Interim Report

FOR THE SIX MONTHS ENDED
30 JUNE 2016

A Global Infrastructure Company

BBGI SICAV S.A.
www.bb-gi.com

Registre de Commerce et des Sociétés Luxembourg: B163879

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CAUTIONARY STATEMENT

Certain sections of this report including the Company Overview, the Chairman's Statement and the Report of the Management Board (the "**Review Section**") have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

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

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

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

Subject to their legal and regulatory obligations, the Directors 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, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

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

COMPANY OVERVIEW

BBGI SICAV S.A.

BBGI SICAV S.A. **("BBGI", or the "Company" or, together with its consolidated subsidiaries, the "Group")** is an investment company incorporated in Luxembourg. The Company was admitted to the London Stock Exchange ("LSE") in December 2011. BBGI invests in Private Finance Initiative ("PFI") / Public Private Partnership ("PPP") infrastructure assets. BBGI's portfolio currently consists of 39 PFI / PPP infrastructure assets diversified by geography and sector across availability-based road projects and a range of social infrastructure projects in the UK, Continental Europe, Canada, Australia and the USA. The Company is the only internally managed London-listed PPP Investment Company.

The Company is incorporated in Luxembourg in the form of a public limited company (*société anonyme*) with variable share capital (*société d'investissement à capital variable,* or "SICAV") and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under Part II of the Luxembourg Law of 17 December 2010 on undertakings for collective investments with an indefinite life. The Company was admitted to the official list of the UK Listing Authority (premium listing, closed-ended investment fund) and to trading on the main market of the London Stock Exchange on 21 December 2011.

BBGI AT A GLANCE

- Global, geographically diversified portfolio of 39 high-quality availability-based PPP/PFI infrastructure assets with strong yield characteristics, contracted government-backed revenue streams, inflation-linked returns and long-term contracts.
- 96% of the assets by value are operational assets with a focus on availability-based roads and bridges and social infrastructure.
- 40% of the assets by value are located in the UK, 27% in Canada, 20% in Australia, 9% in Continental Europe and 4% in the United States.
- 39% of assets by value are availability-based roads and bridges, while the remainder are social infrastructure assets, principally schools, hospitals and prisons.
- Stable cash flows with inflation protection characteristics.
- Potential value upside from active management of the portfolio.
- A revised dividend target of 6.25 pence per share for the year to 31 December 2016[1].
- 7%–8% target IRR on IPO issue price.
- Internally managed fund with an experienced PPP/PFI in-house management team.
- Strong governance model and alignment of interests between the management team and shareholders. In addition to a base remuneration, the management team is remunerated by long- and short-term incentive plans that prioritise total shareholder returns and net asset value per share growth, and is not compensated based on assets under management.
- The ordinary shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits), provided that they have been acquired by purchase in the market. The ordinary shares are also permissible assets for SIPPs.

[1] These are targets only and not profit forecasts. There can be no assurance that these targets will be met.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the six months ended 30 June 2016

- Total shareholder return since listing in December 2011 to 30 June 2016 of 73.79%[2] equating to a compound annual growth rate ('CAGR') of 13.00%.
- An increase in Net Asset Value "NAV" on an investment basis ("Investment Basis NAV") to £521.78 million as at 30 June 2016 (£479.84 million as at 31 December 2015).
- Investment Basis NAV per share of 120.8 pence as at 30 June 2016 (111.5 pence – 31 December 2015), which represents an increase of 8.31%.
- 2015 final dividend of 3.00 pence per share paid on 29 June 2016, resulting in a total dividend payment of 6.00 pence per share for the year ended 31 December 2015, which was in line with target.
- The Board is pleased to announce that it has increased its 2016 dividend target from 6.00 pence per share to 6.25 pence per share which represents an increase of 4.16%. A 2016 interim dividend of 3.125 pence per share has been declared today and will be paid on 26 October 2016.
- An annualised Ongoing Charge Ratio of 0.97% (0.96% at 31 December 2015), which we believe continues to be the lowest in the UK listed infrastructure sector.
- Portfolio performance and cash receipts were ahead of the business plan and underlying financial models.
- International Financial Reporting Standards "IFRS" NAV of £517.9 million as at 30 June 2016 (£482.4 million – 31 December 2015).
- Net profit under IFRS of £46.1 million for the period ended 30 June 2016 (£16.3 million – 30 June 2015).
- At 30 June 2016, the Group had a total cash balance of £28.3 million and total borrowings outstanding of £45.2 million equating to a net debt position of £16.9 million. The Company increased the total commitment under the corporate credit facility from £80 million to £110 million with effect from 3 May 2016. The Company retains the ability, by utilising the accordion provision, to increase further the total commitment under the facility to £180 million.
- Weighted average discount rate of 7.77% at 30 June 2016 compared with 7.86% at 31 December 2015.
- In March, BBGI completed the previously announced acquisition of 100% of the equity and subordinated debt interests in the Belfast Metropolitan College ("BMC") project in Northern Ireland. The combined acquisition cost for both the BMC project and the North West Regional College project, which concluded in December 2015, was £11.7 million.
- Demand for PPP infrastructure assets remains strong with demand exceeding supply in most markets. This trend has impacted valuations favourably, but has also made it challenging to secure additional secondary investment opportunities which are accretive.
- The Company has an attractive pipeline of primary investment opportunities in new PPP developments in the UK, Canada and the U.S. Primary opportunities continue to be relatively attractive as there are greater barriers to entry for new market entrants and BBGI can benefit from its development credentials and portfolio.

[2] Based on share price at 30 June 2016 and after adding back dividends paid or declared since listing.

CHAIRMAN'S STATEMENT

David Richardson, Chairman

Dear Shareholder,

I am pleased to introduce this report on the performance of your Company in the half year to 30 June 2016.

The financial numbers for 30 June 2016 have been heavily influenced by the market reaction to the UK referendum on Brexit. The resultant weakening of Sterling, the Company's reporting currency, has improved the Sterling valuation of the c.60% of our assets, which are held in Canada, Australia, the USA and Continental Europe, and demonstrates the benefit of having a portfolio which is diversified by both geography and currency. However, Brexit has raised many uncertainties and questions. Management has set out its early views on these on pages 17 to 18. Clearly, your Board will monitor events carefully with a view to ensuring that BBGI is as well placed as possible.

The underlying performance in the 6 months was robust, with a slight reduction in estimated discount rates and management actions improving valuations across the portfolio. Our cash flows remained strong and ahead of our model, giving us the confidence to raise the interim dividend to 3.125 pence per share; the first step toward a current year target of 6.25 pence per share.

The secondary market for infrastructure assets remains fierce with demand far outstripping supply. Prices have therefore remained high and we have not found any secondary assets in the half year which provide additional value for shareholders. We continue to see potential value in the primary market, however, and reports of our involvement in a number of bidding consortia are set out in the Management Report.

The Company is showing a net debt position of approximately 3.2% of the NAV at 30 June 2016, but our current facilities give us sufficient scope for further expansion. Strategically, however, we do not intend to have structural leverage and therefore expect to raise further equity capital at an appropriate time. We anticipate that the Luxembourg parliament will pass legislation this year which will enable us to raise new capital at a premium of more than 5% to Net Asset Value (which is the current legal limit). Given the premium at which our shares trade, we consider it in shareholder's interests to await this legislation and benefit from the change to the Articles passed at the EGM in April of this year.

The world economic environment remains volatile and the additional complication of the UK's withdrawal from the European Union will undoubtedly cause markets to be wary. Your Company's strong cash flows, long-term contracts with sound counter-parties, and geographic and currency diversity underpin its ability to continue to pay dividends and offer you a greater degree of certainty. We believe this proposition will continue to be attractive to investors. ■

David Richardson
Chairman
BBGI SICAV S.A.
30 August 2016

INVESTMENT PORTFOLIO

PORTFOLIO SUMMARY

AVAILABILITY ROADS	EQUITY STAKE
E18 Motorway, Norway	100.00%
Golden Ears Bridge, Canada	100.00%
Kicking Horse Canyon, Canada	50.00%
M1 Westlink, UK	100.00%
M80 Motorway, UK	50.00%
Mersey Gateway Bridge, UK	37.50%
North Commuter Parkway, Canada	50.00%
Northeast Stoney Trail, Canada	100.00%
Northwest Anthony Henday Drive, Canada	50.00%
Ohio River Bridges / East End Crossing, US	33.33%

HEALTHCARE	
Barking & Havering Clinics, UK	60.00%
North London Estates Partnerships, UK[3]	53.33%
Gloucester Royal Hospital, UK	50.00%
Kelowna & Vernon Hospitals, Canada	50.00%
Liverpool & Sefton Clinics (LIFT), UK[4]	53.33%
Mersey Care Mental Health Hospital, UK[5]	76.20%
Royal Women's Hospital, Australia	100.00%
Women's College Hospital, Canada	100.00%

EDUCATION	EQUITY STAKE
Bedford Schools, UK	100.00%
Belfast Metropolitan College, UK	100.00%
Clackmannanshire Schools, UK	100.00%
Cologne Schools, Germany	50.00%
Cologne-Rodenkirchen School, Germany	50.00%
Coventry Schools, UK	100.00%
East Down Colleges, UK	66.67%
Frankfurt Schools, Germany	50.00%
Kent Schools, UK	50.00%
Lagan College, UK	100.00%
Lisburn College, UK	100.00%
North West Regional College, UK	100.00%
Scottish Borders Schools, UK	100.00%
Tor Bank School, UK	100.00%

JUSTICE	
Burg Prison, Germany	90.00%
Northern Territory Secure Facilities, Australia	100.00%
Victoria Prisons, Australia	100.00%
Avon & Somerset Police Headquarters, UK	64.93%

OTHER	
Fürst Wrede Military Base, Germany	50.00%
Stoke-on-Trent & Staffordshire Fire and Rescue Service, UK	85.00%
Unna Administrative Centre, Germany[6]	44.10%

As at 30 June 2016, BBGI's assets consisted of interests in 39 high-quality, availability-based, PPP/PFI infrastructure assets. The assets, in the roads and bridges, healthcare, education, justice and other services sectors, are located in Australia, Canada, Continental Europe, the UK and the US. 96% of the assets by value are operational; 0% are in early-stage construction[7], 4% are in late-stage construction and expected to become operational in December 2016.

BBGI has equity and subordinated debt subscription obligations in Mersey Gateway Bridge ("MGB") and equity subscription obligations in North Commuter Parkway ("NCP"), collectively amounting to approximately £24 million. The subscription obligations are due for payment upon the scheduled construction completion of the respective projects. Assuming, for pro-forma purposes only, that the equity and/or subordinated debt subscription obligations for MGB and for NCP were paid down at 30 June 2016, the portfolio split would be 93% operational; 3% early-stage construction and 4% late-stage construction.

The concessions to project entities in the portfolio are granted predominantly by a variety of public sector clients or entities which are government backed. All project entities in the portfolio are located in countries which are highly rated (Aa1/AA for the UK; Aaa/AAA for Australia, Canada, Germany and Norway; Aaa/AA+ for the US) by Moody's, and by Standard & Poor's, respectively.

[3] 53.33% equity and 60% sub debt

[4] 53.33% equity and 59.46% sub debt

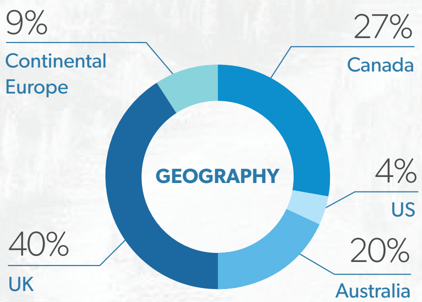
[5] 76.20% equity and 80% sub debt

[6] Entitled to 100% of distributions

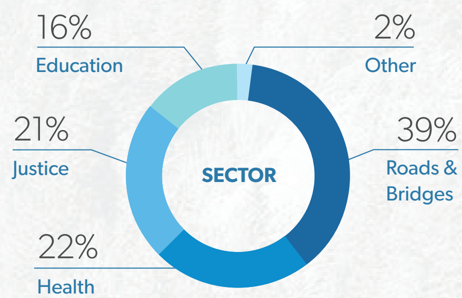
[7] This split only considers those projects where the equity commitment has been paid down.

PORTFOLIO BREAKDOWN

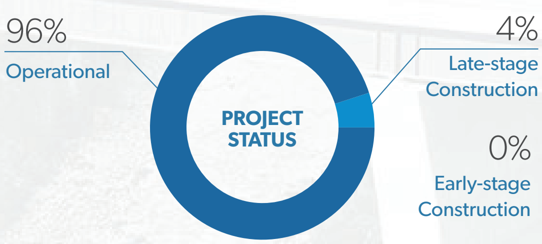
at 30 June 2016



Global portfolio with 39 assets all located in AAA and AA rated countries.

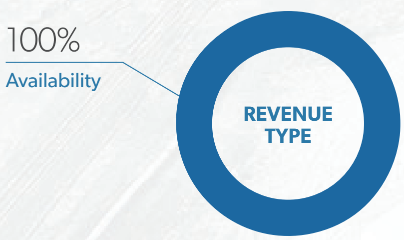


Diversified sector exposure with a bias towards availability roads and bridges.

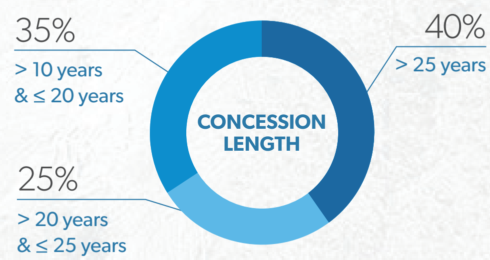


Modest construction exposure provides opportunity for NAV growth as projects become operational. Early-stage construction assets are scheduled to become operational in 2017 and 2018. The late-stage construction asset is scheduled to become operational in December 2016.

