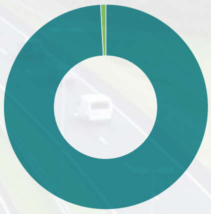
Based on portfolio value as at 30 June 2023.

Investment type

100 per cent availability-style[4] revenue stream.

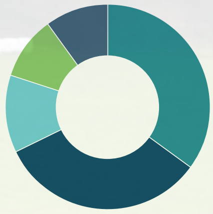
Investment status

Low-risk operational portfolio.



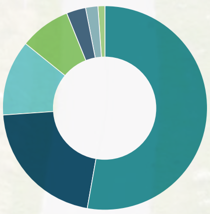
Geographical split

Geographically diversified in stable developed countries.



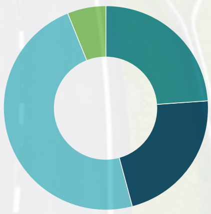
Sector split

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



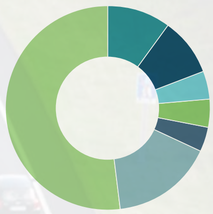
Investment life

Long investment life with 46 per cent of portfolio by value with a duration of greater than or equal to 20 years; weighted average life of 19.8 years. Average portfolio debt maturity of 15.9 years.



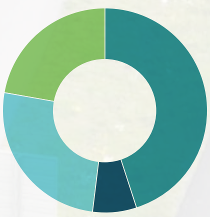
Top-five investments

Well-diversified portfolio with no major single asset exposure.



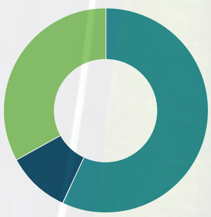
Investment ownership

78 per cent of assets by value in the portfolio are 50 per cent owned or greater.



Country rating

All assets located in countries with ratings between AA and AAA[5].



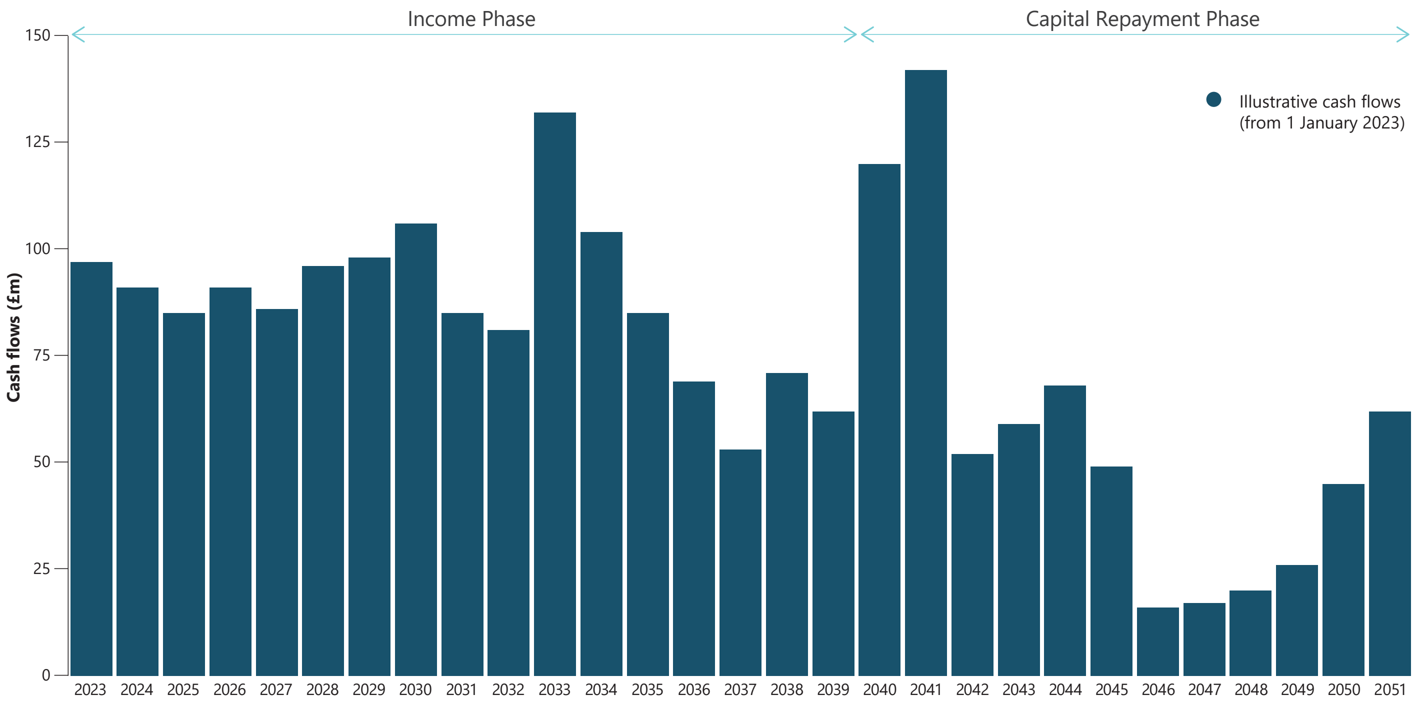
4 Availability-style means revenues are paid provided the assets are available for use, so our portfolio has no exposure to demand-based or regulated investments.
5 Source: Standard & Poor's credit ratings.

Projected portfolio cash flow

Our underlying assets generate a consistent and long-term stream of inflation-linked cash flows, extending up to 2051. These cash flows are predictable due to the involvement of government or government-backed counterparties and the contractual nature of the agreements.

Based on current estimates, and assuming no further acquisitions for illustrative purposes only, the portfolio is forecasted to enter the capital repayment phase in September 2039. After this, cash inflows from the portfolio are paid to our shareholders as capital and the portfolio valuation reduces as assets reach the end of their concession term.

As at 30 June 2023, BBGI had a weighted average portfolio life of 19.8 years, a decrease of 0.4 years compared with 31 December 2022. By prioritising the acquisition of assets with a long residual life, we have maintained a portfolio with a long weighted average life.



This illustrative chart is a target only, as at 30 June 2023, and is not a profit forecast. There can be no assurance this target will be met. The hypothetical target cash flows do not consider any unforeseen costs, expenses or other factors that may affect the portfolio assets and therefore the impact on the cash flows to the Company. As such, the chart 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 above.

Chair's Statement

On behalf of the Supervisory Board, I am pleased to report the strong operational performance of our globally diversified portfolio of social infrastructure assets for the first six months of 2023. These results reflect the low-risk investment strategy, prudent financial management and value driven asset management approach that we have successfully deployed since our IPO in 2011.

Our financial performance was resilient throughout H1 2023, despite the ongoing challenging macroeconomic environment, which has been characterised by high inflation and rising interest rates, general market uncertainty and the volatile geopolitical backdrop.

The defensive and global nature of our portfolio has again provided stable, predictable and inflation-linked cash flows, and we have continued to generate secure, high-quality inflation-linked income and increased dividends that are expected to remain well covered.

Revenue from our 56 assets is 100 per cent availability-style, meaning revenues are paid so long as the assets are available for use. We are insulated from demand risk which can be subject to the volatility of the economic cycle. At the period end, BBGI's investment portfolio was 99.4 per cent operational, underlining the strength of our portfolio and the quality of the operational management delivered by our teams. We have only one asset under construction, Highway 104 in Nova Scotia, Canada, where completion is scheduled for Q3 2023.

Global portfolio resilient despite market volatility and uncertainty

There has been market rerating across all sectors in the alternative asset space in H1 2023. During this period, we have observed a modest decrease in the NAV per share of 1.4 per cent to NAV 147.8pps, impacted by macroeconomic variables beyond our control. This reduction is mainly attributed to an increase in discount rates and negative foreign exchange movements. The increase in discount rates particularly impacted our UK assets, which constitute 33 per cent of our portfolio. In the UK, the risk-free rate has materially increased during H1 2023, with c. 0.5 per cent added to 20-year gilt yields since 31 December 2022. Conversely, outside the UK, long-term government bond yields have declined in all jurisdictions except Norway.

The negative valuation effects have been partly mitigated by increased deposit and inflation rates, as well as the value enhancements our team has delivered across our portfolio.

Strong liquidity position and robust portfolio-level debt financing arrangements

We continue to benefit from a robust liquidity position - of the 56 assets in our portfolio, only one has a refinancing obligation for a small tranche of debt. We are therefore largely insulated from recent increases in interest rates. Our fund level leverage also remains modest. Drawings on our RCF could be repaid using excess cash generated by the Company's portfolio of investments by 31 December 2023. We have no investment transaction commitments.

Re-affirming our progressive dividend policy and dividend targets

In March 2023, we provided revised dividend targets for 2023 and 2024 of 7.93pps and 8.40pps, respectively. These revised dividend targets will increase the dividend growth rate to 6 per cent, ensuring our shareholders benefit from the increased value created by our high-quality, inflation-linked portfolio. We had strong cash dividend cover of 1.68x in H1 2023, with cash receipts ahead of projections, and no reported lock-ups or material defaults reported at any of our Portfolio Companies. We expect our dividend targets to be fully cash covered.

Strengthening our environmental, social and governance processes and progress

Our purpose is to focus on delivering social infrastructure for healthier, safer and more connected societies, while creating sustainable value for all stakeholders. Our portfolio investments are the essential assets on which people rely every day, such as schools, hospitals, fire and police stations, affordable housing, modern correctional facilities and transport. We partner with the public sector, underpinned by government or government-backed counterparties, to help deliver and manage responsibly these assets for the long term.

Given our role as a steward of essential infrastructure, ESG is a fundamental part of how we do business and we are focused on embedding our environmental and social commitments as part of our sustainability obligations. We are developing our ESG reporting processes and now report Scope 1, 2 and material Scope 3 GHG emissions, where possible, for all our Portfolio Companies. We believe that the measuring and reporting of emissions is the first step towards meaningful progress on our journey to net zero.

Outlook

BBGI has not been immune to the uncertain market and economic backdrop that has impacted investor sentiment on almost all UK listed investment companies. The Board does not believe the current share price adequately reflects the value of the portfolio and its high-quality inflation linkage, nor does it reflect our strong financial position and operational performance. As part of its overall capital allocation strategy, the Board will continue to closely monitor the discount and will take it into consideration. However, any potential actions to reduce the discount will only be undertaken after thorough consideration and taking into account the long-term implications.

The macroeconomic environment is expected to remain volatile, particularly in the UK, and inflation is likely to remain high at least for the near term. As an internally-managed investment company, our leadership team's alignment of interest with our shareholders is clear. In this period of economic volatility, we will continue to be disciplined in our approach to capital allocation and will only consider transactions that are accretive to our shareholders.

Sarah Whitney
Chair
30 August 2023

Co-CEO's Statement

Our investment proposition is robust and defensive: we invest in creditworthy, government-backed assets, with high-quality inflation-linked cash flows, that perform well throughout market and economic cycles.

Our results for H1 2023 demonstrate our continued strong operational performance despite the challenging economic times. Through our consistent, disciplined approach to active asset management and prudent financial management, our investments have continued to deliver during the period, with a resilient financial performance. Over the past six months, we have continued to generate high-quality, predictable and inflation-linked cash flows, and strong dividend cover for our shareholders.

We are creating a positive sustainable impact on the local communities served by our 56 infrastructure assets, helping to provide the responsible capital required to build and maintain critical social infrastructure in the countries where we do business.

Valuation and NAV update

As at 30 June 2023, our NAV per share decreased by 1.4 per cent to 147.8pps (31 December 2022: 149.9pps). There are several market-specific factors that contributed to the net decrease in the NAV, the more notable being:

- The weighted average discount rate increased from 6.9 per cent to 7.2 per cent over H1 2023, largely due to the rise in long-term gilt yields in the UK impacting our UK assets.
- The negative net effect of foreign exchange movements, after adjusting for the offsetting effect of the Company's hedging strategy, resulting in a NAV decrease of £12.9 million or 1.2 per cent.
- These valuation impacts have been partly mitigated by updated inflation and deposit rate assumptions and value enhancements to our portfolio.

The number of availability-style transactions and available market data points have increased in H1 2023 compared to H2 2022, and these data points support our revised discount rate of 7.2 per cent. Notwithstanding, the Company complements its 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 method is used as a reasonability check to our market-based approach.

During H1 2023, short-term interest rates continued to rise. The most significant impact on long-term government bond yields, and subsequently on the discount rates used in the valuation process, was observed in the UK, where we have seen an increase of c. 0.5 per cent on the risk-free rate thereby contributing to an increase in the UK discount rate for stable operational projects to 7.5 per cent. In contrast, in all other countries where we invest with the exception of Norway, long-term government bond yields have declined and as a result the weighted average risk-free rate across the portfolio remained flat. We benefitted from the global nature of our portfolio of investments with no singular concentration risk in any one country.

Capital Allocation Policy

In the current macro-economic environment, our strategy focuses on directing surplus capital towards the repayment of any outstanding drawings on the revolving credit facility. However, when appropriate opportunities arise, we have a structured process for considering potential new investments. These opportunities are evaluated with a focus on both dividends and returns, illustrating our commitment to pursuing selective and disciplined growth.

Prudent financial and risk management

Our approach to risk management remains unchanged and there has been no material movement in our risk profile over the past year. Our portfolio is not directly impacted by the conflict in Ukraine or energy price volatility. Through our effective hedging strategy, we have managed to limit foreign exchange losses.

As of 30 June 2023, our liquidity position remains robust, with a net debt position of £7.9 million and £25.8 million of cash drawings under our £230 million multi-currency RCF, maturing in May 2026. Fund level leverage remains modest, representing only 2.4 per cent of NAV with no investment transaction commitments. All cash drawings at 30 June 2023 were in Euros, with an all-in debt rate of 5.08[6] per cent. By using excess cash generated by the Company's portfolio of investments, these drawings could be repaid 31 December 2023.

Furthermore, we have benefitted from strong liquidity and our portfolio-level debt financing arrangements, therefore rising debt costs have had a limited impact on our financial health, as evidenced by:

- No structural gearing.
- Portfolio-level borrowings are non-recourse with the vast majority having fixed base rates during the concession period. Of the 56 assets in our portfolio, only one has a refinancing obligation for a tranche of debt. This minor refinancing risk exists in relation to changes in the lending margin only as the base market rate has been hedged for the entire debt term. If the lending margin increases by 1 per cent from the current forecast, the NAV could be negatively impacted by £7.9 million (0.7 per cent of NAV).
- Our proportionate share of Portfolio Company deposits total approximately

6 Euribor 3.43 per cent plus margin of 1.65 per cent.

Co-CEO's Statement *continued*

£385 million[7]. Through our proactive asset management strategy, we have secured competitive deposit rates across all currencies and currently earn c. 4.5 per cent on weighted average basis. The interest generated from these deposits provides a counterbalance against the negative impact on our portfolio valuation caused by the increased weighted average discount rate.

Value-driven asset management

We focus on operational performance to drive efficiencies and generate portfolio optimisation. Our hands-on approach preserves and enhances the value of our investments, delivering well-maintained social infrastructure for communities and end-users, and attractive returns over the long term for shareholders.

Value-accretive activities, including effective lifecycle cost management, Portfolio Company cost savings, and optimised cash reserving, contributed approximately £7.6 million to the NAV.

We maintain our track record of no reported lock-ups or material defaults at our Portfolio Companies, and we continue to generate a consistently high asset availability rate of 99.9 per cent.

As the sole internally managed equity infrastructure investment company on the London Stock Exchange, our structure ensures our interests are fully aligned with our investors. We are not incentivised by assets under management, but rather value creation.

Dividend

We declared a half-year dividend of 3.965pps for H1 2023, in line with our target. We are reconfirming our progressive dividend policy and our dividend targets, which we revised in March 2023 for 2023 and 2024, increasing the dividend growth rate to 6 per cent. This ensures our shareholders benefit from the increased value created by our high-quality, inflation-linked portfolio. We also introduced a new dividend target of 8.57pps for 2025 and we expect all our dividend targets to be fully cash covered. While our dividend growth target is set at 6 per cent for 2023 and 2024 in response to higher short term inflation assumptions, our 2025 target projects a 2 per cent growth under our progressive dividend policy, predicated on an assumption of a more stable macroeconomic environment. Assuming a scenario where no additional investments are made, the projected cash flows generated in the income phase from BBGI's current portfolio of 56 investments would sustain the Company's progressive dividend policy[8] for at least 15 years.

Contributing to a net-zero future

Our asset management approach is aligned to six Sustainable Development Goals ('SDGs') with a focused ESG approach fully integrated into our business model, which is led by our purpose. In June 2023, we published our 2022 ESG report, which provides detailed information on our ESG progress and showcases achievements at our 56 Portfolio Companies.

Under Sustainable Finance Disclosure Regulation ('SFDR'), we fall within the scope of Article 8, where the investment product promotes social characteristics and follows good governance practices. In June 2023, we filed our latest SFDR disclosures, including details on how we measure our performance in engaging with our stakeholders and our contributions to meeting our social characteristics.

During the period, a comprehensive data collection exercise was conducted to capture Scope 1, 2 and material Scope 3 GHG emissions data from all our Portfolio Companies between 2019 to 2022.