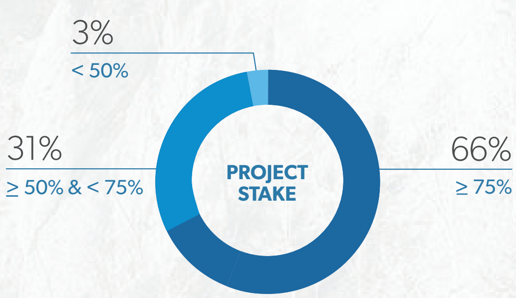
Revised project status calculation assuming, for pro-forma purposes only, that the equity and/or subordinated debt subscription obligations on the Mersey Gateway Bridge and North Commuter Parkway projects have been paid down at 30 June 2016. These subscriptions will be paid down upon construction completion and are backed by letters of credit during construction.



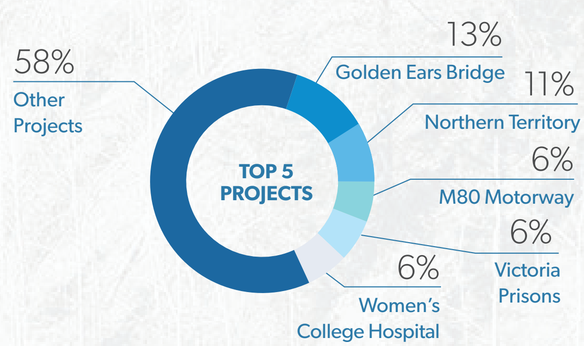
100% availability-based income; no demand risk.



Weighted average concession life is 23.0 years and weighted average debt life is 18.6 years.

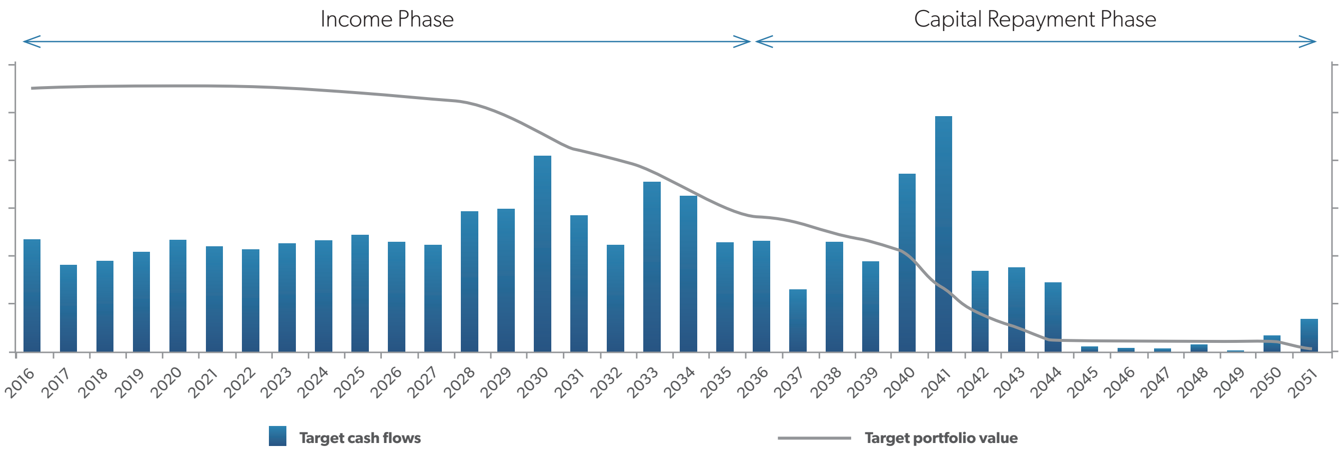


97% of portfolio owned 50% or more.



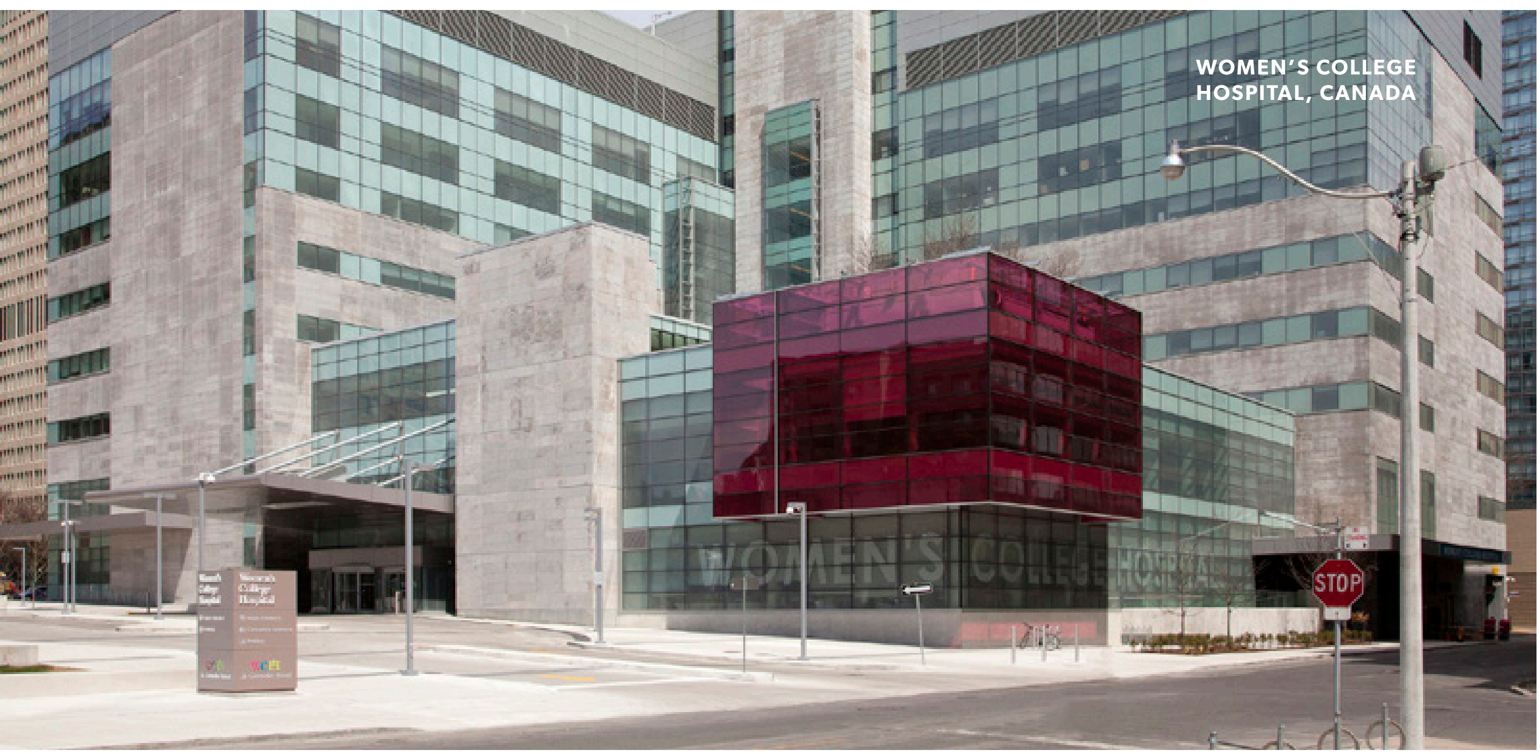
Well-diversified portfolio with no major single asset exposure.

ILLUSTRATIVE PORTFOLIO OVERVIEW



The above chart[8] illustrates the target long-term steady stream of portfolio cash flows deriving from the existing portfolio of underlying assets until year 2051. Typically, new investments contribute to both the cash flows and the weighted average length of the portfolio. Based on current estimates, the existing portfolio is forecast to enter into the repayment phase in 2036, whereby cash inflows from the portfolio will be paid to BBGI's shareholders as capital repayment and the portfolio valuation will reduce as projects reach the end of their concession term.

BBGI has a weighted average portfolio life of 23.0 years, a decrease of 0.7 years compared with 31 December 2015.



[8] This illustrative chart is a target only, as at 30 June 2016, and is not a profit forecast. There can be no assurance that this target will be met.

REPORT OF THE MANAGEMENT BOARD

BUSINESS REVIEW

We are pleased to report another successful six months for the Company in the period to 30 June 2016. The Company's portfolio of investments has performed well in the first half of the year, with cash flows ahead of the business plan. During the period, the investment portfolio has enjoyed a significant up-lift in valuation driven primarily by the weakening of Sterling against all major currencies in the wake of the Brexit referendum and also as a result of continued active management, disciplined cost control and the continued strong market demand for PPP infrastructure assets.

In light of this favourable portfolio performance, the Board is pleased to announce that it has resolved to increase its 2016 dividend target from 6.00 pence per share to 6.25 pence per share, which represents an increase of 4.16%. As a result, an interim dividend of 3.125 pence per share will be paid on 26 October 2016.

GOLDEN EARS BRIDGE, CANADA

KEY PERFORMANCE INDICATORS ("KPIs")

	31 DEC 2013	31 DEC 2014	31 DEC 2015	30 JUNE 2016	TARGET
Dividends declared for the year/half year	5.50 pence per share	5.76 pence per share	6.00 pence per share	3.125 pence per share interim dividend	**DECLARED** **2013:** 5.50 pence **2014:** 5.76 pence **2015:** 6.00 pence **TARGET** **2016:** 6.25 pence
Investment Basis NAV	£449.25m	£465.29m	£479.84m	£521.78m	Stable growth
Growth in Investment Basis NAV per share in reporting period	2.04%	3.49%	2.05%	8.31%	Stable and consistent NAV per share growth
Total Shareholder return in year/year to date (share price plus dividends per share)	15.7%	10.79%	8.69%	13.00%	7% to 8% on the £1 IPO issue price
Total Shareholder return since listing in December 2011[9] (share price plus dividends per share)	29.0%	41.25%	53.53%	73.79%	7% to 8% per annum on the £1 IPO issue price
Ongoing Charges Percentage	1.11%	0.98%	0.96%	0.97%[10]	Seek to minimize ongoing charge over time
Weighted average discount rate	8.39%	8.21%	7.86%	7.77%	To reflect the risk associated with the underlying investments
Weighted average PPP/PFI concession life	24.6 years	24.2 years	23.7 years	23.0 years	Maintain/renew the longevity of the portfolio
Weighted average portfolio debt maturity	23.2 years	21.3 years	19.2 years	18.6 years	Maintain long-term financing of the portfolio
Five largest investments as a percentage of the portfolio by value	51%	40%	41%	42%	Maintain portfolio diversification
Largest investment as a percentage of the portfolio by value	17% (Golden Ears Bridge)	13% (Golden Ears Bridge)	12% (Northern Territory Secure Facilities)	13% (Golden Ears Bridge)	To be less than 20% at time of acquisition
Inflation correlation of the portfolio (+/−1%)	Not reported	Not reported	Approx 0.50%	Approx 0.45%	To maintain a strong correlation

[9] Based on share price at 30 June 2016 and after adding back dividends paid or declared since listing.

[10] The Ongoing Charge percentage shown for 30 June 2016 is based on an annualised calculation.

INVESTMENT PERFORMANCE

During a period of heightened volatility in the UK equity market, driven largely by investor uncertainty stemming from the UK Brexit referendum, the Company's shares showed low volatility and low correlation to the broader FTSE All-Share Index and maintained a strong premium to NAV, reinforcing the hypothesis that investors tend to view UK-listed infrastructure investment companies as a safe-haven asset during times of prolonged economic uncertainty and volatility.

A key benefit of the BBGI portfolio is the high-quality cash flows that are derived from long-term government-backed contracts. As a result, the portfolio performance is largely uncorrelated with the many wider economic factors that may cause market volatility in other sectors.

The share price closed at £1.43 on 30 June 2016, which represents a total shareholder return since listing on 21 December 2011 to 30 June 2016 of 73.79%, equating to a CAGR of 13.00% since IPO.

The shares traded strongly throughout the six-month period in a range from £1.29 to £1.43, and closed on 30 June 2016 at a premium to NAV of 18.38%. The Investment Basis NAV per share at 30 June 2016 was 120.8 pence.

DIVIDENDS

A final dividend for 2015 was announced on 30 April 2016 and was paid on 29 June 2016. Together with the 2015 interim dividend, which was paid in October 2015, the total dividend for the year ended 31 December 2015 amounted to 6.00 pence per share.

The Board has today declared a 2016 interim dividend of 3.125 pence per share, which is in line with its increased target of 6.25 pence per share, to be paid on 26 October 2016.

FOREIGN EXCHANGE

During the period ended 30 June 2016 we witnessed a significant weakening of Sterling against all of the major currencies to which BBGI is exposed. This weakening was largely driven by UK market uncertainty in the lead up to the Brexit referendum, culminating in a significant drop off in Sterling in the wake of the referendum result. With approximately 60% of the portfolio, by value, denominated in currencies other than Sterling, BBGI is well positioned to benefit from this currency depreciation. The increase in portfolio value resulting from foreign exchange gain during the period ended 30 June 2016 was approximately £37.7 million or 7.47% of the 31 December 2015 portfolio value. Refer to page 23 of the Interim Report for further foreign exchange sensitivity analysis.