Our objective is to have 70 per cent of our Portfolio Companies by value to be 'net zero' 'aligned', or 'aligning', by 2030, with these principles embedded in our executive remuneration targets.

Looking ahead

We would like to thank our team once again for their hard work over the past six months. Their dedication and approach are outstanding and remain a fundamental part of our success.

We will continue to maintain a disciplined approach to capital allocation and transaction activity, only participating in the market and evaluating potential investment opportunities when they are clearly value accretive. Preserving and enhancing the value of our portfolio remain our top priorities. The strength of our assets is evidenced by the continued strong market demand for similar assets, thanks to their high-quality, secure, and long-term inflation-linked contracts, which generate predictable cash flows. This, in turn, enables us to deliver attractive returns to our shareholders over the long term. We approach the future with confidence.

Duncan Ball
Co-CEO
30 August 2023

Frank Schramm
Co-CEO

Key Highlights for H1 2023

Half-year Dividend

3.965pps

for H1 2023, to be paid in October 2023, in line with target of 7.93pps for the year.

Reaffirmed dividend targets

for 2023 7.93pps

for 2024 8.40pps

representing a 6% increase year on year, and a dividend target of **8.57pps for 2025**: all expected to be fully cash-covered.

Strong cash dividend cover

1.68x

(2022: 1.47x).

NAV per share decreased

1.4% to 147.8pps

(2022: 149.9pps), impacted by a rise in discount rates and negative foreign exchange movements, and partly offset by increases in interest earned on deposits, positive impact of inflation on revenues and value enhancements.

Annualised total NAV return per share

8.8%

since IPO[9].

Annualised ongoing charges

0.92%

(2022: 0.87%).

Cash receipts from portfolio distributions ahead of projections

Modest fund level leverage

£25.8 million cash drawings, representing only 2.4% of NAV, which could be repaid with excess cash by 31 December 2023. Net debt of £7.9 million. The company has no investment transaction commitments.

ESG

Completed a comprehensive data collection process to assess our portfolio's Scope 1, 2 and material Scope 3 GHG emissions, carbon footprint and carbon intensity, an important step in the journey to net zero.

7 At 31 March 2023.
8 Assumes a 2 per cent dividend growth from 2025 onwards.
9 Refer to the Alternative Performance Measures section of this Interim Report for more detail.

Our Investment Strategy

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

Our portfolio is well diversified across sectors in education, healthcare, blue light (fire and police), affordable housing, modern correctional facilities, clean energy and transport infrastructure assets. Our business model is built on four strategic pillars: (i) low-risk, (ii) globally diversified, (iii) strong ESG approach and (iv) internally managed.

Mersey Gateway Bridge, UK

Our Investment Strategy *continued*

Low-risk

- Availability-style investment strategy.
- Secure, public sector-backed contracted revenues.
- Stable, predictable cash flows, with high-quality inflation linkage and progressive long-term dividend growth.

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 Article 8[10] – and high degree of climate resilience.
- Executive compensation linked to ESG performance.

Internally managed

- In-house management team focused on delivering shareholder value first, portfolio growth second.
- Management interests aligned with those of shareholders.
- Strong pricing discipline and portfolio management.
- Lowest comparative ongoing charges[11].

Our business model is the bedrock of our success, enabling us to deliver:

1

Robust shareholder returns

2

Low correlation to other asset classes

3

Sustainable growth

10 SFDR disclosure requirements. The Company is designated as an Article 8 Fund under SFDR and reports on criteria for a socially beneficial investment.
11 In comparison to the latest publicly available information for all closed-ended, LSE-listed equity infrastructure investment companies.

Operating Model

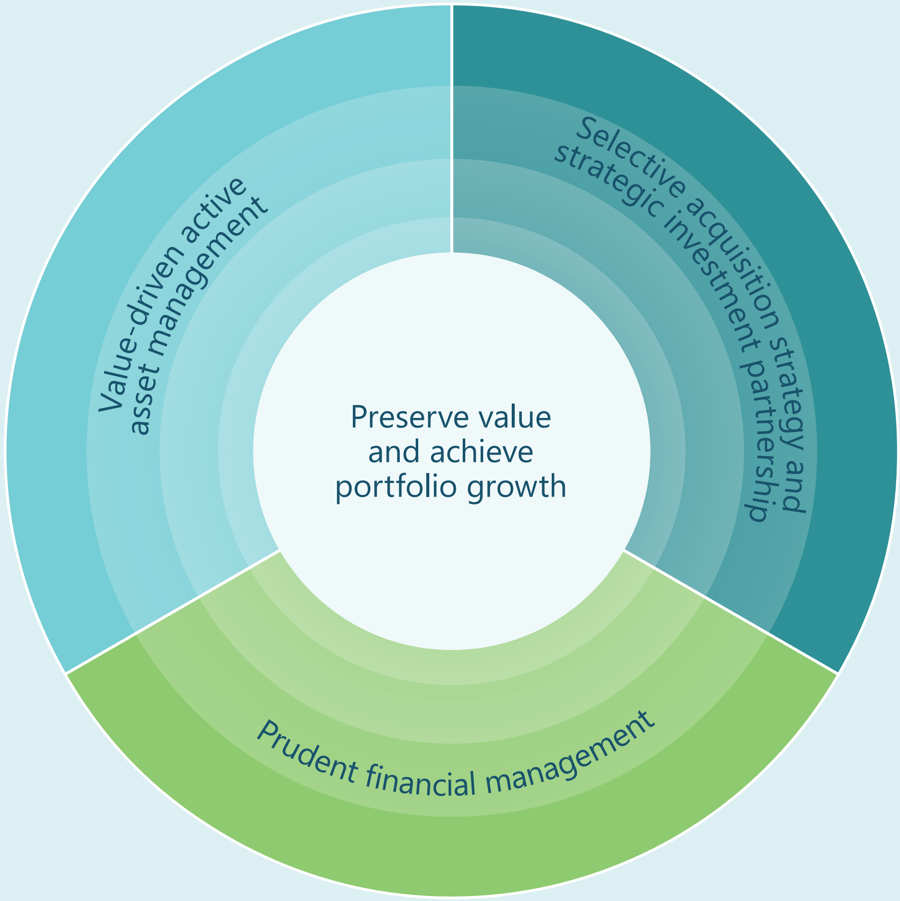
We follow a proven operating model based on three principles: value-driven active asset management, prudent financial management and a selective acquisition strategy, which are fundamental to our success. This model aims to preserve and create value, while achieving portfolio growth, ensuring that ESG considerations are embedded in our processes.

Our **active asset management** approach seeks to ensure stable operational performance, preservation of value and, where possible, identification and incorporation of value enhancements over the lifetime of the assets under our stewardship. Our approach aims to reduce costs to our public sector clients and asset end-users, to enhance the operational efficiency of each asset and to generate a high level of asset availability, underpinning the social purpose of our portfolio.

Our **prudent financial management** approach focuses on efficient cash and corporate cost management and the implementation of our foreign exchange hedging strategy. Due to our portfolio's extensive geographical diversification, we are exposed to foreign exchange volatility, which we actively seek to mitigate.

We pursue a **selective acquisition strategy**, so our Management Board's focus remains within its area of expertise, and we uphold the strategic pillars defined by our investment proposition. We actively seek, through portfolio construction, acquisitions with long-term, predictable, and inflation-protection characteristics that support our contracted, high-quality, inflation linkage of 0.6 per cent.

Our operating model



Fish salvage at John Hart Generating Station, Canada

Operating Model *continued*

Value-driven active asset management

We pursue a standardised approach across our portfolio to preserve value, to derive operational and value enhancements, and to improve clients' experience, including:

– 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.
– Focused cost management and portfolio-wide cost-saving initiatives, to leverage economies of scale or outperform the base case, such as portfolio insurance and standardised management contracts for Portfolio Companies, and lifecycle cost reviews.
– Comprehensive monitoring, to ensure we fulfil our contractual obligations.
– Detailed climate risk assessment and ESG KPI tracking tool, which includes over 100 KPIs and questions, to evaluate the sustainable performance of each of our investments.
– Maintaining high availability levels by proactively managing any issues, including site visits to all significant investments.
– Monitoring and periodically reviewing Portfolio Company debt facilities and investigating potential refinancing benefits.
– Measured exposure to construction risk to support NAV uplift by de-risking assets over the construction period.

Prudent financial management

We focus on cash performance at both the asset and portfolio level to drive efficiencies, including:

– Progressive future dividend growth, underpinned by high-quality inflation linkage and strong portfolio distributions. Assuming a scenario where no additional investments are made, the projected cash flows in the income phase from BBGI's current portfolio of 56 investments could sustain the Company's progressive dividend policy for at least 15 years.
– Low ongoing charges through our efficient and cost-effective internal management structure.
– Managing and mitigating foreign exchange risk through our hedging strategy: hedging forecast portfolio distributions, balance sheet hedging through foreign exchange forward contracts, and borrowing in non-Sterling currencies.
– Euro-denominated running costs, which provide a natural hedge against Euro-denominated portfolio distributions.
– Efficient treasury management system for cash in the underlying Portfolio Companies to maximise interest income on deposits.
– Maintaining modest cash balances at the corporate level to limit cash drag, facilitated through access to the RCF.

Selective acquisition strategy and strategic investment partnership

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

– Broad industry relationships throughout multiple geographies.
– Pre-emption rights to acquire co-shareholders' interests.
– Visible pipeline through a North American strategic partnership, which offers an option, but not an obligation, to transact.
– Global exposure to benefit from geographical diversification.
– Robust framework embedding ESG principles into investment due diligence.
– Revolving corporate debt facility to support transaction execution.
– Focus on the Management Board's core areas of expertise.

– We leverage strong relationships with leading construction companies to source potential pipeline investments, which support our low-risk and globally diversified investment strategy. Typically, these contractors have secured the mandate to design and build new assets, but look to divest financially after the construction period has finished – thereafter often maintaining facility management contracts through a long-term partnership. BBGI is an attractive partner for several 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 with a publicly-listed status, 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 Portfolio Company debt onto the balance sheet of their parent company.
– We have extensive asset credentials and a strong track record, which can assist with the shortlisting process for new projects.

Portfolio Review

Portfolio summary

Our investments as at 30 June 2023 consisted of interests in 56 high-quality, availability-style social infrastructure assets, 99.9 per cent of which are fully operational (by portfolio value). The portfolio is well diversified across sectors in education, healthcare, blue light (fire and police), affordable housing, modern correctional facilities, clean energy, and transport infrastructure assets.

Located in Australia, Canada, Germany, the Netherlands, Norway, the UK, and the US, all Portfolio Companies are in stable, well-developed, and highly-rated investment grade countries.

No.	Asset*	Country	Percentage holding %
1	A1/A6 Motorway	Netherlands	37.1
2	A7 Motorway	Germany	49
3	Aberdeen Western Peripheral Route	UK	33.3
4	Avon & Somerset Police HQ	UK	100
5	Ayrshire and Arran Hospital	UK	100
6	Barking Dagenham & Havering Primary Care (LIFT)	UK	60
7	Bedford Schools	UK	100
8	Belfast Metropolitan College	UK	100
9	Burg Correctional Facility	Germany	90
10	Canada Line	Canada	26.7
11	Champlain Bridge	Canada	25
12	Clackmannanshire Schools	UK	100
13	Cologne Schools	Germany	50
14	Coventry Schools	UK	100
15	E18 Motorway	Norway	100
16	East Down Colleges	UK	100
17	Frankfurt Schools	Germany	50
18	Fürst Wrede Barracks	Germany	50
19	Gloucester Royal Hospital	UK	50
20	Golden Ears Bridge	Canada	100
21	Highway 104	Canada	50
22	John Hart Generating Station	Canada	80
23	Kelowna and Vernon Hospital	Canada	100
24	Kent Schools	UK	50
25	Kicking Horse Canyon Highway	Canada	50
26	Lagan College	UK	100
27	Lisburn College	UK	100
28	Liverpool & Sefton Primary Care (LIFT)	UK	60
29	M1 Westlink	UK	100
30	M80 Motorway	UK	50
31	McGill University Health Centre	Canada	40
32	Mersey Care Hospital	UK	79.6
33	Mersey Gateway Bridge	UK	37.5
34	N18 Motorway	Netherlands	52
35	North Commuter Parkway	Canada	50
36	North East Stoney Trail	Canada	100
37	North London Estates Partnerships Primary Care (LIFT)	UK	60
38	North West Fire and Rescue	UK	100
39	North West Regional College	UK	100
40	Northwest Anthony Henday Drive	Canada	50
41	Northern Territory Secure Facilities	Australia	100
42	Ohio River Bridges	US	66.7
43	Poplar Affordable Housing & Recreational Centres	UK	100
44	Restigouche Hospital Centre	Canada	80
45	Rodenkirchen Schools	Germany	50
46	Royal Women's Hospital	Australia	100
47	Scottish Borders Schools	UK	100
48	South East Stoney Trail Motorway	Canada	40
49	Stanton Territorial Hospital	Canada	100
50	Stoke & Staffs Rescue Service	UK	85
51	Tor Bank School	UK	100
52	Unna Administrative Centre	Germany	90
53	Victoria Correctional Facilities	Australia	100
54	Westland Town Hall	Netherlands	100
55	William R. Bennett Bridge	Canada	80
56	Women's College Hospital	Canada	100

*Projects are listed in alphabetical order


'Hamburg Roofs': green spaces and parks on top of two tunnels on A7, Germany

Portfolio Review *continued*

Operating model in action

Preserving and enhancing value through active asset management
Increasing short-term interest rates across all jurisdictions over the past 12 to 18 months has led to a renewed emphasis on treasury management and optimisation. During the reporting period, we have finalised cash pooling arrangements in the UK and Canada to maximise interest generated on cash deposits of our Portfolio Companies.

Value-accretive activities, including effective lifecycle cost management, Portfolio Company savings, and optimised cash reserving, contributed approximately £7.6 million to the NAV.

The operational performance of the Portfolio Companies continued to be strong. Through our active value-driven approach to asset management and the robustness of our portfolio we have achieved an asset availability level of approximately 99.9 per cent. 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, default events or covenant breaches in the underlying debt financing agreements reported in the six months to 30 June 2023. This means that all our investments contributed to our strong dividend cover with distributions ahead of projections. We are very proud of this achievement.

High-quality inflation linkage
During the reporting period, inflation and interest rates continued to remain at elevated levels in all jurisdictions where BBGI invests. The rise in long-term interest rates had an impact on discount rates, but it has become clear that not all asset classes perform identically in a rising interest rate environment.

Our equity cash flows are positively linked to inflation at approximately 0.6 per cent. If long-term inflation is 1 per cent higher than our assumptions for all future periods, returns should increase from 7.2 per cent to 7.8 per cent. We achieve this high-quality inflation linkage through contractual indexation mechanics in our Project Agreements with our public sector clients at each Portfolio Company, and update the inflation adjustment at least annually.

We pass on the indexation mechanism to our subcontractors – on whom we rely to support our assets' operations – providing an inflation cost hedge to effectively manage our cost base.

The Portfolio Companies enter facilities management and operating subcontracts that mirror the inflation arrangements contained in the Project Agreement. In the UK, Project Agreements tend to have a Retail Price Index (RPI) adjustment factor, while other regions commonly use Consumer Price Index (CPI) indexation. However, some Project Agreements have bespoke inflation indexes that reflect expected operations and maintenance costs.

The extent of a Portfolio Company's linkage to inflation is determined by the portion of income and costs linked to inflation. In most cases, cash flows are positively inflation-linked as the indexation of revenues is greater than the indexation of expenses.

The high-quality and defensive nature of our inflation linkage is underpinned by:

Contractual increases: The adjustment for inflation is a contractual component of the availability-style cash flows for each Portfolio Company, supported by creditworthy government or government-backed counterparties in AA to AAA-rated countries. While other types of assets may offer a strong theoretical inflation linkage (e.g., the ability to raise prices in response to an increase in CPI), they may be subject to changes in elasticity of demand. For example, toll roads and student accommodation projects may have the potential to increase prices in response to an increase in CPI but may be hindered by market demand from increasing revenue, while costs may simultaneously rise. Such assets would therefore need to be priced at an appropriate risk-adjusted basis.

Protection against rising costs: We transfer the indexation mechanism to our subcontractors, who are crucial in supporting the operations of our assets. This arrangement serves as an inflation cost hedge, helping us to efficiently control our cost base. Similarly, in most cases, the risk of energy cost increases rests with our public sector client or has been passed down to the subcontractor.

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: Our inflation linkage comes from diverse Portfolio Companies in different countries.

Prudent financial management
Our assets continued to perform well during the reporting period with cash receipts during the period ahead of projections.

Our net debt position as of 30 June 2023 was £7.9 million with drawings outstanding under the RCF representing 2.4 per cent of NAV.

We have efficient cash management in place, which aims to avoid cash drag. We use the proven financing methodology of drawing on our 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 provides us with the ability to execute larger acquisitions in an efficient manner, and ensures we are a trusted and repeat partner in our key markets.