MERSEY GATEWAY BRIDGE, UK

HEDGING

The Company is exposed to foreign exchange movements on future portfolio distributions denominated in Australian dollars (AUD), Canadian dollars (CAD), Euros (EUR), Norwegian kroner (NOK) and US dollars (USD). A review of hedging strategy is carried out on an annual basis. While the Company tries to mitigate the impacts of foreign currency movements on the NAV by hedging a portion of the expected distributions coming from the portfolio over the next four years, it would not be economical to fully immunise the portfolio against any NAV changes due to foreign exchange movements.

At 30 June 2016, 60% of the portfolio by value has cash flows denominated in currencies other than Sterling. The Management Board has implemented a policy of using forward contracts to hedge a portion of its anticipated foreign currency cash flows. The Company seeks to provide protection for Sterling dividends that it targets to pay on the ordinary shares over the next four years, in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure.

In March 2016, the Company, in accordance with its hedging policy, entered into a number of forward currency contracts in order to partially hedge the impact of currency fluctuations on portfolio distributions over the hedged period. The hedges were rolled for a period of four years. Moreover in July (post the balance sheet date), the Company entered into a number of additional currency forwards, again in accordance with its hedging policy. This has enabled BBGI to lock in at favourable exchange rates when compared to the closing rates used for the 31 December 2015 valuation.

The Company does not currently hedge the future Euro cash flows, as it currently forecasts that these cash flows will continue to be used to cover the Group's running costs which are largely Euro denominated, thereby creating a natural hedge.

ACQUISITIONS

In March, BBGI completed the previously announced acquisition of 100% of the equity and subordinated debt interests in the Belfast Metropolitan College ("BMC") project in Northern Ireland. The combined acquisition cost for both the BMC project and the North West Regional College project ("NWRC"), which concluded in December 2015, was £11.7 million.

FINANCING

At 30 June 2016 the Group had a consolidated cash balance of £28.29 million with £45.22 million drawn under the credit facility, representing a net debt position after borrowings of £16.93 million or 3.2% of NAV.

CREDIT FACILITY

The Company has a multi-currency Revolving Credit Facility ("RCF") with ING Bank and KfW IPEX-Bank, and in May 2016 utilised part of the accordion tranche provision, a commitment increase mechanism within the RCF, to increase the total commitment from £80 million to £110 million. The Company retains the ability, by utilising the accordion provision, to increase further the total commitment under the facility to £180 million. No commitment fees are paid on the unutilised segment of the accordion tranche.

The facility is used primarily to fund acquisitions and to provide letters of credit for investment obligations. The intention is to repay the facility from time to time through equity fundraisings. The Company does not use structural gearing. The term of the facility is three years, expiring in January 2018. The borrowing margin is 185 bps over LIBOR. At 30 June 2016 the Company had utilised £69.59 million of the £110 million facility, of which £24.37 million has been used to cover letters of credit.

TAP ISSUE

The Company has the ability to raise new equity by allotting up to 10% of its issued share capital in order to finance further acquisitions.

At the Company's EGM in April 2016, the shareholders voted unanimously in favour of amending the Company's articles in order to remove the NAV +5% premium limitation imposed when setting the price of secondary issuances of the same class of shares. This amendment is now subject to the enactment of a new bill into Luxembourg law. This bill is currently going through the Luxembourg Parliamentary legislative process and the current expectation is that it should be enacted into law in H2 2016.

PROJECT FINANCING

In April 2016, BBGI successfully closed the £45 million refinancing on the Stoke & Staffordshire Fire Stations ("SSFR") project, realising an attractive margin reduction of 115 bps. This refinancing was carried out on an opportunistic basis with the original loan not due to mature until 2035 further demonstrating BBGI's ability to create shareholder value by active asset management.

Management was pleased with the outcome given that it was concluded in a market where margins were beginning to rise and, as a consequence, quite a number of refinancings were put on hold or abandoned.

The refinancing of Northern Territory Secure Facilities ("NTSF") for a further 5 years concluded subsequent to the balance sheet date, on 21 July 2016. The refinancing resulted in a loss compared to our financial model. This loss was mainly due to the unexpected swap close out costs attributable to one lender who was no longer active in the Australian market and, as a result, executed their swap termination rights under the loan agreement. The valuation of NTSF at 30 June 2016 has taken into account the new contracted margins and associated costs on the refinancing.

Apart from NTSF and the Royal Women's Hospital ("RWH") in Australia, the individual PPP/PFI projects in the BBGI portfolio all have long-term amortising debt in place, which does not need to be refinanced. The RWH has one tranche of debt, which needs to be refinanced between 2017 and 2021.

Women's College Hospital ("WCH") in Canada has long-term amortising debt in place, but it is expected that this will be refinanced sometime before July 2019 when there is an increase in the lending margin and a cash sweep in favour of the lenders, both of which act as an incentive to refinancing.

Management will actively seek to refinance projects on an opportunistic basis when there is a possibility that it will result in an uplift in the project value.

As at 30 June 2016, the weighted average PPP project concession length remaining was 23.0 years and the weighted average portfolio debt maturity was 18.6 years. Debt financing at the project entity level is structured in a way that does not provide any recourse to the Company.

INTERNALLY MANAGED

The Company is internally managed and as a result there are no fees payable to an external manager (i.e. no fund manager fees, no performance fees, no acquisition fees, etc.) The ongoing charge percentage, being a figure which shows the drag on performance caused by operational expenses, is expected to continue to decrease as the portfolio increases in size due to economies of scale, i.e. the growth in the average net assets is expected to outpace the growth in the cost of administering those assets, thereby resulting in a reduction in the ongoing charge percentage. The annualised Ongoing Charge for the year ending 31 December 2016 is expected to be 0.97%.

MARKET DEVELOPMENTS

A key theme among investors remains the search for high-quality income, particularly from asset classes uncorrelated to general equity market volatility. This has made PPP infrastructure a very desirable asset class in all the regions where BBGI is active.

In the current market environment, yields on many asset classes, such as gilts, government bonds and cash deposits, remain at or close to historically low levels. There is very strong demand from both established and new investors to the sector, who are bidding aggressively for PPP assets because of the attractive risk adjusted returns they generate. Demand for infrastructure investments continues to exceed supply and is resulting in continued upward pressure on pricing. While this continues to be positive for BBGI's portfolio valuation, it does make it more challenging to source accretive transactions in the secondary market.

NORTH AMERICA

CANADA

The Canadian market continues to deliver an impressive and transparent pipeline of primary development opportunities within a strongly supportive political environment. It also contains an emerging secondary market and there is a large range of project sizes.

In the 18 months to 30 June 2016, 25 primary PPP transactions closed with a transaction value in excess of CAD 15 billion. The five most active regions of the country were Ontario, Saskatchewan, Alberta, British Columbia and Quebec with a number of future projects announced or planned in a variety of sectors. BBGI has seven Canadian projects and has been active during the period in pursuing primary development opportunities in this market. BBGI is in advanced discussions with consortia for a number of PPP projects in the Canadian market.

In addition to its robust primary market, Canada also benefits from an emerging secondary market. The Canadian secondary market is expected to see some activity in 2016 as a number of projects developed over the last couple of years come into operation. Many of the projects which were developed over the last 3-5 years had prohibitions on re-sales until after construction completion. It is expected that the equity interest in some of these projects may soon start to trade as these prohibitions lapse. While our strong presence in Canada will ensure we have good exposure to the potential deal flow, we will keep our pricing discipline and be selective in the opportunities we pursue.

UNITED STATES OF AMERICA

The U.S. is one of the largest infrastructure markets globally in terms of potential, with a substantial requirement for private investment. It is estimated that USD 3.6 trillion in infrastructure spending will be required in the U.S. by 2020.

The scale of this infrastructure investment requires the government to look to the private sector to play an increasingly important role in delivering its critical projects. In response, most jurisdictions have now introduced specific legislation to enable PPP investment, with a primary focus on the transport sector.

Despite its promise, in the last 18 months only 5 primary development PPP projects reached financial close with an aggregate value of slightly in excess of USD 2.4 billion. We are, however, cautiously optimistic that future infrastructure spending may exceed recent levels, especially given that increased infrastructure investment has been a key tenet of both the Republican and Democrat election platforms.

BBGI's investment in the Ohio River Bridges ("ORB") PPP project gives it a very important beachhead in the evolving U.S. market. To date this is one of a handful of availability-based transport projects to be delivered in the US using PPP. The Company is hopeful that the knowledge and exposure gained from the ORB transaction will help position the Company favourably for more opportunities in this developing but important market.

EUROPE

CONTINENTAL EUROPE

2015 was a reasonable year for the European PPP market, and 2016 is shaping up to be a better year. During 2015 the aggregate value of PPP transactions, which reached financial close in the European market, totaled EUR 15.6 billion; 49 PPP transactions closed, including five large transactions (i.e. transactions in excess of EUR 500 million).

The UK was the most active market in terms of deals closed (see below). In second place was Turkey, which currently lies outside the scope of our credit criteria for investment, followed by Germany and France (five deals each), and the Netherlands (four deals). Ten countries closed at least two deals and 12 countries closed at least one PPP transaction in 2015.

In Europe, the transportation sector remained by far the largest in terms of value and represented more than 60% of the transactions closed. Education is the second most active sector, followed by health care.

Germany and the Netherlands are two of the more promising PPP markets in Europe with new road projects planned under the PPP model. BBGI currently has six concessions in Germany and is excited about the potential prospects offered by this market. We believe that synergies from our existing assets in Germany, and our German and Dutch language skills, will help us grow in both Germany and the Netherlands.

Another promising PPP market where BBGI is well positioned to participate in an attractive deal flow is Norway. The Norwegian government has committed to the delivery of up to eight major road PPPs. The government has so far procured only three highway projects as PPPs of which BBGI is the sole owner of the E18 Motorway.

There are other markets within Europe that are showing promise and may provide potential investment opportunities. BBGI will continue to monitor these markets and consider opportunities on a selective basis. BBGI will focus on clearly defined infrastructure market segments at the lower end of the risk spectrum.

OCEANIA

AUSTRALIA & NEW ZEALAND

With a mature and continuing PPP market, Australian PPP deal flow has remained consistent. The need for significant private investment in the nation's infrastructure is anticipated to result in the emergence of a variety of innovative funding and financing models.

In the PPP pipeline, there are rail and light rail projects that are due for tender. Sydney Metro Northwest and Southwest are set to receive funds from the electricity networks' sale, and the Parramatta Light Rail is scheduled to announce its preferred route by the end of this year. Prison and social housing projects are also in the pipeline.

BBGI was excited to have completed one of only two secondary PPP asset purchases in the Australian market in 2015 and, as a result, has enjoyed good access to potential deal flow.

Another promising market is New Zealand. The central government has plans to invest more than NZD 110 billion, equivalent to over GBP 58 billion, into infrastructure over the next 10 years.

UNITED KINGDOM

The UK remained the most active market in Europe by number of projects, with a total of 15 transactions closed in 2015 (compared to 24 in 2014). The UK was also the second-largest market in Europe with a total deal value of over GBP 1.7 billion.

Negative media coverage and anti-private finance opinions reduced enthusiasm for private finance, thus making the near-term pipeline less attractive. However, innovative and adaptive PPP models in Scotland, combined with pre-referendum announcements regarding a renewed focus on infrastructure investment, were expected to result in improvements in the current UK market conditions over time and, as such, provided grounds for optimism.

The UK, post the Brexit referendum, is now however embarking on what could be a prolonged period of political and economic uncertainty. It is still too early to assess with certainty the impact of this vote on the future of UK PPP infrastructure investment. Although unclear, it is unlikely, at least in the short term, that the Brexit decision will have a major impact on those projects which are currently underway, as one would expect those to be stable enough to continue through to completion.

NORTH COMMUTER PARKWAY, CANADA

MARKET OPPORTUNITIES

BBGI's investment policy is to invest in infrastructure projects that have predominantly been developed under PPP or similar procurement models. BBGI makes investments mainly at the operational phase but also looks at construction stage assets.

As a global investor in PPP projects, BBGI benefits from diversification and is not overly exposed to the activity in any one PPP market. The Company continues to look proactively for further acquisitions and development opportunities in North America, Australia/New Zealand, the UK and Continental Europe, which meet its investment criteria and its stated return objectives.

The investment climate for PPP assets that meet the Company's acquisition strategy continues to be very competitive, but we believe value accretive opportunities are still available in the current market, albeit not at the same frequency as in past periods.

SECONDARY INVESTMENT ACTIVITY

The Management Board believes the secondary market continues to be imbalanced, with significantly more investment capital targeted towards the particular market segment than attractive investment opportunities, which impacts pricing and valuation.

In this competitive environment, vendors are requiring prospective purchasers to price in potential life-cycle savings, aggressive tax structures, portfolio efficiencies and other upsides that may not be realised.

BBGI has selectively participated in some auction processes, but has been unsuccessful, as we have not been prepared to pay the same elevated prices as some others.

Instead, we have chosen to focus on opportunities where we believe we have a strategic advantage and can achieve more attractive pricing. These opportunities include the following situations:

- Acquiring stakes from co-shareholders where our knowledge of the asset allows us to transact quickly and efficiently;
- Pursuing off-market transactions where vendors may wish to avoid a formal auction process;
- Acquiring stakes where we can achieve certain operational efficiencies;
- Pursuing transactions where speed and execution certainty are of paramount importance.