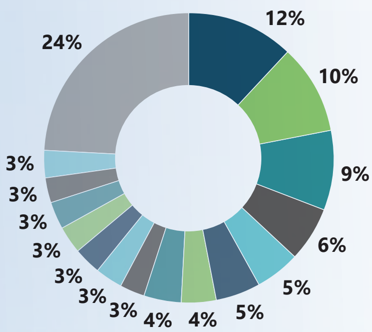
Despite increasing cost pressures resulting from heightened levels of inflation, our diligent approach to cost management has enabled us to maintain our ongoing charges at a competitive level of 0.92 per cent.

Selective acquisition strategy
During the period, we remained active in the market and carefully assessed new investment opportunities. Although we evaluated several opportunities, the Management Board chose not to pursue them as they did not meet our criteria for accretive inflation-linkage, yield, or residual life.

Supply chain monitoring
The Management Board consistently monitors the potential concentration risk posed by operations and maintenance (O&M) contractors that provide counterparty services to our assets. The table on the next page depicts the level of O&M contractor exposure as a percentage of portfolio value.[12]

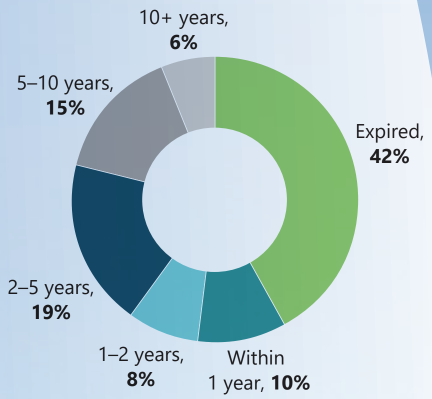
12 For this illustration, when a project has more than one FM contractor and/or O&M contractor, the exposure is allocated equally among the contractors.

O&M Contractors



Portfolio Company in-house	12%
SNC-Lavalin O&M Inc	10%
Capilano Highway Services	9%
Black & McDonald	6%
Cushman and Wakefield	5%
Integral FM	5%
Hochtief Solutions AG	4%
Honeywell	4%
Carmacks Maintenance Services	3%
Amey Community Ltd.	3%
Intertoll Ltd.	3%
Guildmore Ltd.	3%
Graham AM	3%
BEAR Scotland	3%
Galliford Try FM	3%
Remaining investments	24%
	100%

Latent defects limitations/ Warranty period remaining



Expired	42%
Within 1 year	10%
1–2 years	8%
2–5 years	19%
5–10 years	15%
10+ years	6%
	100%

The Management Board has thoroughly assessed the risk exposure and has not identified any significant risks. We have a strict supply chain monitoring policy in place and maintain a diverse contractor base and supply chain, with no concentrated exposure. Additionally, we have implemented risk mitigation measures to address any potential supply chain issues proactively.

Construction defects

We proactively monitor the quality of our assets to promptly identify any construction defects. When necessary, we take appropriate remediation measures to ensure the highest standard of our portfolio. The responsibility for, and the cost of remediation and related deductions lie with the relevant construction subcontractor on each asset, in line with statutory limitation periods. This plays an important role in our effective counterparty risk management.

Latent defects risk was mitigated during the reporting period, with 58 per cent of portfolio value covered by either limitation or warranty periods and there were no material defects reported on any of our portfolio assets.

Project hand back

At the end of a concession, the private partner transfers control and management of the project back to the public sector. This process is termed 'hand back'. The concessions for two of the Company's UK accommodation assets will expire in January 2026 and August 2027. Preparations for their hand back is underway. Following the Infrastructure and Projects Authority UK's guidelines, collaborative working groups have been established, comprising representatives from the Authority, the FM contractor, and the Portfolio Companies, each involved in the projects. The FM contractor bears the hand back risk for both assets.

The hand back process is progressing positively, with notable advancements made so far. Interactions and cooperation among all parties are robust, fostering strong relationships. As of now, no risks that could affect either of the Portfolio Companies have been detected in the process.

William R. Bennett Bridge, Canada

Market Trends and Pipeline

BBGI continues to operate in an unpredictable macroeconomic and geopolitical environment. Financial markets remain volatile, and peak inflation and interest rate levels and timing remain uncertain.

As rising long-term risk-free rates were predominantly observed in the UK during the reporting period, we have seen robust demand and only a moderate increase in pricing for high-quality availability-style infrastructure assets, as evidenced by third-party transactions. However, the changing macroeconomic conditions have negatively impacted the share prices of listed infrastructure companies, limiting sector participants' short-term access to equity capital markets. Therefore, we will continue to exercise discipline and only pursue transactions that are accretive and enhance our portfolio construction.

We believe infrastructure will remain an attractive asset class due to its defensive nature, predictable cash flows, and inflation linkage. Looking ahead, the social infrastructure asset class shows promising prospects, driven by the need for decarbonisation, digitalisation, and the upgrade or replacement of ageing infrastructure.

With a healthy balance sheet and a largely untapped RCF, we are well positioned to navigate the evolving core infrastructure landscape with discipline and ambition. Our objective is to deliver accretive long-term predictable and inflation-linked cash flows to our shareholders.

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

Within the broader infrastructure sector, there has been a wide variation in how different types of assets have performed. Going forward, economic infrastructure investments may be impacted if the economy grows at lower rates than forecast. However, the availability-style infrastructure assets in which we invest are less cyclical, and thus more resilient during potential economic downturns.

New opportunities

While BBGI's primary focus remains on the secondary market, we recognise that primary market activity serves as an essential indicator for future secondary opportunities in the medium to longer term. Although there is no guarantee that the planned infrastructure spending will result in investment opportunities, we expect that governments will seek private sector capital to support their ambitious plans, especially considering the significant strain on government balance sheets following the Covid pandemic.

Numerous countries have announced substantial infrastructure investments in response to climate change targets. The OECD forecasts a need for US$6.9 trillion in global investment annually until 2030 to meet climate and development objectives.[13]

Canada

The 'Investing in Canada Plan' commits over C$180 billion until 2035 for infrastructure projects benefitting Canadians. Over C$136 billion has been invested to date. The Investing in Canada Plan is designed to achieve three objectives: create long-term economic growth to build a stronger middle class; support the resilience of communities and transition to a clean growth economy; and build social inclusion and socio-economic outcomes for all Canadians. Investments will be directed towards infrastructure to support a resilient recovery, focusing on public transit, low-carbon transition initiatives, and a national infrastructure fund.

UK

The UK Infrastructure Bank, established in 2021, aims to stimulate growth and transition to net zero by 2050. Together with the private sector and local government, the bank is leading a shared mission to accelerate investment in the UK's infrastructure. The government expects to support at least £40 billion of investments in various sectors, including transport, water, waste and digital.

US

The Infrastructure Investment and Jobs Act, a US$1.2 trillion bipartisan bill approved in November 2021, commits significant funding to infrastructure development across various areas, including roads, bridges, public transit and broadband. It is the largest such investment programme in more than a generation and raises 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 between 2021 and 2027[14]. The strategy will seek to develop physical infrastructure in five key sectors: digital; climate and energy; transport; health; and education and research and allows 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 2022-2033 in land transport infrastructure through its rolling infrastructure pipeline, most of which is delivered under the Infrastructure Investment 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.

2023 and beyond: BBGI's pipeline for transactions

BBGI remains committed to expanding its essential social infrastructure portfolio. From 19 availability-style assets in 2011, our portfolio has grown to 56 assets, including roads, schools, healthcare facilities, transport and modern correctional facilities.

Our focus remains on assets with long-term predictable and inflation-linked revenues, often with public sector counterparties, either through concessions or direct ownership. These opportunities will further diversify and strengthen our portfolio, ensuring sustainable returns for our shareholders.

LIFT Liverpool and Sefton, UK

13 https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679081/EPRS_BRI(2021)679081_EN.pdf
14 https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6433

Operating and Financial Review

The Management Board is pleased to present the Operating and Financial Review for the six months ended 30 June 2023.

Highlights and Key Performance Indicators

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

KPI	Target	Dec-20	Dec-21	Dec-22	Jun-23	Commentary
Dividends (paid or declared)	Progressive long-term dividend growth in pps	7.18	7.33	7.48	3.965	50% of the 2023 target declared
NAV per share	Positive NAV per share growth	1.2%	2.1%	6.6%	(1.4%)	Not achieved during the reporting period
Annualised total shareholder return since IPO	7% to 8% annualised on IPO issue price of £1 per share	11.0%	10.4%	8.8%	7.4%	Achieved
Ongoing charge	Competitive cost position	0.86%	0.86%	0.87%	0.92%[15]	Achieved
Cash dividend cover	>1.0x	1.27x	1.31x	1.47x	1.68x	Achieved
Asset availability	> 98% asset availability	Yes	Yes	Yes	Yes	Achieved
Single asset concentration risk (as a percentage of portfolio)	To be less than 25% of portfolio immediately post-acquisition	9% (GEB)	11% (ORB)	11% (ORB)	10% (ORB)	Achieved
Availability-style assets (as a percentage of portfolio)	Maximise availability-style assets	100%	100%	100%	100%	Achieved

15 The June 2023 ongoing charge is calculated on an annualised basis. Refer to the Alternative Performance Measurement section of this Interim Report for further details.

Operating and Financial Review *continued*

Asset Management

Cash performance

Our portfolio of 56 high-quality, availability-style PPP infrastructure investments performed well during the period, with total cash flows ahead of projections and the underlying financial models.

Construction exposure

Our 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. We aim to produce a stable dividend, while gaining exposure to the potential NAV uplift that occurs when assets move from successful construction to the operational phase.

As at 30 June 2023, 99.4 per cent of our assets were operational. Highway 104 in Canada is the only project in construction. We reached financial close on our Highway 104 project in May 2020, with substantial completion scheduled for Q3 2023. The Management Board believes measured construction exposure will not compromise our ability to meet our dividend targets.

Investment performance

Return track record

Like many other listed companies in the infrastructure and renewables sectors, macro uncertainty has weighed on investor sentiment and our shares have traded at a discount to NAV for a notable portion of the reporting period.

The share price weakness and associated discount to Net Asset Value, has been seen across BBGI's UK listed peers and reflects amongst other things the markets concern about the effects of higher inflation, higher interest rates and potential consumer recessions, on areas such as discount rates, the availability and price of debt and the volume and price of infrastructure transactions going forward. However, the Board does not believe the current share price accurately reflects the value of our portfolio or its prospects.

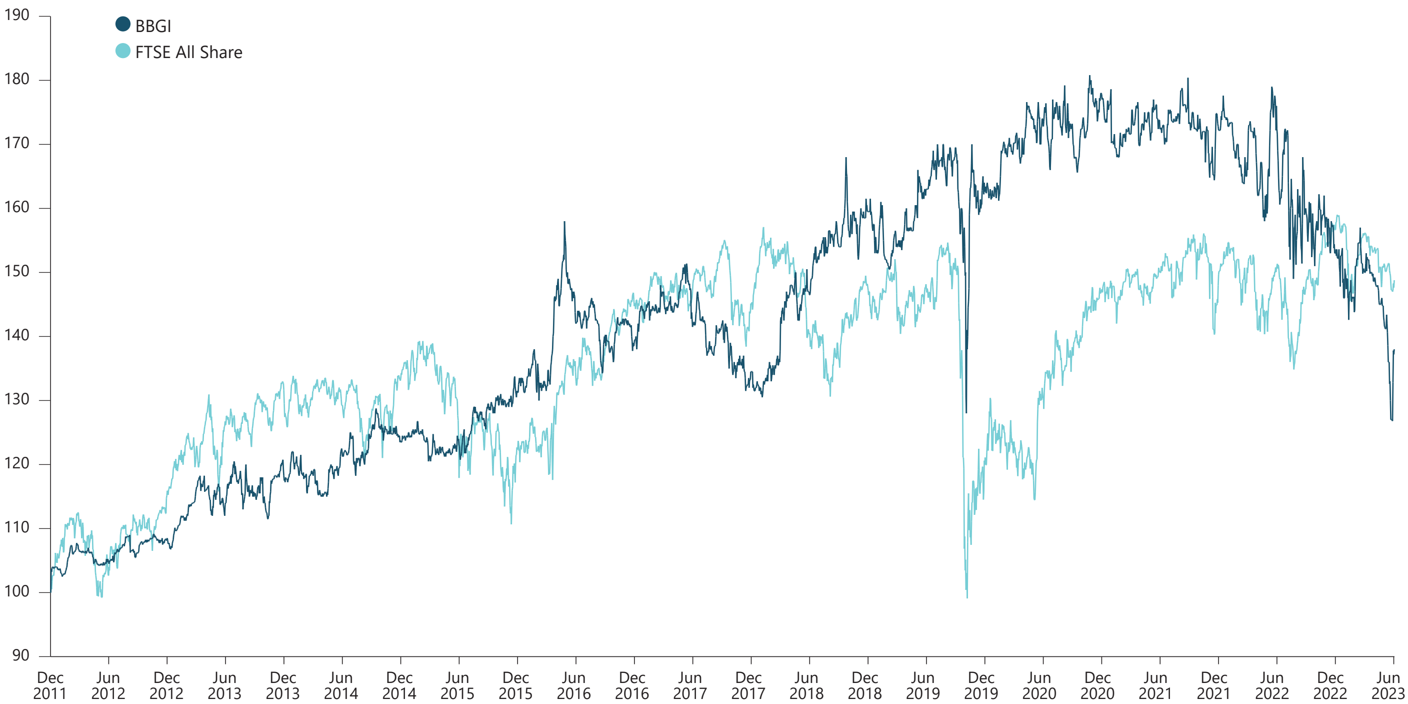
Since going public in 2011, BBGI shares have only briefly traded at a discount to NAV, namely at the start of the global pandemic in March 2020, during the UK Prime Minister Truss 'Mini budget', and more recently during H1 2023 amidst concerns about the impact of rising interest rates on the valuations of infrastructure and renewable investments. The Company is focused on long-term investing with its low-risk portfolio of long duration assets providing the opportunity to look beyond these periods of market stress. The Board closely monitors the discount and takes it into consideration as part of its overall capital allocation strategy, however, actions to try to reduce the discount will only be undertaken after thorough consideration and taking into account the long-term implications.

Against the FTSE All-Share, the Company has shown a low ten-year correlation of 26.3 per cent and a beta of 0.26.

The share price closed at 138.0 pence on 30 June 2023, representing a 6.6 per cent discount to the NAV per share at the period-end.

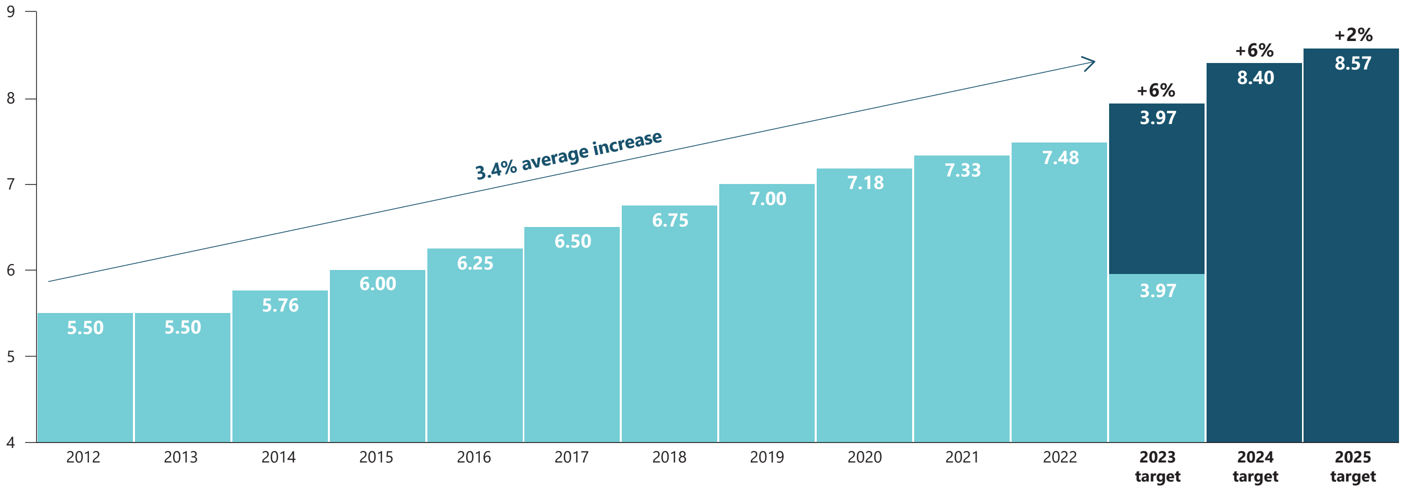
The total NAV return per share from IPO to 30 June 2023 was 163.8 per cent or 8.8 per cent on an annualised basis[16].