In this competitive landscape, we believe the benefits of our internal management structure will become more and more apparent. As BBGI has no external manager, there are no fees paid based on the size of the portfolio and no acquisition fees and, as a result, we will not be persuaded to grow unless the growth is beneficial to shareholders. The motivation of the Management Board is directly aligned with that of the shareholders. We will not pursue growth for growth's sake and will not be encouraged to make wayward investment decisions due to the allure of increased management fees or acquisition fees. We will remain disciplined and will make acquisitions on a selective and opportunistic basis. BBGI considers this alignment of interests an important differentiating factor.

While the Management Board expects the market for secondary infrastructure assets to remain competitive and the upward pressure on pricing to continue, we are cautiously optimistic there will still be attractive opportunities for growth, albeit less frequent and harder to find.

PRIMARY INVESTMENT ACTIVITY – BIDDING ON NEW PPP PROJECTS

As our portfolio grows, we will continue to add construction exposure when appropriate. As a number of senior members of our team have experience managing PPP bids and seeing assets through the construction phase, we believe some exposure (less than 25%) can be attractive. We see this as an opportunity to increase the NAV over time and will continue to ensure that the dividend target is not compromised.

We are continuing to actively build our pipeline of development opportunities (primary investments) to replace those projects that have become operational.

Primary investment activities involve sourcing and originating, bidding for and winning new infrastructure development projects, typically as part of a consortium for PPP projects. Often these primary PPP bids are led by construction companies that are keen to secure the opportunity to construct the asset, but may be keen to have a partner like BBGI for a number of reasons:

- Consortia are attracted to BBGI because of our extensive project credentials that can assist with the shortlisting process;
- Having a financial partner is a pre-requisite for some construction companies so they can avoid consolidating the project company debt onto the balance sheet of the parent company;
- BBGI's cost of capital is often lower than construction companies, so involving BBGI can make the bid more competitive;
- BBGI is a long-term investor, which is attractive to government counter parties;
- BBGI is considered a reliable source of liquidity should a construction partner decide to sell in the future.

The first half of 2016 has been a busy period for the Company in terms of primary development activity, and BBGI has joined various consortia formed to pursue major transport infrastructure projects in North America and Europe:

Gordie Howe International Bridge: BBGI is a member of one of three consortia which were short-listed in Q1 2016 to develop proposals for the Gordie Howe International Bridge. With an expected cost in excess of CAD 2 billion, the high-profile project will connect Michigan and Ontario and will be paid for by the Canadian federal government. Our team is awaiting the issuance of the RFP document and the start of the formal procurement process.

Massey Tunnel Replacement Project: BBGI is a member of a consortium to pre-qualify for the CAD 2.5 billion project in Vancouver, Canada, which involves the decommissioning of an existing tunnel project as well as the construction of a new cable stay bridge and associated road works. The procurement process is expected to start in H2 2016.

Norwegian Pipeline: BBGI is a member of a consortium to pre-qualify for an upcoming pipeline of PPP projects in Norway. The first project is the RV 3/RV 25 Ommangsvollen–Grundset (Central Norway), which is expected to start the procurement process in H2 2016. The transaction size is expected to be approximately GBP 360 million.

Silvertown Tunnel: BBGI is member of a consortium to pre-qualify for the PPP tunnel project in the East of London with an expected size of approximately GBP 800 million. The procurement process is expected to start in H2 2016.

Fargo Moorhead Flood diversion project: BBGI is a member of a consortium to pre-qualify for the approximately USD 800 million Fargo Moorhead flood diversion PPP opportunity in North Dakota, USA. The procurement process is expected to start in H2 2016.

In addition, BBGI is in advanced discussions on other transport projects and also supporting consortia to pursue social infrastructure projects in Canada.

These primary investment opportunities are considered attractive to the Management Board because they are typically well priced on a risk adjusted basis. Nevertheless, each opportunity will be subject to detailed due diligence on a case-by-case basis. Further information on construction risk can be obtained from the Company's prospectus, which is available on the Company's website.

Although there is no certainty that BBGI and its consortium partners will be finally selected on any of the above mentioned projects, the pipeline is attractive and we aim to continue to develop it further.

RISKS AND UNCERTAINTIES

The principal risks faced by the Company, and the controls and strategies used to mitigate those risks, have not materially changed since those set out in detail in the 31 December 2015 annual report and in the Company's latest prospectus dated 26 November 2013. These risks are expected to remain relevant to the Company for the next six months of its financial year.

FOREIGN EXCHANGE

Foreign exchange exposure, although an inherent risk of holding a global portfolio of assets, continues to be closely monitored by the Management Board. Various stress tests have been carried out to assess the Company's ability to pay its target dividend under a range of scenarios. Refer to the Valuation Section of this report for further detail and the outcome of these tests.

MACROECONOMIC ASSUMPTIONS

The Management Board uses certain macroeconomic assumptions when forecasting future cash flows as part of the portfolio valuation exercise. The Management Board appreciates that such assumptions, although reviewed by our third-party valuer and based on sound methodologies and latest available market data, are estimates and as such are not necessarily representative of future economic outcomes. As a result, the Management Board carries out sensitivity analysis on these assumptions in order to assess the impact on the NAV.

BASE EROSION PROFIT SHIFTING ("BEPS")

The Company continues to monitor the OECD's BEPS project and any potential impact it may have on the sector.

In May 2016, HM Treasury published a consultation paper on the tax deductibility of corporate interest expense. The key takeaways from this paper, from the Company's perspective, are the following:

- A recognition that the restrictions on deductibility of interest should not impede the provision of private finance for public benefit infrastructure in the UK where there is no material risk of BEPS;
- A proposal for a £2 million de minimis allowance;
- The inclusion of finance debtor income under the service concession arrangement when computing the net tax-interest expense.

Should the above materialise then it is the belief of Management that the impact of BEPS 4 (deductibility of corporate interest expense) should not have a material negative effect on the Group's cash flows generated in the UK. BBGI understands that, despite the Brexit vote, the UK remains committed to the BEPS initiative.

The advice received to date from other jurisdictions is that, although under review, it is unlikely that BEPS, specifically BEPS 4, should result in a material adverse effect on the Company's cash flows if implemented. BBGI further understands that not all governments will implement the OECD recommendations in the same way, with some believing that their existing rules continue to be an effective means to limit the scope for BEPS. Others may take advantage of grandfathering provisions or the potential for exemptions for projects with a public benefit.

BBGI will continue to monitor this initiative very closely across the various jurisdictions in which it is invested.

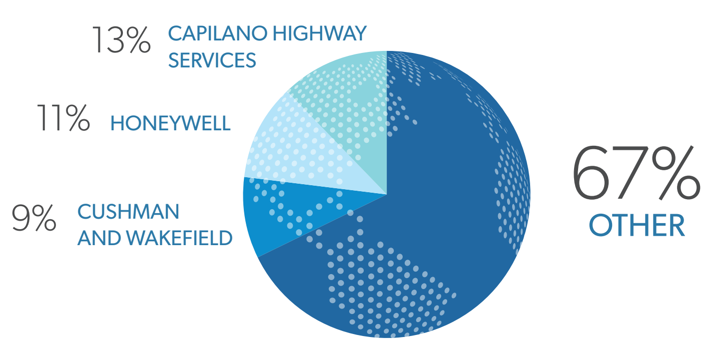
BREXIT

The referendum on the UK's membership of the EU on 23 June 2016 saw a majority vote in favour of leaving the Union, with the results leading to volatility and uncertainty both politically and in currency and financial markets. While it is still very early days in what will likely be a lengthy process, we have attempted to address the impact Brexit may have on BBGI's prospects going forward. We have elected to use a Q&A format to outline the views of the Management Team:

- *What are the biggest and most immediate impacts of Brexit on BBGI?* The decline of Sterling following the Brexit decision has provided a short-term increase in BBGI's NAV. As 60% of BBGI's portfolio is outside of the UK, the depreciation of Sterling has positively impacted BBGI as the foreign assets are now worth more in Sterling terms.
- *What is the long-term impact?* While the short-term significant NAV increase is easy to measure, long-term effects are harder to predict. Many experts are expecting Sterling to remain weak relative to other currencies and some are predicting higher inflation in the UK, both conditions which are positive for BBGI's portfolio.
- *Has BBGI changed its currency hedging policy in light of Brexit?* BBGI has not changed its currency hedging policy and will continue to hedge its expected distributions over a four-year rolling hedge basis. Hedges were rolled in March and July 2016, both times at favourable rates when compared to the closing rate of the previous reporting period of 31 December 2015.
- *Are there any immediate impacts to UK listing rules applicable to BBGI resulting from Brexit?* The result of the referendum has no immediate impact on the rules which currently apply to the sector. The FCA has set out its position explicitly: "Much financial regulation currently applicable in the UK derives from EU legislation. This regulation will remain applicable until any changes are made, which will be a matter for Government and Parliament."
- *Does BBGI believe that Brexit will impact the Company's ability to raise capital in the equity market?* The Management does not expect that Brexit and the resulting market volatility will prevent it from raising capital in the near term. In these uncertain times we believe that infrastructure will continue to be viewed as a safe-haven asset with markets remaining open for high-quality infrastructure offerings. Moreover, BBGI expects the recent reduction in interest rates by the Bank of England to further fuel this demand for quality infrastructure offerings.
- *Does BBGI see Brexit as an opportunity for a potential PPP investment stimulus to the UK economy?* Theresa May's apparent backing of UK-Treasury-backed bonds for infrastructure could indicate an increase in the scope of the Treasury's GBP 40 billion UK guarantee scheme. May, who officially succeeded David Cameron on 13 July, had earlier highlighted Infrastructure in her campaign. In a speech announcing her bid to become Conservative leader on 11 July, May advocated for "more Treasury-backed bonds for new infrastructure projects". We will wait and see what unfolds.
- *Is the UK credit rating decrease expected to have any implications for BBGI?* We are not expecting the credit rating downgrade to have a material impact on the BBGI portfolio. We benefit from having a diversified portfolio with exposure to various credit-worthy governments, including Australia, Canada, the U.S., Norway, Germany, as well as the UK.
- *Does BBGI believe Brexit will affect its "passport" rights?* As BBGI is Luxembourg-based, it will retain its AIFMD benefits and no change is expected. It is not yet clear (and will not be for some time) how European Investment Companies (like BBGI) raising capital in the UK will be impacted by Brexit; however, it is likely that the UK will continue to remain broadly open to allowing overseas companies to market themselves in the UK.

COUNTERPARTY EXPOSURE (FACILITY MANAGEMENT)

Management continually reviews the potential concentration risk in respect of facility management contractors. The diagram below illustrates the level of counterparty exposure as a percentage of portfolio value. Management has not identified any significant exposure risk and therefore remains comfortable with the current contract allocation.



VALUATION

The Management Board is responsible for carrying out the fair-market valuation of the Company's investments, which it then presents to the Supervisory Board. The valuation is carried out on a six-month basis at 30 June and 31 December each year. An independent third party reviews the valuation.

The valuation is determined using the discounted cash flow methodology. The cash flows forecasted to be received by the Company or its subsidiaries, generated by each of the underlying assets and adjusted as appropriate to reflect the risk and opportunities, are discounted using project specific discount rates. The valuation methodology is the same one used for the valuation of the portfolio in previous reporting periods.

The Company uses the following macroeconomic assumptions for the cash flows:

MACROECONOMIC ASSUMPTIONS

END OF PERIOD	2016	2017 - 2019	2020 ONWARDS
United Kingdom			
Indexation (%)[1]	1.75	2.75	2.75
Deposit Interest Rate (%)[1]	1.0	1.0	2.5
SPC Corporate Tax (%)	20.0	19.0	18.0
Canada			
Indexation (%)[1,2]	1.00/1.35	2.00/2.35	2.00/2.35
Deposit Interest Rate (%)[1]	1.0	1.0	2.5
SPC Corporate Tax (%)[3]	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5
GBP/CAD as at 30 June 2016[4]	1.735	1.735	1.735
Australia			
Indexation (%)[1,5]	1.50	2.50	2.50
Deposit Interest Rate (%)[1,6]	3.50/4.50	3.50/4.50	3.50/4.50
SPC Corporate Tax (%)	30.0	30.0	30.0
GBP/AUD as at 30 June 2016[4]	1.800	1.800	1.800
Germany			
Indexation (%)[1]	1.00	2.00	2.00
Deposit Interest Rate (%)[1]	1.0	1.0	2.5
SPC Corporate Tax (%)[7]	15.8	15.8	15.8
GBP/EUR as at 30 June 2016[4]	1.206	1.206	1.206
Norway			
Indexation (%)[1,8]	1.94	2.94	2.94
Deposit Interest Rate (%)[1]	1.8	1.8	3.5
SPC Corporate Tax (%)	25.0	25.0	25.0
GBP/NOK as at 30 June 2016[4]	11.234	11.234	11.234
United States of America			
Indexation (%)[1]	1.50	2.50	2.50
Deposit Interest Rate (%)[1]	1.0	1.0	2.5
SPC Federal Tax (%)	35.0	35.0	35.0
GBP/USD as at 30 June 2016[4]	1.339	1.339	1.339

[1] Due to the current economic environment, the indexation rates used for the 6 months to 31 December 2016 have been reduced compared to those rates reported in the June 2015 interim report. This reduced rate is applicable for those projects where the documentation does not prescribe the actual published rate, if available, to be used for the next 12 months from the date of the index being published. In addition, the long-term deposit rate has been decreased by 50bps and the transition deposit rate period has been considered for a longer period, with an impact on NAV of £(9.6) million.

[2] All Canadian projects have a long-term 2.0% indexation factor with the exception of Northeast Stoney Trail and Northwest Anthony Henday Drive, which have a slightly different indexation factor derived from a basket of regional labour, CPI and commodity indices.