BBGI Share Price Performance
Share price (rebased to 100)



16 Refer to the Alternative Performance Measurement section of this Interim Report for further details.

Proven progressive dividend policy
Pence per share



Average dividend increase from 2012 to 2023 on a compound annual growth rate

3.4%

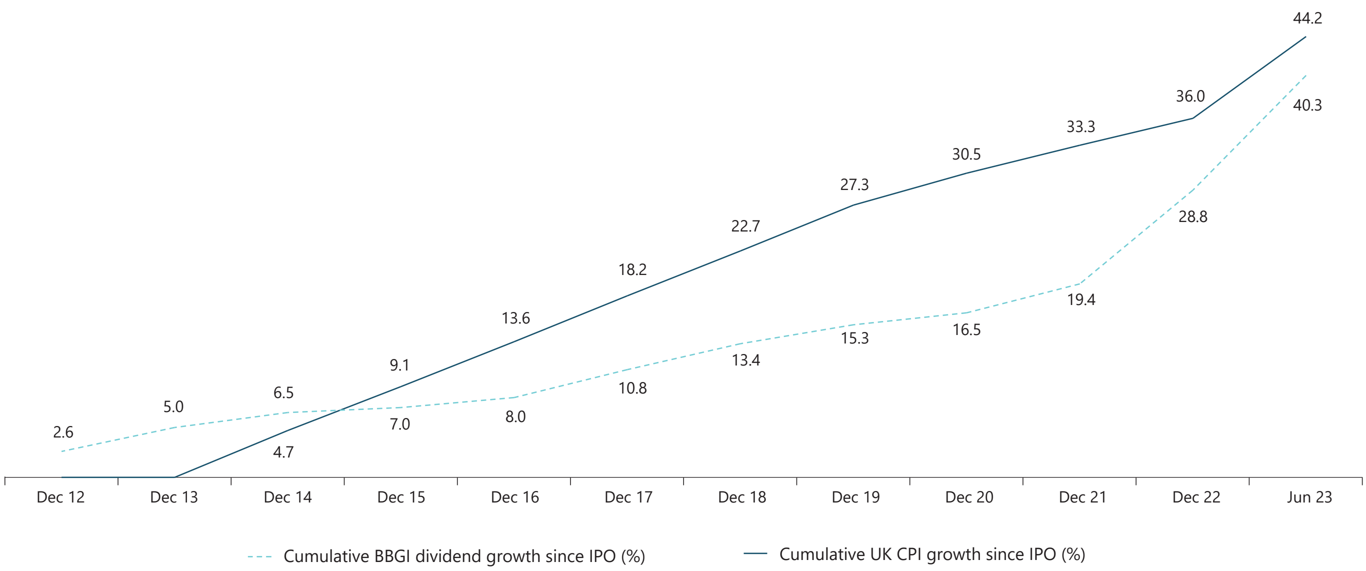
Distribution policy
Distributions on the ordinary shares are planned to be paid twice a year, normally in respect of the six months to 30 June and the six months to 31 December.

Shareholder returns

BBGI's progressive dividend outpaced UK CPI delivering positive real returns to shareholders

Dividends
On 5 April 2023, we paid a second interim dividend of 3.74pps for the period 1 July 2022 to 31 December 2022. Together with the first interim dividend (which was paid in October 2022), the total dividend for the year ended 31 December 2022 amounted to 7.48pps. The Board approved a 2023 interim dividend of 3.965pps to be paid on 19 October 2023, which is in line with its dividend target for the year of 7.93pps. Furthermore, the Board is reaffirming its 2024 dividend target of 8.40pps and a dividend target for 2025 of 8.57 pence per share.

Cumulative dividend growth vs UK CPI
Per cent



Valuation

The Management Board is responsible for carrying out the fair market valuation of the Company's investments, which is then presented to the Supervisory Board for consideration as part of its approval of the Annual and Interim Reports. The valuation occurs semi-annually on 30 June and 31 December 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. Our forecast assumptions for key macroeconomic factors impacting cash flow include inflation rates and deposit rates, and enacted changes in taxation rates during the reporting period. These assumptions are based on market data, publicly available economic forecasts, and long-term historical averages. We also exercise judgement in assessing the future cash flows from each investment, using detailed financial models produced by each Portfolio Company and adjusting these models where necessary to reflect our assumptions as well as any specific cash flow assumptions. The Company's consolidated 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 of each investment is then determined by applying an appropriate discount rate, alongside contracted foreign exchange rates, or reporting period-end foreign exchange rates and withholding taxes (as applicable).

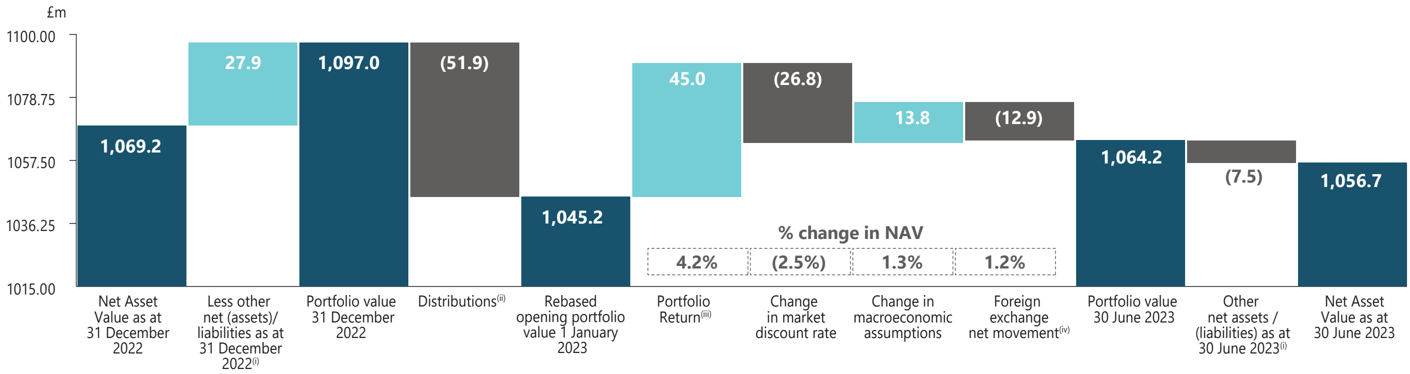
The discount rates applied consider investment risks, including the phase of the investment (construction, ramp-up or stable operation), investment-specific risks and opportunities, and country-specific factors.

Our determination of appropriate discount rates involves judgement based on market knowledge, insights from investment and bidding activities, benchmark analysis with comparable companies and sectors, discussions with advisers, and publicly available information and analysing the equity risk premium over government bond yields. As a reasonability check to our market-based approach and providing further guidance to determine the appropriate market discount rates, the Company complements its 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.

The chart below illustrates the breakdown of movements in the NAV.

NAV movement 31 December 2022 to 30 June 2023

The NAV at 30 June 2023 was £1,056.7 million (31 December 2022: £1,069.2 million), representing a decrease of 1.2 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') and the net position on currency hedging instruments. Refer to the Pro Forma Balance Sheet in the Financial Results section of this Interim Report for further detail.
(ii) 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.
(iii) 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.
(iv) Includes the positive unrealised mark-to-market movement on the balance sheet hedge of £8.1 million. Under IFRS, the related asset is recorded separately as a derivative financial asset in the Condensed Consolidated Interim Statement of Financial Position.

Key drivers for NAV change

The rebased opening portfolio value, after cash distributions from investments of £51.9 million, was £1,045.2 million.

Portfolio return consists of several components, including the unwinding of the discount rate, portfolio performance, the net effect of actual inflation, and updated operating assumptions:
During the period, the Company recognised a £45.0 million portfolio return, representing a 4.2 per cent increase in the NAV resulting from the unwinding of discount rates, and portfolio performance, which reflects 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. £7.6 million of the £45.0 million is attributable to value enhancements delivered by our active asset management approach. These value-accretive activities included effective lifecycle cost management, Portfolio Company cost savings, and optimised cash reserving.

Change in market discount rates supported by transactional data points:
The number of availability-style transactions and available market data points have increased in the H1 2023 compared to H2 2022. Our objective when using market data points is to provide further validation of the discount rates applied in the valuation process. The Company has obtained at least one

relevant transactional data point for each currency in which we invest, except for the Norwegian krone. Each data point considered represents a transaction closed in December 2022 or later; therefore, each data point considers recent macroeconomic changes. In the case of Norway, where no transactional data was available, a risk premium of 3.0 per cent has been adopted.

We continue to complement our market-based approach for this reporting period by using the Capital Asset Pricing Model where government risk-free rates plus an equity risk premium are used to construct discount rates. This analysis is used as a reasonability check for our market-based approach. 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 equity risk premium is a useful additional data point.

Based on data from transactional activity, benchmark analysis with comparable companies and sectors, discussions with advisers in the relevant markets, and publicly available information gathered over the period, we have increased the weighted average discount rate to 7.2 per cent (31 December 2022: 6.9 per cent), which management believes to be conservative for a portfolio of availability-style social infrastructure investments. This perspective is further informed by our recent participation in auction processes in North America. While we ultimately decided not to proceed, reliable feedback from the sell-side advisor indicates that discount rates from bidders were c. 7.0 per cent. This methodology calculates the weighted average based on the value of each investment in proportion to the total portfolio value, that is, based on the net present value of their respective future cash flows.

The demand for availability style transactions remained robust, with transactional data points outside the UK indicating a modest increase in discount rates with only the UK showing a different trend. As a result, the UK, which represents 33 per cent of our portfolio value, displays the most significant discount rate increase, rising by approximately 0.7 per cent to 7.5 per cent for stable operational projects. In contrast, the increase in other jurisdictions is up to a maximum of 0.2 per cent.

While individual risk-free rates have moved in a heterogenous manner during the period (see table below), the weighted average risk-free rate has remained stable at c. 3.8 per cent since December 2022. The discount rate of 7.2 per cent represents a risk premium of c. 340 basis points, which the Company views to be adequate and towards the conservative end for low-risk availability-style investments. 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. This view is supported by an announcement of the German Network Agency, which calculated equity risk premium for regulated gas and assets of around 300 basis points. As it is generally accepted that PPP/PFI assets have a lower risk profile than regulated assets, on this basis the risk premium for PPP/PFI assets should be generally around the 300 basis points mark.

In Canada, representing 35 per cent of the Company's investment portfolio, the 20-year government bond rate decreased c. 0.2 per cent[17] over the period with broadly similar movements in Australia, Germany, the US and the Netherlands. The single material outlier has been the UK, representing 33 per cent of the Company's investment portfolio, with the 20-year government gilt rate increasing c. 0.5 per cent[18] over the period with a broadly similar movement in Norway. This divergence across jurisdictions has a stabilising effect on the overall weighted average discount rate applied in the valuation process, which further emphasises the benefits of a global investment strategy with no singular concentration risk to any one country.

Going forward, the Company is confident that investment demand for availability-style social infrastructure, offering long-term, predictable and inflation-linked cash flows will remain strong.

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, and country-specific factors. For investments in the construction phase, we apply a risk premium to reflect the higher-risk inherent during this stage of the investment's lifecycle. Currently, the portfolio has one investment in construction, Highway 104, which represents approximately 0.5 per cent of the overall portfolio value. Construction is expected to be completed in H2 of 2023.

Furthermore, we have applied risk premiums or discounts to a limited number of other investments based on their individual circumstances. For example, we have made adjustments 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, representing less than 1 per cent of the overall NAV. This risk premium reflects the ongoing situation in the UK, where some public health clients are facing cost pressures and are actively seeking cost savings, including deductions. To date, BBGI has not been affected.

Country	Risk-free rate December 2022	Risk-free rate June 2023	Movement in period
United Kingdom	4.0%	4.5%	0.5%
Canada	3.4%	3.2%	(0.2%)
Australia	4.3%	4.2%	(0.1%)
US	4.2%	4.1%	(0.1%)
Germany	2.6%	2.5%	(0.1%)
Netherlands	2.9%	2.7%	(0.2%)
Norway	3.3%	3.9%	0.6%
Portfolio weighted average risk-free	3.8%	3.8%	--

17 Reference bond: Canadian Government 20-year bond (GTCAD20Y Govt).
18 Reference bond: UK Government Debt – 20-year bond (GUKG20 Index).

Valuation *continued*

Change in macroeconomic assumptions:
During the period, the Company recognised an increase in the portfolio value of £13.8 million, or a 1.3 per cent increase in the NAV, resulting from changes in macroeconomic assumptions. The main drivers were short-term and long-term deposit rates accounting for £12.9 million of this increase, with the balance reflecting marginal changes in short-term inflation forecasts.

The Company's forecasted inflation rates were broadly in line with actual inflation, delivering on the projected growth in the portfolio value. See Alternative Performance Measures on page 28 for further details on our inflation linkage.

Short-term deposit rates have risen in conjunction with the increase in underlying benchmark rates and are expected to remain at elevated levels in most jurisdictions. We also believe it appropriate to update some of our long-term deposit rate assumptions to reflect the current rate environment, bringing them in line with long-term averages. The effect of revised deposit rate assumptions resulted in a £12.9 million, or a 1.2 per cent increase in NAV.

Foreign exchange:
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.

The forecasted distributions from investments are converted to Sterling at either the contracted foreign exchange rate, for 100 per cent of non-Sterling and non-Euro-denominated cash flows forecast to be received over the next four years, or at the closing foreign exchange rate for the unhedged future cash flows.

During the period ended 30 June 2023, the appreciation of Sterling ('GBP') against the Canadian Dollar ('CAD'), Australian Dollar ('AUD'), the Euro ('EUR'), the US Dollar ('USD'), and the Norwegian Krone ('NOK') accounted for a net decrease in the portfolio value of £12.9 million, which includes the positive unrealised mark-to-market movement on the Company's balance sheet hedge of £8.1 million. 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 a decrease of £1.0 million, or 0.1 per cent of the 30 June 2023 NAV.

The table below shows the closing exchange rates, which were used to convert unhedged future cash flows into the reporting currency at 30 June 2023.

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

The Group uses forward currency swaps to (i) hedge 100 per cent of forecasted cash flows over the next four years on an annual rolling basis, and (ii) to implement balance sheet hedging in order to limit the decrease in the NAV to approximately 3 per cent, for a 10 per cent adverse movement in foreign exchange rates.[19] This is achieved by hedging a portion of the non-Sterling and non-Euro portfolio value.[20]

It is worth noting that forecasted distributions in Euro are not hedged, as a natural hedge is in place due to a significant portion of the running costs incurred at the consolidated level being denominated in Euro. 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 2023 would need to be approximately 77 per cent to obtain the same NAV sensitivity to a 10 per cent adverse change in foreign exchange rates, as shown in the Foreign Exchange Sensitivity table below.

GBP/	Valuation impact	FX rates as of 30 June 2023	FX rates as of 31 December 2022	FX rate change
AUD	↓	1.9070	1.7743	(7.48%)
CAD	↓	1.6777	1.6386	(2.39%)
EUR	↓	1.1633	1.1298	(2.97%)
NOK	↓	13.6169	11.9150	(14.28%)
USD	↓	1.2663	1.2097	(4.68%)

19 Based on the portfolio composition on the date the balance sheet hedge contracts are entered into.
20 The Company assumes a natural hedge between Euro denominated fund running costs and Euro denominated distributions received into the future, thereby providing a natural hedge.

Macroeconomic events

The quality and predictability of portfolio cash flows has come into sharper focus given uncertainty in the markets generally and continued elevated inflation levels. Against this backdrop, the Company is well-positioned through its high-quality contracted inflation linkage, which is achieved through annually updated contractual indexation in the Company's Project Agreements.

Additionally, there has been no material adverse effect on the portfolio valuation resulting from the war in Ukraine. This is primarily because the Company holds a low-risk, 100 per cent availability-style portfolio, coupled with strong stakeholder collaboration to identify and mitigate any potential adverse effects.