[3] Tax rate is 27% in Alberta and Saskatchewan, 26% in British Columbia and 26.5% in Ontario.

[4] As published on www.oanda.com.

[5] Long-term Consumer Price Index 2.50%/Long-term Labour Price Index 3.50%.

[6] Cash on Debt Service Reserve Accounts and Maintenance Service Reserve Accounts can be invested on a six-month basis. Other funds are deposited on a shorter term.

[7] Including Solidarity charge, excluding Trade tax, which varies between communities.

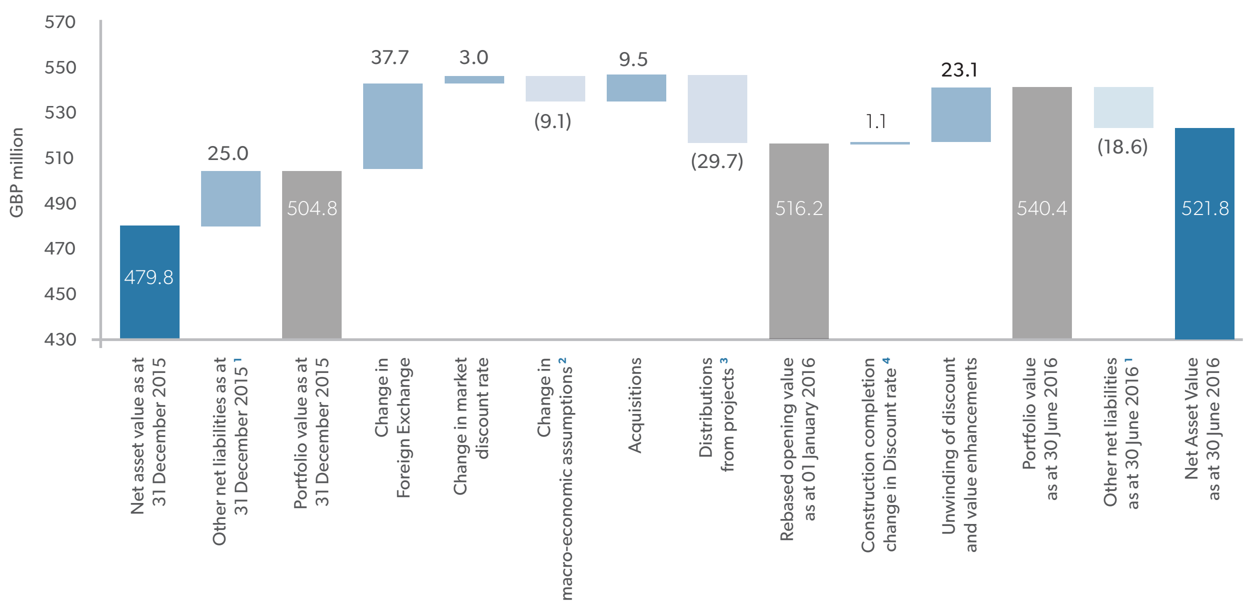
[8] Indexation of revenue based on basket of four specific indices.

OTHER KEY INPUTS AND ASSUMPTIONS INCLUDE

- Any deductions or abatements during the operations period are passed down to subcontractors.
- Cash flows to and from the Company's subsidiaries and the portfolio investments are received at the times anticipated.
- Where the operating costs of the Company or its portfolio of investments are fixed by contract, such contracts are performed, and where such costs are not fixed, they are in line with the budget.
- The contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date.

Over the six-month period from 31 December 2015 to 30 June 2016, the Company's Investment Basis NAV increased from £479.84 million to £521.78 million. The increase in NAV per share from 111.5 pence to 120.8 pence or 8.31% is primarily a result of the key drivers listed below.

INVESTMENT BASIS NAV MOVEMENT 31 DECEMBER 2015 TO 30 JUNE 2016



[1] These figures represent the assets and liabilities of the Group's consolidated subsidiaries; they exclude the project investments and include, amongst other items, the Group's consolidated cash balances and borrowings. The closing cash balance is net of the 2015 final dividend, which was paid on 29 June 2016.

[2] Net impact of the lower deposit rate assumption (refer to macroeconomic assumptions) and the positive impact of the lower Norwegian tax rate.

[3] While distributions from projects reduce the portfolio value, they do not have an impact on the Company's NAV. The reduction in the portfolio value (investments at fair value through profit or loss) is offset by the receipt of cash (cash and cash equivalents) at the consolidated group level. The increase in cash results in a decrease in other net liabilities.

[4] The uplift resulting from the transition of Women's College Hospital (Canada) from ramp-up phase towards the stable operational phase.

INVESTMENT BASIS NAV MOVEMENT 31 DECEMBER 2015 TO 30 JUNE 2016	£ MILLION
Net Asset Value at 31 December 2015	479.8
Add back: other net liabilities at 31 December 2015	25.0
Portfolio value at 31 December 2015	504.8
Change in foreign exchange	37.7
Change in market discount rate	3.0
Change in macroeconomic assumptions	(9.1)
Acquisitions/follow-on investments	9.5
Distributions from projects	(29.7)
Rebased opening value at 01 January 2016	516.2
Construction completion change in discount rate	1.1
Unwinding of discount and value enhancements	23.1
Portfolio value at 30 June 2016	540.4
Other net liabilities at 30 June 2016	(18.6)
Net Aasset Value at 30 June 2016	521.8

KEY DRIVERS FOR NAV GROWTH

GROWTH BASED ON REBASED VALUATION

BBGI benefits from a comparatively young portfolio with an average concession life of 23.0 years, including some projects under construction.

During the period ended 30 June 2016, the Company recognised £23.1 million from the “unwinding of discounts” and value enhancements. As the Company moves closer to forecast project distribution dates, the time value of those cash flows increases on a net present value basis as a result of the “unwinding of discount”. The portfolio value growth from the unwinding of discount during the period was approximately £19.6 million or 4.07% on a NAV per share basis.

The difference, £3.5 million, or 0.73% on a NAV per share basis, above the anticipated growth from unwinding of discount, represents a value enhancement made up of the net effect of value enhancements across the portfolio through active management, which includes amongst others:

- Renewal of management service agreement for Australian assets on more favourable terms;
- Lower costs achieved on some projects;
- Earlier than forecasted extraction of cash;
- Additional income on variation orders;
- A more favourable tax status on 2 assets;
- The net result of the gain on the refinancing of the Staffordshire Fire and Rescue Service project and the loss realised on the refinancing of the Northern Territory Secure Facilities project.

The net effect of inflation, against modelled assumptions, on the portfolio value has been negative.

DISCOUNT RATES AND SENSITIVITY

The discount rates used for individual assets range between 7.45% and 10.50%. The value weighted average rate is approximately 7.77% (7.86% at 31 December 2015). This methodology calculates the weighted average based on the value of each project in proportion to the total portfolio value, i.e. based on the net present value of their respective future cash flows.

An alternative methodology to calculate the weighted average discount rate would be to calculate the weightings based on the nominal future cash flows for each project. Based on that calculation, the rate is 7.94% (8.02% at 31 December 2015).

The decrease in the average discount rate also reflects the continuing trend of ongoing competitive pressure on secondary market prices. More investment capital, both in the listed and unlisted infrastructure secondary market, is pursuing a limited number of PPP/PFI assets. Additionally, where auctions are used, these are typically very competitive.

The discount rates used for individual project entities are based on BBGI's knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

We have differentiated the asset classes with respect to discount rates. For stable operational projects, such as typical schools and hospitals, we have applied discount rates at the lower end of the range mentioned above. Further adjustments have been applied to acute hospitals in the UK where a risk premium of 50bps has been introduced. This reflects the special situation in the UK where public health clients are under cost pressure and are actively looking for savings. This has resulted in some large deductions on UK acute hospitals and, consequently, distribution lock ups. BBGI has to date not been affected and the only acute hospital in the BBGI portfolio is the Gloucester Royal Hospital. BBGI also applied a modest risk premium for complex prison projects to reflect the higher complexity of such projects and also applied a risk premium on a limited number of projects to reflect the individual situation.

The following table shows the sensitivity of the Net Asset Value to a change in the discount rate.

DISCOUNT RATE SENSITIVITY[1]	CHANGE IN NET ASSET VALUE 30 JUNE 2016
Increase by 1% to 8.77%	£(49.6) million, i.e. (9.5)%
Decrease by 1% to 6.77%	£57.9 million, i.e. 11.1%

[1] Based on the average discount rate of 7.77%

FOREIGN EXCHANGE AND SENSITIVITY

BBGI values its portfolio of assets by discounting anticipated future cash flows. The present value of these cash flows are converted to Sterling at either the hedged rate, for a predetermined percentage of cash flows forecast to be received over the next four years, or at the closing rate for unhedged future cash flows. Although the closing rate is the correct conversion rate to use, it is not necessarily representative of future exchange rates as it reflects a specific point in time.

Other than the four-year contracted hedge rates, the Company has used the following exchange rates to value the portfolio.

	F/X RATES AS OF 31 DECEMBER 2015	F/X RATES AS OF 30 JUNE 2016
GBP/AUD	2.028	1.800
GBP/CAD	2.053	1.735
GBP/EUR	1.357	1.206
GBP/NOK	13.042	11.234
GBP/USD	1.480	1.339

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 distributions in Sterling. Accordingly, fluctuations in exchange rates between Sterling and the relevant local currencies will affect the value of the Company's underlying investments. During the period ended 30 June 2016, the depreciation of Sterling against the AUD, CAD, EUR, NOK and USD accounted for an increase in the portfolio value of £37.7 million. Despite this significant gain in the reporting period, BBGI still has an accumulated foreign exchange loss of £6.9 million (1.32% NAV per share) since listing in December 2011.

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

FOREIGN EXCHANGE SENSITIVITY	CHANGE IN NET ASSET VALUE 30 JUNE 2016
Increase by 10%[1]	£(25.6) million, i.e. (4.9)%
Decrease by 10%[1]	£31.3 million, i.e. 6.0%

[1] Sensitivity in comparison to the foreign exchange rates at 30 June 2016 and taking into account the hedges in place, derived by applying a 10% increase or decrease to the rate GBP/foreign currency.

AVON & SOMERSET
POLICE HEADQUARTERS (UK)

INFLATION SENSITIVITY

The project cash flows are positively correlated with inflation (e.g. RPI or CPI). The table below demonstrates the effect of a change in inflation rates compared to the macroeconomic assumptions in the table above.

INFLATION SENSITIVITY	CHANGE IN NET ASSET VALUE 30 JUNE 2016
Inflation + 1%[1]	£29.7 million, i.e. 5.7%
Inflation - 1%[1]	£(28.2)million, i.e. (5.4)%

[1] Compared to the assumptions as set out in the revised macroeconomic assumptions above.

Due to the current low-inflationary environment, BBGI continues to undertake additional inflationary scenario analysis in order to further stress test its ability to pay dividends at the increased dividend target of 6.25 pence per share at the end of each reporting period.

DEPOSIT RATE SENSITIVITY

The project cash flows are positively correlated with the deposit rates. The table below demonstrates the effect of a change in long-term deposit rates compared to the macroeconomic assumptions above.

DEPOSIT RATE SENSITIVITY	CHANGE IN NET ASSET VALUE 30 JUNE 2016
Long-term deposit rate + 1%[1]	£12.0 million, i.e. 2.3%
Long-term deposit rate - 1%[1]	£(11.9) million, i.e.(2.3)%

[1] Sensitivity in comparison to the assumptions as set out in the macroeconomic assumptions above.

LIFECYCLE COSTS SENSITIVITY

Of the 39 projects in the portfolio, 13 project companies retain the lifecycle obligations. The remaining 26 projects have this obligation passed down to the sub-contractor. Lifecycle costs are periodically reviewed by Management. The table below demonstrates the impact of a change in lifecycle costs.

LIFECYCLE COSTS SENSITIVITY	CHANGE IN NET ASSET VALUE 30 JUNE 2016
Increase by 10%[1]	£(11.9) million, i.e. (2.3)%
Decrease by 10%[1]	£11.9 million, i.e. 2.3%

[1] Sensitivity applied to the 13 projects retaining the lifecycle obligation, i.e. the obligation is not passed down to the sub-contractor. These projects represent 47% of the total portfolio value as at 30 June 2016.

The Management and Supervisory Boards have approved the NAV calculation on an Investment Basis as at 30 June 2016.

FINANCIAL RESULTS

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 are on pages 30 to 34.

BASIS OF ACCOUNTING

The Company has prepared its financial statements under IFRS. In accordance with IFRS 10, IFRS 12 and IAS 27, the Company (an Investment Entity) does not consolidate certain subsidiaries, in a similar manner to the Company's pro forma investment basis data, which continue to be included in this section of the Report of the Management Board. As a result, the Company does not consolidate on a line-by-line basis its investments in PPP assets that are subsidiaries, but instead recognises them as investments at fair value through profit or loss.

INCOME AND COSTS

PRO FORMA INCOME STATEMENT

	SIX MONTHS TO 30 JUN 16 £ MILLION	SIX MONTHS TO 30 JUN 15 £ MILLION
Fair value movements [1]	56.5	20.1
Other income (losses) [2]	(6.8)	1.3
Total profit before corporate costs	49.7	21.4
Corporate costs (excluding income tax) [3]	(3.7)	(3.7)
Foreign exchange gains/(losses) [4]	0.5	(1.0)
Net earnings before taxes	46.5	16.7
Income tax	(0.4)	(0.4)
NET EARNINGS	46.1	16.3
BASIC EARNINGS PER SHARE (PENCE)	10.66	3.83

[1] Fair value movements include the £37.7 million positive effect of foreign exchange movements on the portfolio value.

[2] Other losses represents both realised and unrealised loss on foreign exchange derivatives amounting to approx. £6.8 million.

[3] Includes non-recoverable VAT. Refer to the Corporate cost analysis below for further details on the composition.

[4] Relates to foreign exchange gains/ (losses) on cash and working capital in the period.

GROUP LEVEL CORPORATE COST ANALYSIS

The table below is prepared on an accrual basis.

CORPORATE COSTS	SIX MONTHS TO 30 JUN 16 £ MILLION	SIX MONTHS TO 30 JUN 15 £ MILLION
Interest expense and other finance cost	1.1	0.9
Staff costs[1]	1.5	1.5
Fees to non-executive directors	0.1	0.1
Professional fees	0.3	0.3
Office and administration	0.5	0.5
Acquisition-related costs[2]	0.1	0.3
Taxes (including non-recoverable VAT)	0.5	0.5
CORPORATE COSTS	4.1	4.1

[1] The Company is an internally managed AIF with no fees payable to external managers.

[2] The acquisition-related costs are made up of due diligence, legal and other costs directly related to the acquisitions made during the period to date. The figure includes unsuccessful bid costs of approximately £0.08 million in the period.

ONGOING CHARGES

The "Ongoing Charges" ratio was prepared in accordance with the AIC-recommended methodology. The ratio represents the annualised reduction in shareholder returns as a result of recurring operational expenses incurred in managing BBGI.

The Company is internally managed and as such is not subject to performance fees or acquisition-related fees.

ONGOING CHARGES	ANNUALISED 2016 £ MILLION	2015 £ MILLION
Ongoing charges	4.9	4.5
Average undiluted net asset value	509.6	471.8
ONGOING CHARGES (%)	0.97%	0.96%

The ongoing charges ratio was calculated using the AIC methodology and excludes all non-recurring costs, i.e. costs of acquisition/disposal of investments, financing charges and gains/losses arising from investments. The ongoing charges includes an accrual for the Short-Term Incentive Plan ("STIP")/bonuses and the Long-Term Incentive Plan ("LTIP"). BBGI uses some or all of its Euro-denominated distributions from the Group's portfolio of assets to cover a significant portion of the Group's running costs, which are largely Euro-denominated, thereby creating a form of natural hedge.

BALANCE SHEET

PRO FORMA BALANCE SHEET

	30 JUN 16			31 DEC 15		
	INVESTMENT BASIS £ MILLION	ADJUST £ MILLION	CONSOLIDATED IFRS £ MILLION	INVESTMENT BASIS £ MILLION	ADJUST £ MILLION	CONSOLIDATED IFRS £ MILLION
Investments at fair value	540.4	-	540.4	504.8	-	504.8
Adjustments to investments	-	1.4	1.4	-	0.3	0.3
Other assets and liabilities (net)	(3.1)	0.4	(2.7)	(3.4)	0.3	(3.1)
Net cash/(borrowings)	(15.5)	(0.7)	(16.2)	(21.6)	0.3	(21.3)
Fair value of derivative financial instruments [1]	-	(5.0)	(5.0)	-	1.7	1.7
NET ASSETS ATTRIBUTABLE TO ORDINARY SHARES	521.8	(3.9)	517.9	479.8	2.6	482.4

[1] Under IFRS, the forward currency contracts are presented at fair value.

SUMMARY NET CORPORATE CASH FLOW

The table below summarises the cash received by the consolidated Group holding companies from the underlying investments net of the cash outflows for the Group level corporate costs. During the period ended 30 June 2016, the Company received, on a consolidated IFRS basis, £29.3 million of distributions from its portfolio of investments, which was ahead of the business plan and underlying financial models. These distributions were recorded as dividends, interest payments, capital and subordinated debt principal repayments.

	PERIOD ENDED 30 JUNE 2016 £ MILLION	PERIOD ENDED 30 JUNE 2015 £ MILLION
Distributions from investments [1]	29.3	19.4
Net cash outflow from operating activities before finance costs [2]	(3.0)	(3.0)
Cash outflow from finance cost (net)	(0.9)	(0.5)
NET CASH FLOW	25.4	15.9

[1] Portfolio performance and cash receipts were ahead of the business plan and underlying financial models.

[2] Cash outflow resulting from all consolidated Group level corporate costs paid in the period ending 30 June 2016.

MANAGEMENT BOARD RESPONSIBILITIES STATEMENT

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

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

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

  – DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year; and

  – DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Luxembourg, 30 August 2016

DUNCAN BALL
Co-CEO

FRANK SCHRAMM
Co-CEO

MICHAEL DENNY
CFO

INDEPENDENT AUDITOR'S REVIEW REPORT TO BBGI SICAV S.A.

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

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

on the review of the condensed consolidated interim financial information

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim statement of financial position of BBGI SICAV S.A. ("the Company") as at 30 June 2016, the condensed consolidated interim income statement, the condensed consolidated interim statements of comprehensive income, of changes in equity and of cash flows for the six month period then ended, and notes to the condensed consolidated interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Luxembourg, 30 August 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Frauke Oddone

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

In thousands of Pounds Sterling	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Continuing operations			
Income from investments at fair value through profit or loss	7	**56,513**	20,145
Other operating income	6	**472**	1,259
Operating income		**56,985**	21,404
Administration expenses	4	**(2,520)**	(2,449)
Other operating expenses	5	**(6,915)**	(1,339)
Operating expenses		**(9,435)**	(3,788)
Results from operating activities		**47,550**	17,616
Finance cost	11	**(1,053)**	(888)
Finance income		**8**	7
Net finance result		**(1,045)**	(881)
Profit before tax		**46,505**	16,735
Tax expense	8	**(425)**	(414)
Profit from continuing operations		**46,080**	16,321
Profit from continuing operations attributable to owners of the Company		**46,080**	16,321
Earnings per share			
Basic earnings per share (pence)	10	**10.66**	3.83
Diluted earnings per share (pence)	10	**10.66**	3.83

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In thousands of Pounds Sterling	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Profit for the period		**46,080**	16,321
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period attributable to the owners of the Company		**46,080**	16,321

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

In thousands of Pounds Sterling	Note	30 June 2016	31 December 2015 *(Audited)*
Assets			
Property plant and equipment		**63**	62
Investments at fair value through profit or loss	7	**540,429**	504,776
Derivative financial instruments	13	**-**	1,688
Non-current assets		**540,492**	506,526
Trade and other receivables	15	**1,571**	391
Other current assets		**78**	41
Cash and cash equivalents		**28,286**	23,243
Current assets		**29,935**	23,675
Total assets		**570,427**	530,201
Equity			
Share capital	9	**442,504**	440,259
Additional paid-in capital	15	**201**	98
Translation reserves	9	**(597)**	(597)
Retained earnings		**75,778**	42,610
Equity attributable to owners of the Company		**517,886**	482,370
Liabilities			
Loans and borrowings	11	**44,523**	44,504
Derivative financial instruments	13	**2,785**	-
Non-current liabilities		**47,308**	44,504
Loans and borrowings	11	**45**	57
Trade payables		**67**	97
Derivative financial instruments	13	**2,189**	-
Other payables	12	**2,546**	2,884
Tax liabilities	8	**386**	289
Current liabilities		**5,233**	3,327
Total liabilities		**52,541**	47,831
Total equity and liabilities		**570,427**	530,201
Net asset value attributable to the owners of the Company	9	**517,886**	482,370
Net asset value per ordinary share (pence)	9	**119.86**	112.08

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousands of Pounds Sterling	Note	Share capital	Additional Paid-in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2016 (Audited)	9	**440,259**	**98**	**(597)**	**42,610**	**482,370**
Total comprehensive income for the six months ended 30 June 2016						
Profit for the period		**-**	**-**	**-**	**46,080**	**46,080**
Total comprehensive income for the period		**-**	**-**	**-**	**46,080**	**46,080**
Transactions with owners of the Company, recognised directly in equity						
Cash dividend	9	**-**	**-**	**-**	**(10,667)**	**(10,667)**
Scrip dividend	9	**2,245**	**-**	**-**	**(2,245)**	**-**
Share-based payment	15	**-**	**103**	**-**	**-**	**103**
Balance at 30 June 2016		**442,504**	**201**	**(597)**	**75,778**	**517,886**

In thousands of Pounds Sterling	Note	Share capital	Additional Paid-in capital	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2015 (Audited)	9	434,818	-	(597)	32,115	466,336
Total comprehensive income for the six months ended 30 June 2015						
Profit for the period		-	-	-	16,321	16,321
Total comprehensive income for the period		-	-	-	16,321	16,321
Transactions with owners of the Company, recognised directly in equity						
Dividends	9	-	-	-	(12,266)	(12,266)
Balance at 30 June 2015	9	434,818	-	(597)	36,170	470,391

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

In thousands of Pounds Sterling	Note	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flows from operating activities			
Profit for the period		**46,080**	16,321
Adjustments for:			
Depreciation		**12**	10
Net finance cost (income)		**1,045**	881
Income from investments at fair value through profit or loss	7	**(56,513)**	(20,145)
Change in fair value of derivative financial instruments	5	**6,767**	(1,155)
Share-based compensation	15	**103**	-
Income tax expense		**425**	414
Foreign currency exchange loss/(gain)	6	**(472)**	1,056
		(2,553)	(2,618)
Changes in:			
- Trade and other receivables		**(81)**	158
- Other assets		**(37)**	(10)
- Trade and other payables		**(521)**	155
Cash generated from operating activities		**(3,192)**	(2,315)
Finance cost paid		**(866)**	(532)
Interest received		**8**	7
Realised gain/(loss) on derivative financial instruments	13	**(105)**	185
Taxes paid		**(328)**	(343)
Net cash flows from operating activities		**(4,483)**	(2,998)
Cash flows from investing activities			
Acquisition of/additional investments in investments at fair value through profit or loss	7	**(9,525)**	(7,748)
Distributions received from investments at fair value through profit or loss	7	**29,286**	15,553
Acquisition of other equipment		**(13)**	(14)
Net cash flows from investing activities		**19,748**	7,791
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings	11	**-**	32,562
Loan issuance cost	11	**(180)**	(1,255)
Dividends paid	9	**(10,667)**	-
Dividend payment sent to depositary	9	**-**	(9,143)
Net cash flows from financing activities		**(10,847)**	22,164
Net increase/(decrease) in cash and cash equivalents		**4,418**	26,957
Impact of foreign currency exchange gain/(loss) on cash and cash equivalents		**625**	(1,347)
Cash and cash equivalents at 1 January		**23,243**	25,264
Cash and cash equivalents at 30 June		**28,286**	50,874

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

1. REPORTING ENTITY

BBGI SICAV S.A. ("BBGI", or the "Company" or, together with its consolidated subsidiaries, the "Group") is an investment company incorporated in Luxembourg in the form of a public limited company (société anonyme) with variable share capital (société d'investissement à capital variable, or "SICAV") and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under Part II of the 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 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 fund) and to trading on the main market of the London Stock Exchange on 21 December 2011.

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

The Company is a closed-ended investment company that invests principally in a diversified portfolio of Public Private Partnership ("PPP")/ Private Finance Initiative ("PFI") infrastructure or similar assets. The Company has limited investment in projects that are under construction.

As at 30 June 2016, the Group employed 16 staff (30 June 2015: 15 staff).

REPORTING PERIOD

The Company's reporting period runs from 1 January to 31 December each year. The Company's condensed consolidated interim statement of financial position, condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income and condensed consolidated interim statement of cash flows include comparative figures as at 31 December 2015 or for the six months ended 30 June 2015.

The amounts presented as 'non-current' in the condensed consolidated interim statement of financial position are those expected to be settled after more than one year. The amounts presented as 'current' are those expected to be settled within one year.

These condensed consolidated interim financial statements were approved by the Management Board on 29 August 2016, and by the Supervisory Board on 30 August 2016.

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements of the Company have been prepared in accordance with 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 financial statements.

All items presented in the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income respectively, are considered 'capital' in nature.

CHANGES IN ACCOUNTING POLICY

The accounting policies, measurement and valuation principles applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as of and for the year ended 31 December 2015.

BASIS OF MEASUREMENT

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments and investments at fair value through profit or loss ("FVPL investments"), which are reflected at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

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

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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 with the intention of maximising the capital value over the long term.
- Target a dividend of 6.25 pence per share per annum. The Company will aim to increase this distribution progressively over the longer term.
- Target an IRR in the region of 7% to 8% on the £1 IPO issue price of its ordinary shares, to be achieved over the longer term via active management to enhance the value of existing investments.

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

c) *measures and evaluates performance of substantially all of its investments on a fair value basis:*

The investment policy of the Company is to invest in equity, subordinated debt or similar interests issued in respect of infrastructure projects that have been developed predominantly under the PPP/PFI or similar procurement models. Each of these PPP/PFI projects 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 2016, the Company has 39 PPP/PFI 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%) are held by non-related parties of the Company; and

d) *it has ownership interests in the form of equity or similar interests* – The Group holds interests in PPP/PFI projects in the form of equity interests, subordinated debt and similar instruments.

FAIR VALUATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group accounts for its investments in PPP/PFI entities ("SPC" or "Project Entities") as FVPL investments.

The valuation is determined using the discounted cash flow methodology. The cash flows forecasted to be received by the Company or its consolidated subsidiaries, generated by each of the underlying assets, and adjusted as appropriate to reflect the risk and opportunities, have been discounted using project specific discount rates. The valuation methodology is the same one used in previous reporting periods. The assumptions used in the valuation methodology are included in detail in Note 13 to the condensed consolidated interim financial statements.