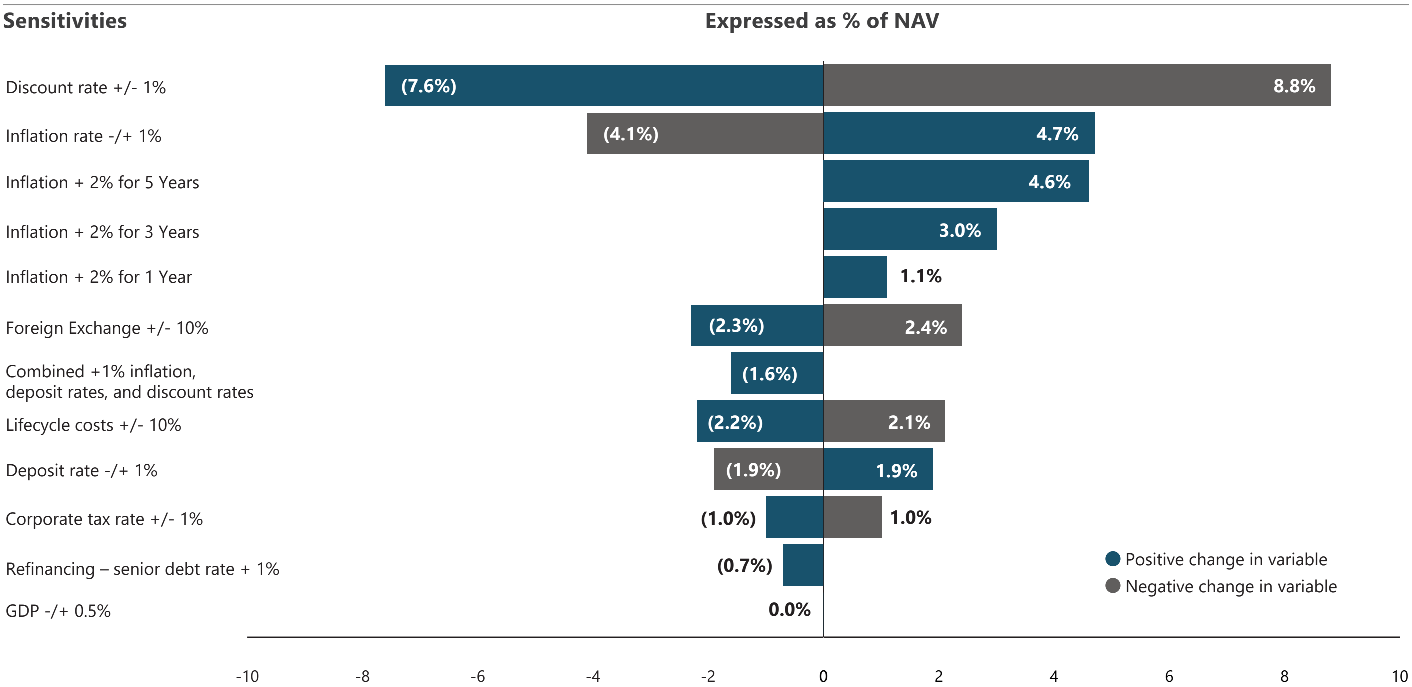
Macroeconomic assumptions

In addition to the discount rates, we use the following assumptions ('Assumptions') for the cash flows:

		30 June 2023	31 December 2022
Inflation	UK[(i)] RPI/CPIH	6.30% for 2023; 3.90% for 2024 then 2.75% (RPI) / 2.0% (CPIH)	13.40% (actual) for 2022; 5.80% for 2023 then 2.75% (RPI) / 2.00% (CPIH)
	Canada	2.80% for 2023; 2.30% for 2024 then 2.00%	6.30% (actual) for 2022; 4.00% for 2023; 2.30% for 2024 then 2.0%
	Australia	4.50% for 2023; 3.25% for 2024 then 2.50%	8.00% for 2022; 4.75% for 2023 3.25% for 2024 then 2.50%
	Germany/ Netherlands[(ii)]	5.40% for 2023; 3.00% for 2024 then 2.00%	8.40% for 2022; 6.30% for 2023; 3.40% for 2024 then 2.00%
	Norway[(ii)]	5.00% for 2023; 2.30% for 2024 then 2.25%	5.90% (actual) for 2022; 4.90% for 2023 then 2.25%
	US	3.00% for 2023 then 2.50%	6.50% (actual) for 2022; 3.40% for 2023 then 2.50%
Deposit rates (p.a.)	UK	3.55% to 2024, then 2.00%	2.00% to 2024, then 1.50%
	Canada	5.30% to 2024, then 2.00%	3.50% to 2024, then 1.75%
	Australia	4.25% to 2024, then 3.50%	3.25% to 2024, then 3.00%
	Germany/ Netherlands	2.75% to 2024, then 1.00%	0.50% to 2024, then 1.00%
	Norway	3.20% to 2024, then 2.25%	2.00% to 2024, then 2.00%
	US	4.90% to 2024, then 1.75%	3.75% to 2024, then 1.50%
Corporate tax rates (p.a.)	UK	25.00%	19.00% until March 2023 then 25.00%
	Canada[(iii)]	23.00% / 26.50% / 27.00% / 29.00%	23.00% / 26.50% / 27.00% / 29.00%
	Australia	30.00%	30.00%
	Germany[(iv)]	15.83% (incl. Solidarity charge)	15.83% (incl. solidarity charge)
	Netherlands	25.80%	25.80%
	Norway	22.00%	22.00%
	US	21.00%	21.00%

(i) On 25 November 2020, the UK Government announced the phasing out of RPI after 2030 to be replaced 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) Individual tax rates vary among Canadian provinces: Alberta; Ontario; Quebec; Northwest Territories; Saskatchewan; British Columbia; New Brunswick.
(iv) Individual local trade tax rates are considered in addition to the tax rate above.

Valuation *continued*



Discount rate sensitivity

The weighted average discount rate 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 2023
Increase by 1% to c. 8.2%	(£80.6) million, i.e. (7.6)%
Decrease by 1% to c. 6.2%	£92.7 million, i.e. 8.8%

(i) Based on the weighted average rate of 7.2 per cent.

Inflation has increased in all jurisdictions across BBGI's geographies, and interest rates have risen from historical lows, although in some jurisdictions these trends have reversed over the period. Should long-term interest rates rise substantially further, this is likely to further affect discount rates, and as a result, negatively impact portfolio valuation.

Combined sensitivity: inflation, deposit rates and discount rates

It is reasonable to assume that if discount rates increase, then deposit rates and inflation 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 8.2 per cent, and a one percentage point increase in both deposit and inflation above the macroeconomic assumptions.

Combined sensitivity: inflation, deposit rates and discount rates	Change in NAV 30 June 2023
Increase by 1%	(£17.2) million, i.e. (1.6)%

Inflation sensitivity

The Company's investments are contractually entitled to receive availability-style revenue streams from public sector clients, which are typically 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 linked 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.

Inflation sensitivity

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 2023
Inflation +1%	£50.2 million, i.e. 4.7%
Inflation –1%	(£43.4) million, i.e. (4.1)%

Short-term inflation sensitivity

Inflation may continue to be elevated for the short-term before diminishing. To illustrate the effect of persistent higher short-term inflation on the Company's NAV, three scenarios were created assuming inflation is two percentage points above our assumptions for the next one, three and five years.

Short-term inflation sensitivity	Change in NAV 30 June 2023
Inflation +2% for one year	£11.8 million, i.e. 1.1%
Inflation +2% for three years	£32.1 million, i.e. 3.0%
Inflation +2% for five years	£48.6 million, i.e. 4.6%

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 2023
Increase by 10%	(£24.8) million, i.e. (2.3)%
Decrease by 10%	£25.8 million, i.e. 2.4%

(i) Sensitivity in comparison to the spot foreign exchange rates at 30 June 2023 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). As at 31 March 2023, BBGI's proportionate share in the total deposits held by the Portfolio Companies exceeds £375 million. 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 long-term assumptions in the table above:

Deposit rate sensitivity	Change in NAV 30 June 2023
Deposit rate +1%	£20.5 million, i.e. 1.9%
Deposit rate –1%	(£20.2) million, i.e. (1.9)%

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 equipment. Lifecycle obligations are generally passed down to the facility maintenance provider, except for transportation investments, where these obligations are typically retained by the Portfolio Company.

Of the 56 investments in the portfolio, 20 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 2023
Increase by 10%	(£23.4) million, i.e. (2.2)%
Decrease by 10%	£21.7 million, i.e. 2.1%

(i) Sensitivity applied to the 20 investments in the portfolio that 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 2023
Tax rate +1%	(£10.8) million, i.e. (1.0)%
Tax rate –1%	£10.7 million, i.e. 1.0%

Refinancing: senior debt rate sensitivity

Assumptions are used where a refinancing of senior debt 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 one percentage point increase in the forecasted debt rate:

Senior debt refinancing sensitivity	Change in NAV 30 June 2023
Debt rate +1%	(£7.9) million, i.e. (0.7)%

Refinancing sensitivity relates to the Northern Territory Secure Facilities, as it is common practice in the Australian infrastructure market to have senior debt durations that are typically between five and seven years. We assume three refinancings for the Northern Territory Secure Facilities, between December 2025 and December 2038. Long-term interest rate hedges fully mitigate base rate risk, leaving exposure only to potential changes in margin.

Gross Domestic Product sensitivity

Our 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:

The 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 foreign exchange rates or the contracted foreign exchange 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 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 rates or regulatory changes, or forecast changes with a high probability, on or prior to this reporting period-end with a future effect materially impacting cash flow forecasts, are reflected in the financial models.

In forming the above assessments, BBGI uses its judgement and works with our 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 are on pages 40 to 44.

Basis of accounting

We have prepared the Group's 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, therefore, does not consolidate its investments in subsidiaries that qualify as investments at fair value through profit or loss. However, 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. The accounting principles applied are consistent with those principles applied in the prior year reporting.

Income and costs

Pro forma Income Statement Investment Basis	**Period ended 30 June 2023 £ million**	**Period ended 30 June 2022 £ million**
Income from investments at FVPL	**19.7**	100.4
Other operating income	**1.6**	0.2
Operating income	**21.3**	100.6
Administrative expenses	**(6.3)**	(5.8)
Other operating expenses	**(0.2)**	(0.4)
Net finance result	**(1.4)**	(0.9)
Profit before tax	**13.4**	93.5
Tax expense – net	**(2.3)**	(1.0)
Profit for the year	**11.1**	92.5
Other comprehensive income	**1.1**	–
Total comprehensive income	**12.2**	92.5
Basic earnings per share (pence)	**1.55**	12.98

During the six-month period, the Group recognised a net income from investments at FVPL amounting to £19.7 million (30 June 2022: £100.4 million). This income is derived from a combination of factors, including the positive effect of inflation and deposit interest rate increases, the net effect of foreign exchange, the unwinding of discount and value enhancements.

The movement in income from investments at FVPL on a comparative basis can be primarily attributed to foreign exchange fluctuations and changes in discount rates. In the June 2022 reporting period, we recorded a net foreign exchange income, after considering the net effect of unrealised results from balance sheet hedging, of £32.4 million. However, in the June 2023 reporting period, we recognised a loss of £12.9 million, resulting in a significant swing of £45.3 million. Additionally, discount rates remained unchanged in the June 2022 reporting period; however, in the June 2023 reporting period, we recognised a loss of £26.8 million. Together, these factors contributed to a total swing of £72.1 million on a comparative basis.

During the reporting period, the Company recognised a net gain of £8.1 million on balance sheet hedging and £5.7 million on cash flow hedging (30 June 2022: £13.6 million net loss on balance sheet hedging and £14.1 million net loss on cash flow hedging). For pro-forma purposes, the net result of balance sheet and cash flow hedging is included in income from investments at FVPL.

Further detail on the income generated by the Group's Investments at FVPL is provided in the Valuation section of this Interim Report.

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 for the six-month period decreased to £11.1 million (30 June 2022: £92.5 million). This reduction is primarily attributable to those factors outlined above, being the adverse effects of foreign exchange movements on our non-Sterling denominated portfolio and the increase in UK risk-free-rates, which has led to an increase in the discount rates applied in valuing our UK assets.

Group Level Corporate Cost Analysis
The table below is prepared on an accrual basis.

Corporate costs	Period ended 30 June 2023 £ million	Period ended 30 June 2022 £ million
Personnel expenses	**4.1**	3.7
Taxes	**2.3**	1.0
Legal and professional fees	**1.5**	1.5
Net finance result	**1.4**	0.9
Office and administration	**0.7**	0.5
Acquisition-related costs	**0.2**	0.4
Corporate costs	**10.2**	8.0

Personnel expenses for the six-month period were £4.1 million (30 June 2022: £3.7 million) with the increase driven largely by inflation adjustments to staff salaries.

The net finance result for the six-month period was £1.4 million (30 June 2022: £0.9 million). This figure reflects borrowing costs, commitment fees and other fees relating to the Group's RCF. At 30 June 2023, the Group had £25.8 million of borrowings outstanding under the RCF.

Acquisition-related costs incurred during the six-month period amounted to £0.2 million (30 June 2022: £0.4 million), which relates to unsuccessful bid costs amounting to £0.2 million (30 June 2022: less than £0.1 million).

Ongoing Charges
Using costs incurred to 30 June 2023, the Company's estimated annualised ongoing charges ('OGC') percentage at 30 June 2023 is 0.92 per cent (31 December 2022: 0.87 per cent).

The OGC has increased slightly compared to the reported figure as of 31 December 2022. This increase is primarily due to underlying cost increases driven by inflationary pressures, including staff salaries, with limited offsetting denominator effect from the average NAV.

The estimated annualised OGC percentage is prepared in accordance with the Association of Investment Companies ('AIC') recommended methodology. 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 2023 (annualised)	Year ended 31 Dec 2022
Ongoing charges (using AIC recommended methodology)	**0.92%**	0.87%

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 0.11 per cent. Combined therefore, the estimated annualised aggregate of ongoing charges plus investment performance fees is 1.03 per cent.

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

	Period ended 30 June 2023 £ million	Period ended 30 June 2022 £ million
Distributions from Investments at FVPL[(i)]	**53.9**	62.1
Net cash flows used in operating activities	**(11.7)**	(11.1)
Additional Investments at FVPL and other assets	**–**	(23.7)
Net cash flows used in financing activities	**(55.7)**	(15.2)
Impact of foreign exchange gain/(loss) on cash and cash equivalents	**0.2**	1.2
Net cash inflow (outflow)	**(13.3)**	13.3

(i) Distributions in the above table are shown gross of withholding tax. The associated withholding tax outflow is included in 'Net cash flows used in operating activities'.

The Group's portfolio of investments continued to perform strongly over the six-month period, with gross distributions exceeding projections.

Financial Results *continued*

However, on a comparative basis, the distributions were down due to the previously reported opportunistic refinancing completed in H1 2022, which resulted in a one-off distribution of proceeds.

Cash dividends paid during the six months ended 30 June 2023 amounted to £25.1 million (30 June 2022: £25.1 million).

Cash Dividend Cover

For the six months ended 30 June 2023, the Group achieved a cash dividend cover ratio of 1.68x (period ended 30 June 2022: 2.03x) calculated as follows:

	30 June 2023 £ million (except ratio)	30 June 2022 £ million (except ratio)
Distributions from Investments at FVPL	**53.9**	62.1
Less: Net cash flows used in operating activities	**(11.7)**	(11.1)
Net distributions	**42.2**	51.0
Divided by cash dividends paid	**25.1**	25.1
Cash dividend cover (ratio)	**1.68x**	2.03x

The strong cash dividend coverage for the period was underpinned by BBGI's high-quality, contracted, inflation linked cash flows. The cash dividend cover for FY 2023 is forecast to be in the range of 1.30x to 1.40x. The projected reduction on an annual basis is due to the front-ended distribution profile of the portfolio.

Pro Forma Balance Sheet

Investment Basis	30 June 2023 £ million	31 Dec 2022 £ million
Investments at FVPL	**1,064.2**	1,097.0
Trade and other receivables	**2.3**	0.9
Other assets and liabilities (net)	**(1.9)**	(2.4)
Net debt	**(7.9)**	(26.3)
NAV attributable to ordinary shares	**1,056.7**	1,069.2

As at 30 June 2023, cash and cash equivalents amounted to £17.9 million (£31.2 million as at 31 December 2022). A reconciliation of cash and cash equivalent to net debt is provided below:

	30 June 2023 £ million	31 Dec 2022 £ million
Cash and cash equivalent	**17.9**	31.2
Loans and borrowings	**(24.9)**	(56.4)
Unamortised debt issue costs	**(0.9)**	(1.1)
Outstanding loan drawdown	**(25.8)**	(57.5)
Net debt	**(7.9)**	(26.3)

Three-year comparative of Investment Basis NAV	30 June 2023	31 Dec 2022	31 Dec 2021
NAV (millions)	**1,056.7**	1,069.2	1,001.6
NAV per share (pence)	**147.8**	149.9	140.7

The Investment Basis NAV decreased by 1.2 per cent to £1,056.7 million as at 30 June 2023 (31 December 2022: £1,069.2 million) and by 1. 4 per cent on an Investment Basis NAV per share basis). The NAV total return on a per share basis for the six months to 30 June 2023 was 1.1 per cent.

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 believes that these APM provide additional information that may be useful to the users of this Report.

The APM presented here should supplement the information presented in the Financial Statement section of this 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 2023	31 December 2022
Annualised total NAV return per share	On a compounded annual growth rate basis. This represents the steady-state annual growth rate based on the NAV per share at 30 June 2023 assuming dividends declared since IPO in December 2011 have been reinvested.[1]	**8.8%**	9.1%
Annualised total shareholder return since IPO ('Annualised TSR')	On a compounded annual growth rate basis. This represents the steady state annual growth rate based on share price as at 30 June 2023, assuming dividends declared since IPO in December 2011 have been reinvested. Investment performance can be assessed by comparing this figure to the 7 per cent to 8 per cent TSR target set at IPO.	**7.4%**	8.8%
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 per cent. 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 continue making fully covered dividend payments.	**1.68x**	1.47x
Inflation linkage	Represents the contractual, index-linked provisions, which adjust annually to provide a positive and high-quality link to inflation. The measure represents the increase in portfolio returns if inflation is one percentage point higher than our modelled assumptions for all future periods. Under current assumptions, the expected portfolio return would increase from 7.2 per cent to 7.8 per cent for a one percentage point increase to our inflation assumptions.	**0.6%**	0.5%
Net debt	This amount, when considered in conjunction with the available commitment under the Group's RCF (unutilised RCF amount of £203 million as at 30 June 2023), is an indicator of the Group's ability to meet financial commitments, to pay dividends, and to undertake acquisitions.	**£(7.9) million**	£(26.3) million
Ongoing charges	Represents the estimated 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.	**0.92%**	0.87%
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.	**7.93 for 2023** **8.40 for 2024** **8.57 for 2025**	7.93 for 2023 8.40 for 2024 8.57 for 2025
Ten-year beta	Calculated using the FTSE All-Share, ten-year data representing the ten years preceding 30 June 2023. This performance measure demonstrates the level of volatility of the Company's shares in comparison to the wider equity market.	**0.26**	0.24
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 share price at 30 June 2023 and after adding back dividends paid or declared since IPO.	**128.2%**	152.6%
Weighted average portfolio life	Represents the weighted average, by value, of the remaining individual project concession lengths in years. Calculated by reference to the existing portfolio at 30 June 2023, assuming no future portfolio additions.	**19.8**	20.2

[1] Calculated using the Morningstar methodology.