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 13.

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.

GOING CONCERN BASIS OF ACCOUNTING

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

3. SEGMENT REPORTING

IFRS 8 – Operating Segments adopts a 'through-the-eyes-of-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 projects. The Management Board has concluded that the Group's reportable segments are: (1) UK; (2) Continental Europe; (3) Australia; (4) North America; and (5) Holding Activities. These reportable segments are the basis on which the Group reports information to the Management Board.

Segment information for the six months ended 30 June 2016 is presented below:

In thousands of Pounds Sterling	**UK**	**Continental Europe**	**Australia**	**North America**	**Holding Activities**	**Total Group**
Income from FVPL investments	**6,679**	**6,669**	**12,115**	**31,050**	**-**	**56,513**
Administration expenses	**-**	**-**	**-**	**-**	**(2,520)**	**(2,520)**
Other operating expenses – (net)	**-**	**-**	**-**	**-**	**(6,443)**	**(6,443)**
Results from operating activities	**6,679**	**6,669**	**12,115**	**31,050**	**(8,963)**	**47,550**
Finance cost	**-**	**-**	**-**	**-**	**(1,053)**	**(1,053)**
Finance income	**-**	**-**	**-**	**-**	**8**	**8**
Tax expense	**-**	**-**	**-**	**-**	**(425)**	**(425)**
Profit or loss from continuing operations	**6,679**	**6,669**	**12,115**	**31,050**	**(10,433)**	**46,080**

Segment information for the six months ended 30 June 2015 is presented below:

In thousands of Pounds Sterling	UK	Continental Europe	Australia	North America	Holding Activities	Total Group
Income from FVPL investments	17,727	(1,963)	3,534	847	-	20,145
Administration expenses	-	-	-	-	(2,449)	(2,449)
Other operating expenses – (net)	-	-	-	-	(80)	(80)
Results from operating activities	17,727	(1,963)	3,534	847	(2,529)	17,616
Finance cost	-	-	-	-	(888)	(888)
Finance income	-	-	-	-	7	7
Tax expense	-	-	-	-	(414)	(414)
Profit or loss from continuing operations	17,727	(1,963)	3,534	847	(3,824)	16,321

The losses incurred in Continental Europe over the period to 30 June 2015 were for the most part due to adverse foreign exchange movements.

Segment information as at 30 June 2016 is presented below:

In thousands of Pounds Sterling	UK	Continental Europe	Australia	North America	Holding Activities	Total Group
Assets						
FVPL investments	**214,095**	**47,621**	**108,513**	**170,200**	**-**	**540,429**
Other non-current assets	**-**	**-**	**-**	**-**	**63**	**63**
Current assets	**-**	**-**	**-**	**-**	**29,935**	**29,935**
Total assets	**214,095**	**47,621**	**108,513**	**170,200**	**29,998**	**570,427**
Liabilities						
Non-current	**-**	**-**	**-**	**-**	**47,308**	**47,308**
Current	**-**	**-**	**-**	**-**	**5,233**	**5,233**
Total liabilities	**-**	**-**	**-**	**-**	**52,541**	**52,541**

Segment information as at 31 December 2015 is presented below:

In thousands of Pounds Sterling	UK	Continental Europe	Australia	North America	Holding Activities	Total Group
Assets						
FVPL investments	207,272	149,463	103,349	44,692	-	504,776
Other non-current assets	-	-	-	-	1,750	1,750
Current assets	-	-	-	-	23,675	23,675
Total assets	207,272	149,463	103,349	44,692	25,425	530,201
Liabilities						
Non-current	-	-	-	-	44,504	44,504
Current	-	-	-	-	3,327	3,327
Total liabilities	-	-	-	-	47,831	47,831

The Holding Activities of the Group include the activities of the Group which are not specifically related to a certain project 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.

4. ADMINISTRATION EXPENSES

In thousands of Pounds Sterling	Six months ended 30 June 2016	Six months ended 30 June 2015
Personnel expenses	**1,549**	1,484
Legal and professional fees	**320**	291
Other expenses	**651**	674
	2,520	2,449

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

The legal and professional fees include audit, audit-related and non-audit related fees charged by the Group's external auditor as follows:

In thousands of Pounds Sterling	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Audit fees	**79**	73
Audit related fees	**-**	-
Non-audit related fees	**-**	15
	79	88

5. OTHER OPERATING EXPENSES

In thousands of Pounds Sterling	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Net loss on derivative financial instruments (see Note 13)	**6,767**	-
Acquisition-related costs	**148**	283
Foreign currency exchange loss	**-**	1,056
	6,915	1,339

6. OTHER OPERATING INCOME

In thousands of Pounds Sterling	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Foreign currency exchange gain	**472**	-
Net gain on derivative financial instruments (see Note 13)	**-**	1,155
Other income	**-**	104
	472	1,259

7. FVPL INVESTMENTS

The movements of FVPL investments are as follows:

In thousands of Pounds Sterling	**30 June 2016**	**31 December 2015**
Balance at 1 January	**504,776**	454,940
Acquisitions of/additional investment in FVPL investments	**9,525**	41,610
Income from FVPL investments	**56,513**	42,014
Distributions received	**(29,286)**	(33,788)
Reclassification to other receivables/payables	**(1,099)**	-
	540,429	504,776

The impact of unrealised foreign exchange gains or losses on the income from FVPL investments for the period ended 30 June 2016 amounted to a £37.7 million gain (year ended 31 December 2015: £24.1 million loss).

Distributions from FVPL Investments are received after financial models have been tested for compliance with certain ratios and, if applicable, have been provided to lenders.

As at 30 June 2016 and 31 December 2015, loan and interest receivable from unconsolidated subsidiaries is embedded within the FVPL Investments.

The valuation of FVPL Investments considers all cash flows related to individual projects.

Interest income, dividend income, project-related directors' fee income and other income recorded under the accruals basis at the level of the consolidated subsidiaries for the period ended 30 June 2016, amounted to £30,869,000 (31 December 2015: £33,228,000). The associated cash flows from these items were taken into account when valuing the projects.

In March 2016, BBGI completed the previously announced acquisition of 100% of the equity and subordinated debt interests in the Belfast Metropolitan College project in Northern Ireland.

8. TAXES

A significant portion of the profit before tax results from fair valuation of FVPL investments. The net income of the unconsolidated subsidiaries is taxed in their respective jurisdictions. As a consequence of the adoption of IFRS 10, the Company is classified as an Investment Entity (see Note 2), meaning the tax expenses, tax assets and/or liabilities of the unconsolidated subsidiaries are not presented separately within these consolidated financial statements. Therefore, the consolidated tax expense, tax assets and/or liabilities, if any, does not include those of the Project Entities. The cash flows associated with tax expense, assets and/or liabilities of the Project Entities are reflected within the fair value calculation of the FVPL investments.

The Company pays an annual subscription tax of 0.05% of its total net assets. For the period ended 30 June 2016, BBGI SICAV S.A. incurred a subscription tax expense of £121,000 (30 June 2015: £115,000). The Company as a SICAV is not subject to taxes on capital gains or income. All other consolidated companies are subject to taxation at the applicable rate in their respective jurisdictions.

There are no unrecognised taxable temporary differences. The Group did not recognise any deferred tax asset on tax losses carried forward.

9. CAPITAL AND RESERVES

SHARE CAPITAL

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

In thousands of Pounds Sterling	**30 June 2016**	**31 December 2015**
Share capital as at 1 January	**440,259**	434,818
Share capital issued through scrip dividend	**2,245**	5,441
	442,504	440,259

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

	30 June 2016	**31 December 2015**
In issue at beginning of the period/year	**430,393**	425,917
Shares issued through scrip dividend	**1,699**	4,476
	432,092	430,393

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.

TRANSLATION RESERVE

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

DIVIDENDS

The final 2015 dividend declared by the Company during the six months ended 30 June 2016 is as follows:

In thousands of Pounds Sterling except as otherwise stated	**Six months ended 30 June 2016**
Final dividend of 3.00 pence per qualifying ordinary share – for the year ended 31 December 2015	**12,912**

The 31 December 2015 final dividend was paid in June 2016. The value of the scrip election was £2,245,000, with the remaining amount of £10,667,000 paid in cash to those investors that did not elect for the scrip.

The final dividend declared by the Company during the six months ended 30 June 2015 is as follows:

In thousands of Pounds Sterling except as otherwise stated	**Six months ended 30 June 2015**
Final dividend of 2.88 pence per qualifying ordinary share – for the year ended 31 December 2014	12,266
	12,266

The 31 December 2014 final dividend was paid in July 2015. The value of the scrip election during July 2015 amounted to £2,790,000, with the remaining amount of £9,476,000 paid in cash to those investors who did not elect for the scrip.

NET ASSET VALUE

The consolidated net asset value and net asset value per share as at 30 June 2016, 31 December 2015 and 31 December 2014 are as follows:

In thousands of Pounds Sterling/pence	**30 June 2016**	**31 December 2015**	**31 December 2014**
Net asset value attributable to the owners of the Company	**517,886**	482,370	466,336
Net asset value per ordinary share (pence)	**119.86**	112.08	109.49

10. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

In thousands of Pounds Sterling/shares	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Profit attributable to ordinary shareholders	**46,080**	16,321
Weighted average number of ordinary shares in issue	**432,092**	425,917
Basic and diluted earnings per share (in pence)	**10.66**	3.83

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

In thousands of shares	**Six months ended 30 June 2016**	**Six months ended 30 June 2015**
Shares outstanding as at 1 January	**430,393**	425,917
Effect of scrip dividends issued	**1,699**	-
Weighted average – outstanding shares	**432,092**	425,917

The denominator for the purposes of calculating both basic and diluted earnings per share is the same because the Company has not issued any share options or other instruments that would cause dilution.

11. LOANS AND BORROWINGS

The Company has a three-year revolving credit facility from ING Bank and KfW IPEX-Bank ("RCF"). In April 2016, the Company utilised the accordion tranche provision, a commitment increase mechanism within the RCF, to increase the total commitment from £80 million to £110 million with effect from May 2016. The Company retains the ability, by utilising the accordion provision, to increase further the total commitment under the facility to £180 million. No commitment fees are paid on the unutilised segment of the accordion tranche. The term of the facility is three years, expiring in January 2018. The borrowing margin is 185 basis points over LIBOR.

As at 30 June 2016 and 31 December 2015, the Company had utilised £69.6 million of the £110 million RCF (31 December 2015: £80 million RCF), of which £24.4 million was being used to cover letters of credit.

The interest payable under the RCF as at 30 June 2016 amounted to £45,000 (31 December 2015: £57,000).

The unamortised debt issuance cost related to the RCF amounted to £698,000 as at 30 June 2016 (31 December 2015: £718,000). The unamortised debt issuance cost is netted against the amount withdrawn from the RCF.

The total finance cost incurred in relation to the RCF for the six months ended 30 June 2016 amounted to £1,053,000 (30 June 2015: £888,000). The total finance cost for the six months ended 30 June 2016 includes the amortisation of the debt issue cost of £199,000 (30 June 2015: 297,000).

PLEDGES AND COLLATERALS

As at 30 June 2016 and 31 December 2015, the Group has pledged all the current and future assets held within the consolidated subsidiaries.

12. OTHER PAYABLES

Other payables are composed of the following:

In thousands of Pounds Sterling	**30 June 2016**	**31 December 2015**
Accruals	**2,493**	2,822
Others	**53**	62
	2,546	2,884

As of 30 June 2016 and 31 December 2015, the accruals include additional project acquisition provisions of £677,000.

13. FAIR VALUE MEASUREMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim statement of financial position, are as follows:

	30 June 2016				
In thousands of Pounds Sterling	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Assets					
FVPL investments	**540,429**	**-**	**-**	**540,429**	**540,429**
Trade and other receivables	**-**	**1,571**	**-**	**1,571**	**1,571**
Cash and cash equivalents	**28,286**	**-**	**-**	**28,286**	**28,286**
	568,715	**1,571**	**-**	**570,286**	**570,286**
Liabilities					
Loans and borrowings	**-**	**-**	**44,568**	**44,568**	**45,266**
Derivative financial instruments	**4,974**	**-**	**-**	**4,974**	**4,974**
Trade payables	**-**	**-**	**67**	**67**	**67**
Other payables	**-**	**-**	**2,546**	**2,546**	**2,546**
	4,974	**-**	**47,181**	**52,155**	**52,853**

	31 December 2015				
In thousands of Pounds Sterling	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Assets					
FVPL investments	504,776	-	-	504,776	504,776
Trade and other receivables	-	391	-	391	391
Cash and cash equivalents	23,243	-	-	23,243	23,243
Derivative financial instruments	1,688	-	-	1,688	1,688
	529,707	391	-	530,098	530,098
Liabilities					
Loans and borrowings	-	-	44,561	44,561	45,279
Trade payables	-	-	97	97	97
Other payables	-	-	2,884	2,884	2,884
	-	-	47,542	47,542	48,260

FVPL INVESTMENTS

The valuation of FVPL investments is carried out on a six monthly basis as at 30 June and 31 December each year. An independent third-party valuer reviews this portfolio valuation.