Reconciliation of Investment Basis to IFRS

Reconciliation of Condensed Consolidated Interim Income Statement	30 June 2023			30 June 2022		
	Investment Basis[(i)] £ million	Adjust £ million	Consolidated IFRS £ million	Investment Basis £ million	Adjust £ million	Consolidated IFRS £ million
Income from Investments at FVPL	**19.7**	**(13.8)**	**5.9**	100.4	27.7	128.1
Other operating income	**1.6**	**5.7**	**7.3**	0.2	–	0.2
Operating income	**21.3**	**(8.1)**	**13.2**	100.6	27.7	128.3
Administrative expenses	**(6.3)**	**–**	**(6.3)**	(5.8)	–	(5.8)
Other operating expenses	**(0.2)**	**–**	**(0.2)**	(0.4)	(14.1)	(14.5)
Net finance result	**(1.4)**	**–**	**(1.4)**	(0.9)	–	(0.9)
Net gain (loss) on balance sheet hedging	**–**	**8.1**	**8.1**	–	(13.6)	(13.6)
Profit before tax	**13.4**	**–**	**13.4**	93.5	–	93.5
Tax expense – net	**(2.3)**	**–**	**(2.3)**	(1.0)	–	(1.0)
Profit from continuing operations	**11.1**	**–**	**11.1**	92.5	–	92.5

Reconciliation of Condensed Consolidated Interim Statement of Financial Position	30 June 2023			31 December 2022		
	Investment Basis[(i)] £ million	Adjust £ million	Consolidated IFRS £ million	Investment Basis £ million	Adjust £ million	Consolidated IFRS £ million
Investments at FVPL	**1,064.2**	**(9.2)**	**1,055.0**	1,097.0	5.8	1,102.8
Trade and other receivables	**2.3**	**–**	**2.3**	0.9	–	0.9
Other net liabilities	**(1.9)**	**–**	**(1.9)**	(2.4)	–	(2.4)
Net debt	**(7.9)**	**–**	**(7.9)**	(26.3)	–	(26.3)
Derivative liability	**–**	**9.2**	**9.2**	–	(5.8)	(5.8)
NAV attributable to ordinary shares	**1,056.7**	**–**	**1,056.7**	1,069.2	–	1,069.2

(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

We follow a risk-based approach to internal controls. Our risk management function facilitates the Management Board's duty to effectively govern and manage the risks we face. Given the nature of our assets and our interaction with the capital markets, we do not operate in a risk-free environment. In an uncertain environment, we take proactive action to address risks, and to achieve our business and investment objectives.

We identify, analyse, assess, report, and manage all material risks, and aim to identify risks we face as early as possible, so we can minimise their impact.

We classify risks into the following risk categories:

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

We analyse all identified risks during the risk reporting process to understand the range of possible impacts on BBGI. By undertaking this risk review, we can determine material risks to analyse and respond to, and which risks require no further attention. This gives the Management Board a universal interpretation of risk.

Our risk management function performs a risk assessment to determine the likelihood that a predefined event will occur and any subsequent impact; it also estimates risk levels for a particular situation, compares these against benchmarks or standards, and determines an acceptable level of risk.

In the risk profile all identified risks are classified according to risk type, in line with the risk categories above. For material risks identified, BBGI's Risk Manager advises on key risk indicators to include 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.

We have assessed inherent risk and have applied relevant mitigating factors to arrive at a remaining residual risk that the Management Board deems manageable and acceptable.

The table on the next page summarises our material risks but is not an exhaustive list of all the potential risks BBGI faces. There may be other unknown risks, or those regarded as less material, that could, in the future, materially impact our performance, our assets, and our capital resources.

Risk management process

Risk *continued*

Market risks

	Risk description	Risk mitigation
Volatility of discount rates	We use a discounted cash flow methodology to value our portfolio of investments. Higher discount rates have a negative impact on valuation and the ultimate rate of return realised by our investors, while lower discount rates may have a positive impact. Our most important judgement and variable is the discount rate we apply to our portfolio of investments. Appropriate discount rates are key to deriving a fair and reasonable portfolio valuation. Changes in market rates of interest (in particular, government bond yields) may impact the discount rate used to value our future projected cash flows, and thus our valuation.	BBGI uses a market-based valuation to determine a base discount rate for steady-state, operational investments in the different jurisdictions we operate, and we use our judgement in arriving at the appropriate discount rates. We may apply adjustments to the base rate to reflect variances from the average benchmark when we determine investment-specific characteristics and risk profile. Government bond yields have continued to increase during the reporting period in the UK and in Norway. Conversely, in the same period, we have seen long-term government bond yields decrease in Australia, Canada, Germany, the Netherlands, and US thereby reinforcing the benefits of having a globally diversified portfolio. Over the same period transaction activity has increased with market data points available. Nevertheless, and consistent with the valuation at 31 December 2022, BBGI has complemented its market-based approach by additionally using the capital asset pricing model where risk-free rates plus an equity risk premium are used to calculate discount rates. This method is used as a reasonability check for our market-based approach. Our NAV is sensitivity-tested periodically for changes in discount rates. Inflation rates are positively linked to the NAV. An increase in discount rates due to increased government bond yields coincides currently with significantly higher inflation rates. Together with higher short-term and long-term forecasted deposit rates offset, partially at least, increased discount rates in our portfolio valuation calculation. An increase in long-dated government bond yields will not necessarily result in an equivalent increase in discount rates with historical data indicating that in periods where long-dated government bond yields have largely trended downwards, the market discount rate applied to secondary transactions has not followed in lockstep. A sensitivity analysis to changes in discount rates, and the resulting effect on NAV, is provided in the Valuation section of this report.
Foreign exchange	A significant proportion of our underlying investments – 67 per cent of the portfolio value at 30 June 2023 – are denominated in currencies other than Sterling. We maintain our financial statements, prepare the portfolio valuation, and pay dividends in Sterling. There is a risk that fluctuations in exchange rates between Sterling and relevant local currencies will adversely affect the value of our underlying investments, distributions and the ultimate rate of return realised by our investors.	Currency-hedging arrangements for 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 foreign exchange risk. In addition to cash flow hedging, we also hedge a portion of the non-Sterling, non-Euro portfolio value, and aim to reduce NAV sensitivity to approximately 3 per cent for a 10 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 among underlying currencies. A sensitivity analysis to the movement in foreign exchange rates, and the resulting effect on NAV, is provided in the Valuation section of this report.

Market risks *(continued)*

	Risk description	Risk mitigation
Interest and deposit rates	Our 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, we assume that deposits can be placed at a forecast rate, which varies depending on country. If deposit rates exceed or fall below projections for short-term and long-term rates, the effect on investment returns will depend on the amount of deposits.	Our Portfolio Companies have sought to hedge substantially all their floating rate interest liabilities against changes in underlying interest rates with interest rate swaps. At the Group level, we maintain deposits at low levels and only raise capital when there is a clear strategy for deploying proceeds. A sensitivity analysis to movement in the senior debt rate, and the resulting effect on NAV, is provided in the Valuation section of this report.
Inflation	We have observed varied levels of inflationary pressure, and the resulting valuation effects, across the portfolio. Our valuation and the ultimate rate of return realised by our investors may be adversely or positively affected by lower or higher than expected inflation. Prolonged periods of deflation could result in defaults under Portfolio Company loan arrangements. The revenues and expenditure of our 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, typically depends on how each 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 our jurisdictions presents the risk of declining real returns to investors. We typically mitigate inflation risk for our Portfolio Companies to some extent by seeking to match the indexation of the revenues to the indexation of the operational cost. It is also important to note that BBGI's equity cash flows are positively linked to inflation. A sensitivity analysis to movements in inflation rates, and the resulting effect on NAV, is provided in the Valuation section of this report. However, the level of inflation linkage across the investments held varies and is inconsistent. The consequences of higher or lower levels of inflation than that assumed by the Company will not be uniform across our investments.

Risk *continued*

Market risks *(continued)*

	Risk description	Risk mitigation
Changes to tax legislation, treaties, and rates	There is a continued risk that enacted changes in tax law, tax rates and global tax initiatives, including the OECD's recommendations in relation to base erosion and profit shifting or tax treaty eligibility, could have an adverse effect on our cash flows, and reduce investors' returns.	Certain risks, such as changes to corporation tax rates (including due to fiscal constraints), cannot be prevented or mitigated. We value our portfolio of investments based on enacted tax rates. Our management team works closely with our global tax advisers and is briefed periodically on relevant tax developments. We continue to monitor the evolution of draft legislation for excessive interest and financing expenses limitation ('EIFEL') rules in Canada and potential impact on our investments. These 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. Over the past 12 months the private sector, through a PPP industry representative body, made several submissions to the Department of Finance on the proposed legislation. Following a review of submissions and open consultations, the Department of Finance released a revised draft of the legislation in November 2022. This revised draft provides for an exemption for third-party debt financing on PPP type projects, similar to the public benefit entity concept in the UK. In December 2022 we provisioned c. £9.8 million and until the revised legislation is finalised it is unclear if an additional provision is required. Generally, BBGI has a globally diversified portfolio of assets, thereby reducing the tax concentration risk of any one country. A sensitivity analysis to movement in corporate tax rates, and the resulting effect on NAV, is provided in the Valuation section of this report.
Lifecycle or operational cost risk	During the life of an investment, components of our assets (such as asphalt or concrete for roads and bridges; or roofs and air handling plants for 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 of these lifecycle obligations will be greater than the forecasted cost, or that the timing of the intervention may be earlier than forecast. Additionally, a potential risk arises if there is a disparity in the interpretation of hand-back obligations at the end of the concession period between the public sector client and the Portfolio Company, which could lead to a budgetary overrun in lifecycle or operational costs. There is also the general risk that costs may be higher than budgeted. This typically relates to insurance costs and management service contracts or where Portfolio Company management teams are responsible for operational service delivery.	Of the 56 assets in the BBGI portfolio, 20 Portfolio Companies retain the lifecycle obligations and hand back obligations at the end of the concession period and two Portfolio Companies self-deliver the operations. The remaining 36 assets have these lifecycle and hand back obligations passed down to the subcontractor. Each Portfolio Company forecasts, models, and provides for the timing and costs of such replacements or refurbishments. This is based on internal or external technical advice to assist in forecasting of lifecycle timings, scope of work and costs. We experienced some limited supply chain pressure affecting lifecycle cost which were typically outweighed by higher inflation-linked revenues. As part of acquisition due diligence, we review budgeted costs and assess their adequacy. A sensitivity analysis to movements in lifecycle costs is provided in the Valuation section of this report. The risk of insurance cost increases is partly mitigated by a contractual premium risk-sharing mechanism with certain public sector clients. For other Portfolio Companies, the risk is borne entirely by the public sector client but for a limited number of Portfolio Companies there is no mitigation available.

Counterparty risks

	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. The replacement subcontractor may also levy a surcharge to assume the subcontract, or charge more to provide the services.	For assets under construction (c. 0.5 per cent of the portfolio value), there are several mitigants and steps we take to manage this risk: – A construction joint venture with two or more counterparties is typically jointly and severally liable: if one party fails, the other is obligated to take over the obligations. – We perform a contractor replacement analysis as part of our initial investment due diligence. Most subcontractors on our investments are well established, with several competing providers. Therefore, we expect that a pool of potential replacement supplier counterparties is available if a service counterparty fails, although not necessarily at the same cost. – 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. – A diversified group of subcontractors, with no substantial concentration risk. – Ongoing subcontractor monitoring for our investments, as well as contingency plans as appropriate, to ensure we mitigate the risk of counterparty failure.

Liquidity risks

	Risk description	Risk mitigation
Access to capital	There is a risk that a continued disruption to the equity markets could lead to an inability to raise new capital. Such a disruption could limit our ability to grow and our ability to repay debt drawn under our RCF. To the extent that we do not have cash reserves pending investment, we expect to bridge finance further investments using the RCF. Although we have had an RCF since July 2012 (subsequently refinanced), we cannot guarantee this will always be the case, or that we 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. As at 30 June 2023, the Company was in a modest net debt position of £7.9 million with £203 million available to draw under the RCF, and has no investment transaction commitments. Our RCF expires in May 2026. The Management Board can seek to refinance the RCF to extend its maturity and reduce the near-term requirement to repay drawings, though we do not intend to be drawn for substantial periods of time. The Board and our Company's brokers regularly assess market sentiment. Where there is a prolonged disruption to the equity markets the Company can also consider, as part of an effective portfolio construction strategy, the sale of one or more investments to repay any outstanding amounts under the RCF.
Premium or discount to NAV	The risk of share price volatility, or trading at a discount to NAV, leading to lower returns to shareholders.	To assist BBGI in managing any temporary or permanent share price discounts to NAV, we can make annual market purchases of up to 14.99 per cent of the ordinary shares in issue. We offer a continuation vote to shareholders every two years; the next will be proposed at our Annual General Meeting on 30 April 2025. The Management Board meets regularly with shareholders and receives regular briefings from our Company's brokers to manage investor relations.

Risk *continued*

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 applied during an acquisition due diligence process. In such circumstances, the figures and/or the returns generated by the Portfolio Company and the ultimate rate of return realised by our investors may be lower than those estimated or projected.	BBGI has developed a robust asset acquisition due diligence process. Our typical due diligence includes model, legal, tax, technical, anti-money laundering, ESG, sustainability and insurance reviews.
Valuation	The most significant risk of material misstatement in our financial statements applies to the fair valuation of the investment portfolio and in particular the discount rates used and 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 our underlying Portfolio Companies, may also contain errors, or incorrect inputs, resulting in inaccurate projections of distributions. These could adversely impact the valuation on individual investments and the overall assessment of our financial position.	Our portfolio valuation is prepared semi-annually by an experienced internal team, overseen by our Management Board. Furthermore, the valuation is reviewed by an independent, third-party valuation expert, and is also reviewed and audited by the Company's external auditor. All key assumptions used in the valuation process are outlined in the valuation section of this report, some of which are subject to sensitivity testing. Financial models are typically reviewed or audited by external advisers. However, sensitivity testing has its limitations: it cannot provide a comprehensive assessment of every risk we face 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 for defects in the design, construction or commissioning of project assets. This 'right to claim' applies for a pre-determined period following the completion of construction ('statutory limitations period'), and this may differ between jurisdictions. If disputes arise, an arbitration or court process may be used. Once the statutory limitations period has ended, the remediation of construction defects identified after this point typically falls 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 or regulation	Different laws and regulations apply in the countries where BBGI and our 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, which will then affect the cash flows derived from the investments and/or the valuation of the investments.	The Management Board seeks regular briefings from its legal and tax advisers to stay abreast of impending or possible changes in law. Change in law provisions are included in some contracts, thus providing further mitigation. BBGI has a globally diversified portfolio of assets, thereby reducing the Group's exposure to changes in any single country.

Operational risks *(continued)*

	Risk description	Risk mitigation
Inadequate succession planning	Inadequate succession planning poses a significant risk to our organisation's long-term stability and growth. The absence of robust succession strategies could potentially disrupt key leadership transitions, impacting our ability to ensure seamless operations and strategic continuity.	Co-CEO structure: this structure reduces any potential for key man risk considerably. Succession Planning: Proactive succession plans are in place to contribute to smooth transitions and continuity in leadership roles. By regularly reviewing and assessing the talent within the company, the Board can identify and develop pathways for key individuals and also identify areas where there may be over reliance on a single individual. Contractual Notice Periods: Adequate notice periods are included in each of the Management Board members. Competitive Compensation Packages: The Company offers benchmarked compensation packages to attract and retain top talent. Deferred Remuneration: The Company has implemented a deferred remuneration strategy ensuring that Management Board and key individuals have a vested interest in the long-term success and stability of the company.
Failing IT systems or cyber-attacks	A breach of data security could occur by accident or because of an external cyber-attack. A cyber-attack could affect our IT systems or those of our Portfolio Companies, causing theft, loss of data, or damage to the infrastructure's control systems and equipment. 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. We have outsourced the hosting of our IT platform to an industry specialist. In doing so, we benefit from access to IT security experts, with our platform monitored by an advanced IT security system. This approach would be less cost-effective if our IT infrastructure was maintained onsite. Every year, we engage an external expert to carry out an intrusion test on our IT platform to identify and patch any vulnerabilities. We perform business continuity tests, carry out disaster recovery tests every year, and our employees periodically undergo cyber security training. In a typical PPP structure, public sector clients have their own IT systems. However, most of our Portfolio Companies do not maintain their own IT systems. Instead, subcontractors of a Portfolio Company (such as management service providers, facility maintenance contractors for accommodation assets, and maintenance contractors for transport assets) will have their own IT systems, which will likely house data relating to a 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, including risks relating to design and construction, warranties for IT systems (such as a warranty that the system will meet specifications requiring it to meet robust security requirements), and the risk of a cyber-attack interrupting the provision of services to a project.