During the valuation process, the Group uses certain macroeconomic assumptions for the cash flows as shown below:

MACROECONOMIC ASSUMPTIONS

END OF PERIOD	2016	2017 - 2019	2020 ONWARDS
United Kingdom			
Indexation (%) [1]	1.75	2.75	2.75
Deposit Interest Rate (%) [1]	1.0	1.0	2.5
SPC Corporate Tax (%)	20.0	19.0	18.0
Canada			
Indexation (%) [1,2]	1.00/1.35	2.00/2.35	2.00/2.35
Deposit Interest Rate (%) [1]	1.0	1.0	2.5
SPC Corporate Tax (%) [3]	27.0/26.0/26.5	27.0/26.0/26.5	27.0/26.0/26.5
GBP/CAD as at 30 June 2016 [4]	1.735	1.735	1.735
Australia			
Indexation (%) [1,5]	1.50	2.50	2.50
Deposit Interest Rate (%) [1,6]	3.50/4.50	3.50/4.50	3.50/4.50
SPC Corporate Tax (%)	30.0	30.0	30.0
GBP/AUD as at 30 June 2016 [4]	1.800	1.800	1.800
Germany			
Indexation (%) [1]	1.00	2.00	2.00
Deposit Interest Rate (%) [1]	1.0	1.0	2.5
SPC Corporate Tax (%) [7]	15.8	15.8	15.8
GBP/EUR as at 30 June 2016 [4]	1.206	1.206	1.206
Norway			
Indexation (%) [1,8]	1.94	2.94	2.94
Deposit Interest Rate (%) [1]	1.8	1.8	3.5
SPC Corporate Tax (%)	25.0	25.0	25.0
GBP/NOK as at 30 June 2016 [4]	11.234	11.234	11.234
United States of America			
Indexation (%) [1]	1.50	2.50	2.50
Deposit Interest Rate (%) [1]	1.0	1.0	2.5
SPC Federal Tax (%)	35.0	35.0	35.0
GBP/USD as at 30 June 2016 [4]	1.339	1.339	1.339

[1] Due to the current economic environment, the indexation rates used for the 6 months to 31 December 2016 have been reduced compared to those rates reported in the June 2015 interim report. This reduced rate is applicable for those projects where the documentation does not prescribe the actual published rate, if available, to be used for the next 12 months from the date of the index being published. In addition, the long-term deposit rate has been decreased by 50bps and the transition deposit rate period has been considered for a longer period, with an impact on NAV of £(9.6) million.

[2] All Canadian projects have a long-term 2.0% indexation factor with the exception of Northeast Stoney Trail and Northwest Anthony Henday Drive, which have a slightly different indexation factor derived from a basket of regional labour, CPI and commodity indices.

[3] Tax rate is 27% in Alberta and Saskatchewan, 26% in British Columbia and 26.5% in Ontario.

[4] As published on www.oanda.com.

[5] Long-term Consumer Price Index 2.50%/Long-term Labour Price Index 3.50%.

[6] Cash on Debt Service Reserve Accounts and Maintenance Service Reserve Accounts can be invested on a six-month basis. Other funds are deposited on a shorter term.

[7] Including Solidarity charge, excluding Trade tax, which varies between communities.

[8] Indexation of revenue based on basket of four specific indices.

OTHER KEY INPUTS AND ASSUMPTIONS INCLUDE:

- Any deductions or abatements during the operations period are passed down to subcontractors.
- Cash flows to and from the Company's subsidiaries and the portfolio investments are received at the times anticipated.
- Where the operating costs of the Company or its portfolio of investments are fixed by contract, such contracts are performed, and where such costs are not fixed, they are in line with the budget.
- The contracts under which payments are made to the Company and its subsidiaries remain on track and are not terminated before their contractual expiry date.

DISCOUNT RATE SENSITIVITY

The discount rates used for individual assets range between 7.45% and 10.50%. The value weighted average rate is approximately 7.77% (7.86% at 31 December 2015). This methodology calculates the weighted average based on the value of each project in proportion to the total portfolio value, i.e. based on the net present value of their respective future cash flows.

An alternative methodology to calculate the weighted average discount rate would be to calculate the weightings based on the nominal future cash flows for each project. Based on that calculation, the rate is 7.94% (8.02% at 31 December 2015).

The decrease in the average discount rate also reflects the continuing trend of ongoing competitive pressure on secondary market prices. More investment capital, both in the listed and unlisted infrastructure secondary market, is pursuing a limited number of PPP/PFI assets. Additionally, where auctions are used, these are typically very competitive.

The discount rates used for individual project entities are based on BBGI's knowledge of the market, discussions with advisors and publicly available information on relevant transactions.

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

	Increase by 1% to 8.77%		**Decrease by 1% to 6.77%**	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2016	**(49,575)**	**(49,575)**	**57,853**	**57,853**
31 December 2015	**(45,547)**	**(45,547)**	**53,244**	**53,244**

FOREIGN EXCHANGE RATE SENSITIVITY

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 distributions in Sterling. Accordingly, fluctuations in exchange rates between Sterling and the relevant local currencies will affect the value of the Company's underlying investments. During the period ended 30 June 2016, the depreciation of Sterling against the AUD, CAD, EUR, NOK and USD accounted for an increase in the portfolio value of £37.7 million.

The following table shows the sensitivity of the FVPL investments due to a change in foreign exchange rates compared to the macroeconomic assumptions above:

Effects in thousands of Pounds Sterling	**Increase by 10%**		**Decrease by 10%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2016	**(25,622)**	**(25,622)**	**31,315**	**31,315**
31 December 2015	**(23,144)**	**(23,144)**	**28,286**	**28,286**

Sensitivity in comparison to the foreign exchange rates at 30 June 2016 and taking into account the hedges in place, derived by applying a 10% increase or decrease to the rate £/foreign currency.

INFLATION SENSITIVITY

The project cash flows are correlated with inflation (e.g. RPI or CPI). The table below demonstrates the effect of a change in inflation rates compared to the macroeconomic assumptions above:

Effects in thousands of Pounds Sterling	**+ 1%**		**- 1%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2016	**29,727**	**29,727**	**(28,161)**	**(28,161)**
31 December 2015	29,301	29,301	(25,077)	(25,077)

DEPOSIT RATE SENSITIVITY

The project cash flows are positively correlated with the deposit rates. The table below demonstrates the effect of a change in long-term deposit rates compared to the macroeconomic assumptions above:

Effects in thousands of Pounds Sterling	**+ 1%**		**- 1%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2016	**11,969**	**11,969**	**(11,885)**	**(11,885)**
31 December 2015	11,779	11,779	(11,790)	(11,790)

LIFECYCLE COSTS SENSITIVITY

Of the 39 projects in the portfolio, 13 project companies retain the lifecycle obligations. The remaining 26 projects have this obligation passed down to the sub-contractor. The table below demonstrates the impact of a change in lifecycle costs.

	Increase by 10%		Decrease by 10%	
Effects in thousands of Pounds Sterling	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
30 June 2016	**(11,895)**	**(11,895)**	**11,887**	**11,887**
31 December 2015	(10,773)	(10,773)	10,464	10,464

Sensitivity applied to the 13 projects retaining the lifecycle obligation, i.e. the obligation is not passed down to the sub-contractor. These projects represent 47% of the total portfolio value as at 30 June 2016.

DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments ("foreign exchange forwards") is calculated by discounting the difference between the future settlement amount due to the difference between the contractual forward rate and the estimated forward exchange rates at the maturity of the forward contract. The foreign exchange forwards are fair valued periodically. The fair value of derivative financial instruments as of 30 June 2016 amounted to £4,974,000 – liability (31 December 2015: £1,688,000 – asset).

The unrealised loss on the valuation of foreign exchange forwards for the six months ended 30 June 2016 amounted to £6,662,000 (30 June 2015: £970,000 – gain). For the period ended 30 June 2016, the realised loss from these derivative financial instruments amounted to £105,000 (30 June 2015: £185,000 – gain).

OTHER ITEMS

The carrying amounts of cash and cash equivalents, receivables and payables that are payable within one year, or on demand, are assumed to be their respective fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the grouping of assets/(liabilities) recognised at fair value under their respective levels as at 30 June 2016:

In thousands of Pounds Sterling	**Level 1**	**Level 2**	**Level 3**	**Total**
FVPL investment	**-**	**-**	**540,429**	**540,429**
Derivative financial asset/(liability)	**-**	**(4,974)**	**-**	**(4,974)**

The following table shows the grouping of assets/(liabilities) recognised at fair value in different levels as at 31 December 2015:

In thousands of Pounds Sterling	Level 1	Level 2	Level 3	Total
FVPL investment	-	-	504,776	504,776
Derivative financial asset/(liability)	-	1,688	-	1,688

The following table shows a reconciliation of the movements in the fair value measurements in level 3 of the fair value hierarchy:

In thousands of Pounds Sterling	30 June 2016	31 December 2015
Balance at 1 January	**504,776**	454,940
Acquisitions of/additional investment in FVPL investments	**9,525**	41,610
Income from FVPL investments	**56,513**	42,014
Distributions received	**(29,286)**	(33,788)
Reclassification to other receivables	**(1,099)**	-
	540,429	504,776

The impact of unrealised foreign exchange gains or losses on the FVPL investments for the period ended 30 June 2016 amounted to a £37.7 million gain (year ended 31 December 2015: £24.1 million loss).

14. SUBSIDIARIES ACQUIRED

As a result of its acquisition of certain projects during the period, the Company has acquired the following legal entities, which are considered unconsolidated subsidiaries:

SPCs	Project Name	Country of Incorporation	Effective Ownership Interest	Year Acquired/ Established
Northwin (Intermediate) (Belfast) Limited	Belfast Metropolitan College	UK	100%	2016
Northwin (Belfast) Limited	Belfast Metropolitan College	UK	100%	2016

Other than the above, no further subsidiaries were acquired/established during the six months ended 30 June 2016.

15. RELATED PARTIES AND KEY CONTRACTS

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

SUPERVISORY BOARD FEES

The members of the Supervisory Board of the Company were entitled to a total of £70,000 in fees for the six months ended 30 June 2016 (30 June 2015: £70,000). There were no outstanding amounts due as at 30 June 2016 and 31 December 2015.

DIRECTORS' SHAREHOLDING IN THE COMPANY

In thousands of shares	**30 June 2016**	**31 December 2015**
David Richardson	**163**	160
Colin Maltby	**110**	107
Frank Schramm	**189**	185
Duncan Ball	**189**	185
Michael Denny	**38**	38
	689	675

REMUNERATION OF THE MANAGEMENT BOARD

Under the current remuneration program, all staff of BBGI Management HoldCo are entitled to an annual base salary payable monthly in arrears, which is reviewed annually by the Management Board. The Management Board members are entitled to a fixed remuneration under their contracts and are also entitled to participate in a short-term incentive plan and a long-term incentive plan. Compensation under their contracts is reviewed annually by the Supervisory Board.

The total short-term and other long-term benefits recorded in the consolidated income statement for key management personnel are as follows:

In thousands of Pounds Sterling	**30 June 2016**	**30 June 2015**
Short-term benefits	**713**	705
Share-based payment	**103**	-
Other long-term benefits	**105**	301
	921	1,006

SHARE-BASED COMPENSATION

On 18 December 2015 and on 28 August 2015, each of the members of the Management Board received award letters ("2015 Award" and "2014 Award", respectively) under the Group's long-term incentive plan. The awards are to be settled by BBGI Management Holdco S.à r.l. in the Company's own shares. Of the awards granted, 50% vests by reference to a performance measure based on the Company's Total Shareholder Return ("TSR condition") over the Return Periods (December 2015 to December 2018 for the 2015 Award, and December 2014 to December 2017 for the 2014 Award), and the remaining vests by reference to a performance measure based on the increase in the Company's Investment Basis Net Asset Value per share over the 36 months ending 31 December 2018 for the 2015 Award and 31 December 2017 for the 2014 Award, immediately following the Return Periods ("NAV condition").

The maximum number of shares, which will vest in case of full achievement of the performance conditions, are 696,998 shares for the 2015 Award and 725,498 shares for the 2014 Award.

The fair value of the equity instruments awarded to employees was determined using a Monte Carlo model, the key parameters of which are listed in the following table:

	2015 Award	**2014 Award**
Share price at grant date	**£ 1.28**	£ 1.21
Maturity	**3.04 years**	2.34 years
Target Dividends (2015 to 2018)	**£0.06**	-
Target dividends (2015 to 2017)	**-**	£ 0.06
Volatility	**10%**	10%
Risk-free rate	**0.85**	0.64

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the plan is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the share-based payment amounted to £54,000 for the 2015 Award and £147,000 for the 2014 Award. The amount recognised as an expense in relation to the share-based payment during the period ended 30 June 2016 amounted to £103,000 (30 June 2015: nil). The amount recognised as additional paid-in capital in the Group's consolidated balance sheet as at 30 June 2016 amounted to £201,000 (31 December 2015: £98,000).

RECEIVABLE COMPONENT OF FVPL INVESTMENTS

As at 30 June 2016, the loan and interest receivable component of FVPL investments, which is included in the FVPL investments, amounted to £184,249,000 (31 December 2015: £171,994,000). The fixed interest charged on the receivables ranges from 3.95% to 13.5% per annum. The receivables have expected repayment dates ranging from 2017 to 2045.

TRADE AND OTHER RECEIVABLES

As at 30 June 2016, trade and other receivables include a short-term receivable from a project amounting to £1,403,000 (31 December 2015: £304,000). The remaining amount pertains to third-party receivables.

16. SUBSEQUENT EVENTS

There have been no significant subsequent events from 30 June 2016 to the date of approval of the condensed consolidated interim financial statements which would impact the current amounts and disclosures included herein.

BOARD MEMBERS, AGENTS & ADVISORS

Supervisory Board
- David Richardson (Chairman)
- Colin Maltby
- Howard Myles

Management Board
- Duncan Ball
- Michael Denny
- Frank Schramm

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