Risk *continued*

Operational risks *(continued)*

	Risk description	Risk mitigation
Voluntary termination	There remains a risk that public sector clients of our Portfolio Companies choose to exercise their right to voluntarily terminate the contracts. When this happens, the public sector is typically contractually obliged to pay compensation on termination to equity holders, debt providers, and other parties, depending on the circumstances. While provisions vary between contracts, they generally ensure that our investors are paid either market value for their 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, we would suffer a material loss.	The Management Board believes there are mitigants or deterrents to the risk of voluntary termination of contracts: – In cases where debt or bond facilities were agreed when interest rates were higher than current levels interest rate swaps remain largely 'out of the money' for our Portfolio Companies, and 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. Conversely, the cost of unwinding Project Agreements and repaying senior debt in a rising interest rate environment could also prove a mitigant to early termination. – Our Portfolio Company equity investors would, depending on the contractual provisions, also need to be compensated, as well as the public sector being required to budget for the ongoing provision of the service.

Sustainability risks

	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 our access to capital. All sustainability risks can be broken down into physical and transition risks, which could both impact the performance of an asset or of BBGI itself and have a material negative impact on investment returns. For example, infringements of human rights could have a significant impact on the financial performance of an investment.	We seek to integrate and appraise material sustainability risks into our processes in several ways: – Alongside traditional financial criteria, we systematically consider whether – and to what extent – financially material sustainability risks might meaningfully impact our investments. – In 2021 and 2022, we undertook a formal portfolio climate risk assessment to better understand the impact of climate risk on BBGI. The 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 in consideration of potential physical risk impacts, and are inherently more resilient to climate change. – We typically mitigate events arising from adverse climate change 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 materially lower than our valuation. – Aligned with our SFDR Article 8 product classification, our focused approach of investing in core social infrastructure assets that serve society should mitigate sustainability risk linked to a social event or condition.

Environment, Social and Governance

We are committed to creating a positive impact on society and the environment through our portfolio of social infrastructure investments. As we continue to improve our monitoring and reporting of ESG performance, we are pleased to share our progress and achievements during H1 2023.

ESG Report for 2022

In June, we published our third standalone annual Environmental, Social and Governance (ESG) Report, with detailed information on the progress we made during 2022 and showcases the achievements delivered at our Portfolio Companies.

The report focuses on our most material ESG topics, an approach we have developed based on stakeholder engagement and materiality assessment. It also aims to complement the Task Force on Climate-Related Financial Disclosures ('TCFD') reporting, included in our 2022 Annual Report, and discloses our climate metrics and scenario analysis.

Read more: ESG Report

Portfolio emissions

During the reporting period we completed a comprehensive data collection exercise to assess our portfolio's GHG emissions, carbon footprint, and carbon intensity. This is a significant step towards understanding and reducing our portfolio's environmental impact. We quantified GHG emissions (Scope 1, Scope 2, and Scope 3) using primary utility data obtained directly from our Portfolio Companies, following recognised standards such as GHG Protocol[21] and PCAF guidance.[22] The reported GHG emissions can be split to distinguish emissions related to assets under construction or undergoing major expansion works and avoided emissions.

Going forward, we will work closely with our Portfolio Companies and their operations and maintenance contractors to streamline their data collection and reporting efforts. Additionally, over time we plan to develop net zero plans at the Portfolio Companies to support our own net zero targets.

PAI Statement for SFDR Reporting

In June 2023, we published our first Statement on Principal Adverse Impacts of investment decisions on sustainability factors (PAI Statement) for the SFDR. This new disclosure showcases how we assess and measure the sustainability impacts of our investment decisions.

The EU Sustainable Finance Disclosure Regulation (SFDR) is a set of European Union rules which came into effect on 10 March 2021, and aims to provide transparency regarding sustainability within financial markets. The goal of SFDR is to make the sustainability profile of funds more comparable and easier to understand. SFDR focuses on categorising products into specific types, providing information with regards to the integration of sustainability risks and pre-defined metrics for assessing the ESG impacts of the investment process.

We are an Article 8 fund under SFDR, where the investment product promotes social characteristics and follows good governance practices.

We remain committed to aligning with best practice reporting standards. We will closely monitor regulatory developments and actively engage with our peers from the infrastructure investment sector to stay at the forefront of sustainable governance practices.

Read more: PAI Statement

21 Greenhouse Gas Protocol Corporate Standard (2004), Revised Edition ('GHG Protocol').
22 Partnership for Carbon Accounting Financials ('PCAF') standard for Financed Emissions: PCAF (2022), The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

E18 Motorway, Norway

Auditors Review Report

Report on Review of Condensed Consolidated Interim Financial Statements

pwc

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. (the "Company") and its subsidiaries (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2023, 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 flow 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 fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of condensed consolidated 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) 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 do not give a true and fair view of the financial position of BBGI Global Infrastructure S.A. as of 30 June 2023, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Emanuela Sardi
Luxembourg, 30 August 2023

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Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2023 (Unaudited)

In thousands of Sterling	Notes	30 June 2023	30 June 2022
Income from investments at fair value through profit or loss	9	**6,064**	128,059
Other operating income	8	**7,250**	248
Operating income		**13,314**	128,307
Administrative expenses	5	**(6,337)**	(5,789)
Other operating expenses	6	**(231)**	(14,501)
Operating expenses		**(6,568)**	(20,290)
Results from operating activities		**6,746**	108,017
Net finance result	7	**(1,419)**	(890)
Net gain (loss) on balance sheet hedging	16	**8,057**	(13,592)
Profit before tax		**13,384**	93,535
Tax expense	11	**(2,321)**	(1,057)
Profit for the period		**11,063**	92,478
Earnings per share			
Basic earnings per share (pence)	13	**1.55**	12.98
Diluted earnings per share (pence)	13	**1.55**	12.97

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

Condensed Consolidated Interim Statement of Other Comprehensive Income

For the six months ended 30 June 2023 (Unaudited)

In thousands of Sterling	Note	30 June 2023	30 June 2022
Profit for the period		**11,063**	92,478
Other comprehensive income for the period that may be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations	12	**1,124**	55
Total comprehensive income for the period		**12,187**	92,533

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 2023

In thousands of Sterling	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Property and equipment		**101**	123
Investments at fair value through profit or loss	9	**1,055,024**	1,102,844
Deferred tax assets		**149**	153
Other non-current assets		**244**	275
Non-current assets		**1,055,518**	1,103,395
Trade and other receivables	17	**2,348**	909
Other current assets		**1,307**	994
Derivative financial assets	16	**10,942**	2,885
Cash and cash equivalents	10	**17,880**	31,157
Current assets		**32,477**	35,945
Total assets		**1,087,995**	1,139,340
Equity			
Share capital	12	**852,255**	850,007
Additional paid-in capital	12, 17	**2,294**	2,502
Translation and other capital reserves	12	**3,873**	14,371
Retained earnings		**198,304**	202,298
Equity attributable to the owners of the Company		**1,056,726**	1,069,178
Liabilities			
Loans and borrowings	14	**24,857**	56,390
Derivative financial liabilities	16	**1,397**	5,687
Non-current liabilities		**26,254**	62,077
Loans and borrowings	14	**206**	230
Trade and other payables	15	**2,894**	3,242
Derivative financial liabilities	16	**338**	3,006
Tax liabilities	11	**1,577**	1,607
Current liabilities		**5,015**	8,085
Total liabilities		**31,269**	70,162
Total equity and liabilities		**1,087,995**	1,139,340
Net asset value attributable to the owners of the Company	12	**1,056,726**	1,069,178
Net asset value per ordinary share (pence)	12	**147.84**	149.89

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

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2023 (Unaudited)

In thousands of Sterling	Notes	Share capital	Additional paid-in capital	Translation and other capital reserve	Retained earnings	Total equity
Balance as at 31 December 2022 (Audited)		**850,007**	**2,502**	**14,371**	**202,298**	**1,069,178**
Total comprehensive income for the six months ended 30 June 2023						
Profit for the period		**–**	**–**	**–**	**11,063**	**11,063**
Other comprehensive income		**–**	**–**	**(10,498)**	**11,622**	**1,124**
Total comprehensive income for the period		**–**	**–**	**(10,498)**	**22,685**	**12,187**
Transactions with the owners of the Company, recognised directly in equity						
Scrip dividends	12	**1,536**	**–**	**–**	**(1,536)**	**–**
Cash dividends	12	**–**	**–**	**–**	**(25,143)**	**(25,143)**
Equity settlement of share-based compensation	12,17	**742**	**(1,283)**	**–**	**–**	**(541)**
Share-based payment	17	**–**	**1,075**	**–**	**–**	**1,075**
Share issuance costs	12	**(30)**	**–**	**–**	**–**	**(30)**
Balance as at 30 June 2023 (Unaudited)		**852,255**	**2,294**	**3,873**	**198,304**	**1,056,726**

In thousands of Sterling	Notes	Share capital	Additional paid-in capital	Translation and other capital reserve	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 for the period		–	–	–	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	12	964	–	–	(964)	–
Cash dividends	12	–	–	–	(25,135)	(25,135)
Equity settlement of share-based compensation	12,17	1,084	(1,068)	–	–	16
Share-based payment	17	–	770	–	–	770
Share issuance costs	12	(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.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2023 (Unaudited)

In thousands of Sterling	Notes	30 June 2023	30 June 2022
Operating activities			
Profit for the period		**11,063**	92,478
Adjustments for:			
Depreciation expense	5	**25**	14
Net finance result	7	**1,419**	890
Income from investments at fair value through profit or loss	9	**(6,064)**	(128,059)
Net loss (gain) on derivative financial instruments	16	**(13,761)**	27,684
Foreign currency exchange gain - net	8	**(1,511)**	(186)
Share-based compensation	17	**1,075**	770
Tax expense	11	**2,321**	1,057
Working capital adjustments:			
Trade and other receivables		**(1,108)**	(316)
Other assets		**(204)**	(536)
Trade and other payables		**(55)**	(828)
Cash used in operating activities		**(6,800)**	(7,032)
Interest paid and other borrowing costs		**(1,589)**	(747)
Interest received		**308**	6
Realised loss on derivative financial instruments - net	16	**(1,255)**	(1,825)
Taxes paid		**(2,347)**	(1,518)
Net cash flows used in operating activities		**(11,683)**	(11,116)
Investing activities			
Acquisition of/additional investments at fair value through profit or loss	9	**–**	(23,619)
Distributions received from investments at fair value through profit or loss	9	**53,884**	62,097
Acquisition of property and equipment		**(3)**	(78)
Net cash flows from investing activities		**53,881**	38,400
Financing activities			
Dividends paid	12	**(25,143)**	(25,135)
Repayment of loans and borrowings	14	**(45,520)**	–
Proceeds from the issuance of loans and borrowings	14	**15,000**	10,000
Debt and equity instruments issue cost	12	**(30)**	(27)
Net cash flows used in financing activities		**(55,693)**	(15,162)
Net increase (decrease) in cash and cash equivalents		**(13,495)**	12,122
Impact of foreign exchange gain on cash and cash equivalents		**218**	1,211
Cash and cash equivalents as at 1 January		**31,157**	26,862
Cash and cash equivalents as at 30 June	10	**17,880**	40,195

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 2023

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 at 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 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 2023, the Company has one investment that is under construction.

As at 30 June 2023, the Group employed 25 staff (30 June 2022: 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 2022 and 30 June 2022, as appropriate.

These condensed consolidated interim financial statements were approved by the Management Board on 30 August 2023.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements of the Group for the six-month period 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 2022.

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.

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 2022, except for the adoption of new standards effective as at 1 January 2023.

2. Basis of preparation (continued)

Changes in accounting policy *(continued)*

New and amended standards applicable to the Group starting on 1 January 2023 are as follows:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Definition of Accounting Estimate – Amendments to IAS 8

The amendments introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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 2023, the Company has 56 investments;

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

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

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

3. Material 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.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

3. Material accounting judgements, estimates and assumptions (continued)

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 16.

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.

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.

Profit or loss for the period for the six months ended are presented below:

For the six months ended 30 June 2023 In thousands of Sterling	**UK**	**North America**	**Australia**	**Continental Europe**	**Holding Activities**	**Total Group**
Income from investments at FVPL	**8,062**	**(2,980)**	**(3,642)**	**4,624**	**–**	**6,064**
Administrative expenses	**–**	**–**	**–**	**–**	**(6,337)**	**(6,337)**
Other operating income – net	**–**	**–**	**–**	**–**	**7,019**	**7,019**
Results from operating activities	**8,062**	**(2,980)**	**(3,642)**	**4,624**	**682**	**6,746**
Net finance result	**–**	**–**	**–**	**–**	**(1,419)**	**(1,419)**
Net gain on balance sheet hedging	**–**	**–**	**–**	**–**	**8,057**	**8,057**
Tax expense – net	**–**	**–**	**–**	**–**	**(2,321)**	**(2,321)**
Profit or loss for the period	**8,062**	**(2,980)**	**(3,642)**	**4,624**	**4,999**	**11,063**

4. Segment reporting (continued)

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 for the period	47,696	65,982	9,509	4,872	(35,581)	92,478

Statement of financial position segment information as at 30 June 2023 and 31 December 2022 are presented below:

As at 30 June 2023 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Property and equipment	**–**	**–**	**–**	**–**	**101**	**101**
Investments at FVPL	**343,559**	**476,880**	**102,717**	**131,868**	**–**	**1,055,024**
Other non-current assets	**–**	**–**	**–**	**–**	**393**	**393**
Current assets	**–**	**–**	**–**	**–**	**32,477**	**32,477**
Total assets	**343,559**	**476,880**	**102,717**	**131,868**	**32,971**	**1,087,995**
Liabilities						
Non-current	**–**	**–**	**–**	**–**	**26,254**	**26,254**
Current	**–**	**–**	**–**	**–**	**5,015**	**5,015**
Total liabilities	**–**	**–**	**–**	**–**	**31,269**	**31,269**

As at 31 December 2022 In thousands of Sterling	UK	North America	Australia	Continental Europe	Holding Activities	Total Group
Assets						
Property and equipment	–	–	–	–	123	123
Investments at FVPL	354,002	504,408	112,414	132,020	–	1,102,844
Other non-current assets	–	–	–	–	428	428
Current assets	–	–	–	–	35,945	35,945
Total assets	354,002	504,408	112,414	132,020	36,496	1,139,340
Liabilities						
Non-current	–	–	–	–	62,077	62,077
Current	–	–	–	–	8,085	8,085
Total liabilities	–	–	–	–	70,162	70,162

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

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

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

5. Administrative expenses

In thousands of Sterling	Six months ended 30 June 2023	Six months ended 30 June 2022
Personnel expenses		
Short-term benefits	**2,843**	2,812
Share-based compensation expenses	**1,075**	770
Supervisory Board fees	**158**	115
	4,076	3,697
Legal and professional fees	**1,496**	1,529
Office and other expenses	**740**	549
Depreciation expense	**25**	14
	6,337	5,789

Short-term benefits relate to the Management Board and staff, and include basic salaries, Short-Term Incentive Plan ('STIP'), staff bonus, social security contributions and other related expenses.

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

Included in the legal and professional fees are audit fees and other related services amounting to £242,000 (30 June 2022: £181,000). There were no non-audit-related services for the six months ended 30 June 2023 (30 June 2022: £7,000).

6. Other operating expenses

In thousands of Sterling	Six months ended 30 June 2023	Six months ended 30 June 2022
Acquisition-related costs	**231**	409
Net loss on derivative financial instruments(i) (Note 16)	**–**	14,092
	231	14,501

(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 2023	Six months ended 30 June 2022
Finance costs on loans and borrowings (Note 14)	**(1,727)**	(896)
Interest income on bank deposits	**308**	6
	(1,419)	(890)

8. Other operating income

In thousands of Sterling	Six months ended 30 June 2023	Six months ended 30 June 2022
Gain on derivative financial instruments(i) – net (Note 16)	**5,704**	–
Foreign currency exchange gain – net	**1,511**	186
Others	**35**	62
	7,250	248

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

9. Investments at FVPL

In thousands of Sterling	30 June 2023	31 December 2022
Balance at 1 January	**1,102,844**	975,225
Acquisitions of/additions in Investments at FVPL	**–**	64,407
Income from Investments at FVPL(i)	**6,064**	159,545
Distributions received from Investments at FVPL	**(53,884)**	(96,333)
	1,055,024	1,102,844

(i) This account reflects the unrealised gains on the valuation of Investments at FVPL. For the six months ended 30 June 2022, the income from investments at FVPL amounted to £128,059,000.

Income from investments at FVPL include the impact of foreign exchange for the six months ended 30 June 2023 amounting to a net loss of £21.0 million (six months ended 30 June 2022: net gain of £45.1 million).

Refer to Note 16 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 2023 and 31 December 2022, 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.

10. Cash and cash equivalents

Cash and cash equivalents relate to bank deposits amounting to £17,880,000 (31 December 2022: £31,157,000).

11. 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 2023, the Company incurred a subscription tax expense of £267,000 (30 June 2022: £249,000). 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.

The Company has adopted IFRS 10, resulting in its designation as an Investment Entity (see Note 2). Consequently, tax expenses of unconsolidated subsidiaries are not shown as a separate line item in these condensed consolidated interim financial statements. Instead, they are incorporated into the fair value calculation of Investments at FVPL with the net income of each Portfolio Company taxed in its respective jurisdictions.

During the six months ended 30 June 2023, the Group recognised a tax expense of £2,321,000 (30 June 2022: £1,057,000). The tax liability as at 30 June 2023 is £1,577,000 (31 December 2022: £1,607,000).

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

12. Capital and reserves

Share capital

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

In thousands of Sterling	30 June 2023	31 December 2022
Share capital as at 1 January	**850,007**	847,858
Share capital issued through scrip dividends	**1,536**	1,092
Equity settlement of share-based compensation (see Note 17)	**742**	1,084
Share issuance costs	**(30)**	(27)
	852,255	850,007

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 2023	31 December 2022
In issue at beginning of the year	**713,331**	712,126
Shares issued through scrip dividends	**1,017**	649
Shares issued as share-based compensation – net[(i)]	**439**	556
	714,787	713,331

(i) Being the net share entitlement after adjustments to settle taxes.

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.

Additional paid-in capital

This account amounting to £2,294,000 (30 June 2022: £2,502,000) relates to fair value of the awards recognised under share-based payment arrangements with the Management Board and selected employees.

Translation and other capital reserve

Intragroup foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except for exchange differences from intragroup monetary items which are reflected in the consolidated income statement. The translation reserve amounts to a credit balance of £3,650,000 (31 December 2022: debit balance of £14,153,000). The remaining balance, being the other capital reserve, relates to reserve required for statutory purposes, which may not be distributed.

Dividends

The dividends declared and paid by the Company during the six months ended 30 June 2023 and 2022 are as follows:

In thousands of Sterling except as otherwise stated	30 June 2023
2022 2nd interim dividend of 3.740 pence per qualifying ordinary share – for the period 1 July 2022 to 31 December 2022	**26,679**

The 31 December 2022 2nd interim dividend was paid in April 2023. The value of the scrip election was £1,536,000, with the remaining amount of £25,143,000 paid in cash to those investors that did not elect for scrip.

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 scrip.

12. Capital and reserves (continued)

Net Asset Value ('NAV')

The consolidated NAV and NAV per share as at 30 June 2023, 31 December 2022 and 31 December 2021 were as follows:

In thousands of Sterling	2023	2022	2021
NAV attributable to the owners of the Company	**1,056,726**	1,069,178	1,000,543
NAV per ordinary share (pence)	**147.84**	149.89	140.50

13. Earnings per share

a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding.

In thousands of Sterling	Six months ended 30 June 2023	Six months ended 30 June 2022
Profit for the period	**11,063**	92,478
Weighted average number of ordinary shares in issue	**714,368**	712,340
Basic earnings per share (in pence)	**1.55**	12.98

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 2023	Six months ended 30 June 2022
Shares outstanding as at 1 January	**713,331**	712,126
Effect of scrip dividends issued	**763**	144
Shares issued as share-based compensation	**274**	70
Weighted average – outstanding shares	**714,368**	712,340

b) Diluted earnings per share

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

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

In thousands of shares	Six months ended 30 June 2023	Six months ended 30 June 2022
Weighted average number of ordinary shares for basic earnings per share	**714,368**	712,340
Effect of potential dilution from share-based payment	**1,212**	565
Weighted average number of ordinary shares for diluted earnings per share	**715,580**	712,905

The price of the Company's shares for the purpose of calculating the potential dilutive effect of award letters (Note 17) was based on the average market price for the six months ended 30 June 2023 and 30 June 2022, respectively, during which period the awards were outstanding.

14. Loans and borrowings

The Group has a 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 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.

Outstanding drawdowns under the RCF as at 30 June 2023 amounted to £25.8 million (31 December 2022: £57.5 million). As at 30 June 2023, the Group has utilised £1.3 million (31 December 2022: £1.3 million) of the £230 million RCF, which was being used to cover letters of credit.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

14. Loans and borrowings (continued)

The RCF unamortised debt issuance cost amounted to £932,000 as at 30 June 2023 (31 December 2022: £1,094,000). 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 2023 amounted to £1,727,000 (30 June 2022: £892,000) which includes the amortisation of debt issuance costs of £162,000 (30 June 2022: £162,000). RCF related fees payable as at 30 June 2023 amounted to £206,000 (31 December 2022: £230,000).

Changes in liabilities arising from financing activities

In thousands of Sterling	1 January 2023	Proceeds	Repayment	Foreign exchange	Others	30 June 2023
Loans and borrowings - non-current	**56,390**	**15,000**	**(45,520)**	**(1,174)**	**161**	**24,857**

In thousands of Sterling	1 January 2022	Proceeds	Repayment	Foreign exchange	Others	31 December 2022
Loans and borrowings - non-current	–	72,512	(17,000)	1,972	(1,094)	56,390

Pledges and collaterals in relation to the RCF

As at 30 June 2023 and 31 December 2022, 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 2023 and year ended 31 December 2022.

15. Trade and other payables

Trade and other payables amounting to £2,894,000 as at 30 June 2023 (30 June 2022: £3,242,000) are non-interest bearing and are usually settled within six months.

16. Fair value measurements and sensitivity analysis

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 2023 In thousands of Sterling	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	**–**	**–**	**1,055,024**	**1,055,024**
Derivative financial assets	**–**	**10,942**	**–**	**10,942**
Financial liabilities measured at fair value				
Derivative financial liabilities	**–**	**(1,735)**	**–**	**(1,735)**

31 December 2022 In thousands of Sterling	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVPL	–	–	1,102,844	1,102,844
Derivative financial assets	–	2,885	–	2,885
Financial liabilities measured at fair value				
Derivative financial liabilities	–	(8,693)	–	(8,693)

16. Fair value measurements and sensitivity analysis (continued)
There were no transfers between any levels during the year.

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.

Key Portfolio Company and portfolio cash flow assumptions underlying NAV calculation include:
– Discount rates and the Assumptions, as set out below, continue to be applicable.

– The updated financial models used for 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.

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

		30 June 2023	31 December 2022
Inflation	UK(i) RPI/CPIH	**6.30% for 2023; 3.90% for 2024 then 2.75% (RPI) / 2.00% (CPIH)**	13.40% (actual) for 2022; 5.80% for 2023 then 2.75% (RPI) / 2.00% (CPIH)
	Canada	**2.80% for 2023; 2.30% for 2024 then 2.00%**	6.30% (actual) for 2022; 4.00% for 2023; 2.30% for 2024 then 2.00%
	Australia	**4.50% for 2023; 3.25% for 2024 then 2.50%**	8.00% for 2022; 4.75% for 2023; 3.25% for 2024 then 2.50%
	Germany/ Netherlands(ii)	**5.40% for 2023; 3.00% for 2024 then 2.00%**	8.40% for 2022; 6.30% for 2023; 3.40% for 2024 then 2.00%
	Norway(ii)	**5.00% for 2023; 2.3% for 2024 then 2.25%**	5.90% (actual) for 2022; 4.90% for 2023 then 2.25%
	US	**3.00% for 2023 then 2.50%**	6.50% (actual) for 2022; 3.40% for 2023 then 2.50%

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

16. Fair value measurements and sensitivity analysis (continued)

		30 June 2023	31 December 2022
Deposit rates (p.a.)	UK	**3.55% to 2024, then 2.00%**	2.00% to 2024, then 1.50%
	Canada	**5.30% to 2024, then 2.00%**	3.50% to 2024, then 1.75%
	Australia	**4.25% to 2024, then 3.50%**	3.25% to 2024, then 3.00%
	Germany/ Netherlands	**2.75% to 2024, then 1.00%**	0.50% to 2024, then 1.00%
	Norway	**3.20% to 2024, then 2.25%**	2.00% to 2024, then 2.00%
	US	**4.90% to 2024, then 1.75%**	3.75% to 2024, then 1.50%
Corporate tax rates (p.a.)	UK	**25.00%**	19.00% until March 2023 then 25.00%
	Canada(iii)	**23.00% / 26.50% / 27.00% / 29.00%**	23.00% / 26.50% / 27.00% / 29.00%
	Australia	**30.00%**	30.00%
	Germany(iv)	**15.83% (incl. Solidarity charge)**	15.83% (incl. Solidarity charge)
	Netherlands	**25.80%**	25.80%
	Norway	**22.00%**	22.00%
	US	**21.00%**	21.00%

(i) On 25 November 2020, the UK Government announced the phasing out of RPI after 2030 to be replaced 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) Individual tax rates vary among Canadian Provinces: Alberta; Ontario, Quebec, Northwest Territory; Saskatchewan, British Columbia; New Brunswick.
(iv) Individual local trade tax rates are considered in addition to the tax rate above.

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 8.22% in 2023(i)		-1% to 6.22% in 2023(i)	
Effects in thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2023	**(80,591)**	**(80,591)**	**92,719**	**92,719**
31 December 2022	(87,101)	(87,101)	100,702	100,702

(i) Based on the weighted average discount rate of 7.2 per cent (31 December 2022: 6.9 per cent).

Inflation has increased in all jurisdictions across BBGI's geographies, and interest rates have risen from historical lows, although in some jurisdictions these trends have reversed over the period. In the event long-term interest rates rise substantially further, this is likely to further affect discount rates, and as a result, negatively impact portfolio valuation.

Combined sensitivity: inflation, deposit rates and discount rates

It is reasonable to assume that if discount rates increase, then deposit rates and inflation would also be affected. To illustrate the effect of this combined movement on the NAV, a scenario was created assuming a one percentage point increase in the weighted average discount rate to 8.2 per cent, and a one percentage point increase in both deposit and inflation above the macroeconomic assumptions.

	+1%	
In thousands of Sterling	**NAV**	**Profit or loss**
30 June 2023	**(17,239)**	**(17,239)**
31 December 2022	(22,796)	(22,796)

Inflation sensitivity

The Company's investments are contractually entitled to receive availability-based income streams from public sector clients, which are typically 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.

16. Fair value measurements and sensitivity analysis (continued)

Inflation sensitivity *(continued)*

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

	+1%		-1%	
Effects in thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2023	**50,193**	**50,193**	**(43,428)**	**(43,428)**
31 December 2022	51,508	51,508	(45,524)	(45,524)

Short-term inflation sensitivity

Inflation may continue to be elevated for the short-term before diminishing. To illustrate the effect of persistent higher short-term inflation on the Company's NAV, three scenarios were created assuming inflation is two percentage points above our assumptions for the next one, three and five years.

	+2%	
Effects in thousands of Sterling	**NAV**	**Profit or loss**
Inflation +2% for one year	11,774	11,774
Inflation +2% for three years	32,073	32,073
Inflation +2% for five years	48,636	48,636

Foreign exchange 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 2023	**(24,778)**	**(24,778)**	**25,770**	**25,770**
31 December 2022	(23,665)	(23,665)	31,488	31,488

(i) Sensitivity in comparison to the spot foreign exchange rates at 30 June 2023 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 table below shows the sensitivity of the NAV to a percentage-point change in long-term deposit rates compared to the long-term assumptions in the table above:

	+1 %		-1%	
Effects in thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2023	**20,510**	**20,510**	**(20,230)**	**(20,230)**
31 December 2022	51,508	51,508	(45,524)	(45,524)

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 56 Investments at FVPL, 20 Investments at FVPL retain the lifecycle obligations. The remaining 36 investments have this obligation passed down to the subcontractor.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

16. Fair value measurements and sensitivity analysis (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 2023	**(23,374)**	**(23,374)**	**21,722**	**21,722**
31 December 2022	(25,956)	(25,956)	23,459	23,459

(i) Sensitivity applied to the 20 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 table below shows the sensitivity of the NAV to a change in corporate tax rates compared to the assumptions in the table above:

	+1%		-1%	
Effects in thousands of Sterling	**NAV**	**Profit or loss**	**NAV**	**Profit or loss**
30 June 2023	**(10,835)**	**(10,835)**	**11,346**	**11,346**
31 December 2022	(11,150)	(11,150)	11,011	11,011

Refinancing: senior debt rate 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 one percentage point increase to the forecasted debt rate.

	Debt rate +1%	
Effects in thousands of Sterling	**NAV**	**Profit or loss**
30 June 2023	**(7,875)**	**(7,875)**
31 December 2022	(9,051)	(9,051)

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 at 30 June 2023 amounted to a net receivable of £9,207,000 (31 December 2022: £5,808,000 – net liability). The counterparty bank has an S&P/Moody's credit rating of A+/Aa3.

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 ('cash flow hedging'), and (ii) to implement balance sheet hedging in order to limit the decrease in the NAV to approximately 3 per cent, for a 10 per cent adverse movement in foreign exchange rates ('balance sheet hedging').

During the six months ended 30 June 2023, the Group recognised the following net gain(loss) on derivative financial instruments at FVPL:

	Six months ended		Six months ended	
In thousands of Sterling	**30 June 2023 Realised**	**30 June 2023 Unrealised**	**30 June 2022 Realised**	**30 June 2022 Unrealised**
Cash flow hedging	**(1,255)**	**6,959**	(1,825)	(12,267)
Balance sheet hedging	**–**	**8,057**	–	(13,592)
	(1,255)	**15,016**	(1,825)	(25,859)

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.

16. Fair value measurements and sensitivity analysis (continued)

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.

17. 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 £158,000 in fees for the six months ended 30 June 2023 (30 June 2022: £115,000).

Directors' shareholding in the Company

In thousands of shares	30 June 2023	31 December 2022
Management Board		
Duncan Ball	**1,049**	871
Frank Schramm	**1,001**	829
Michael Denny	**630**	504
Supervisory Board		
June Aitken	**56**	31
Andrew Sykes	**40**	40
Sarah Whitney	**39**	39
Christopher Waples	**17**	17
	2,832	2,331

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 2023	Six months ended 30 June 2022
Short-term benefits	**1,411**	1,352
Share-based payment	**951**	687
	2,362	2,039

Share-based compensation

Each of the members of the Management Board participates in the Group's LTIP.

During the six months ended 30 June 2023, the Company settled the outstanding obligation under the 2019 LTIP Award and the 2022 Deferred STIP, on a net basis after taking into account the expected tax liability, through the issuance of 175,242 shares and 263,720 shares respectively. The total accrued amount prior to current period settlement under the 2019 LTIP Award and the 2022 Deferred STIP was £445,000 and £708,000 respectively.

Notes to the Condensed Consolidated Interim Financial Statements *continued*

For the six months ended 30 June 2023

17. Related parties and key contracts (continued)

Trade and other receivables

As at 30 June 2023, trade and other receivables include short-term net receivables from non-consolidated subsidiaries amounting to £2,348,000 (31 December 2022: £909,000).

18. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 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.

Board Members, Agents and Advisers

Supervisory Board
Sarah Whitney (Chair)
Jutta af Rosenborg
Christopher Waples
Andrew Sykes
June Aitken

Management Board
Duncan Ball
Michael Denny
Frank Schramm

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Corporate Brokers
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Grand Duchy of Luxembourg

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
RCS	B163879

Glossary

AIC
The UK Association of Investment Companies, the trade association for closed-ended investment companies in the UK

AIC Code
The 2019 AIC Code of Corporate Governance

APM
Alternative Performance Measures

AUD, A$
Australian Dollar

Availability-style
Availability-style, unlike 'demand-based' means that revenues are paid provided the asset is available for use

BBGI/Company
BBGI Global Infrastructure S.A.

CAD, C$
Canadian Dollar

CPI
Consumer Price Index

ESG
Environmental, Social and Governance

EUR, €
Euro

FCA
The UK Financial Conduct Authority

Financed Emissions
GHG emissions from our investments

FX
Foreign Exchange

GBP, Sterling, £
Great British Pounds Sterling

GDP
Gross Domestic Product

GHG
Greenhouse Gas

Group
The Company and its subsidiaries

IFRS
International Financial Reporting Standards as adopted by the European Union

Investments at FVPL
Investments at fair value through profit or loss

IPO
Initial Public Offering

KPI
Key Performance Indicator

LIFT
The UK's Local Improvement Finance Trust

Management Board
The Executive Directors of the Company

NAV
Net Asset Value

NED
Independent Non-Executive Director, a member of the Supervisory Board

NOK
Norwegian Krone

O&M
Operation and Maintenance

OGC
Ongoing Charges

PFI
Private Finance Initiative

PPP
Public Private Partnership

pps
British pence per share

PwC
PricewaterhouseCoopers société cooperative, the Company's External Auditor

RCF
Revolving Credit Facility

RPI
Retail Price Index

SDG, SDGs
The UN Sustainable Development Goals

SFDR
Sustainable Finance Disclosure Regulation

Supervisory Board
The independent Non-Executive Directors of the Company

TCFD
Task Force on Climate-Related Financial Disclosures

TSR
Total Shareholder Return

USD, US$
US Dollar

Cautionary Statement

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

These sections may include statements that are, or may be deemed to be, 'forward-looking' statements. These forward-looking statements can be identified using 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 throughout this document and include statements regarding the intentions, beliefs or current expectations of the Management and Supervisory Boards concerning, among 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, and therefore gives greater emphasis to those matters that are significant to BBGI Global Infrastructure S.A. and its subsidiaries when viewed as a whole.

BBGI

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