Annual Report 2017

JLIF

Actively generating long-term sustainable value

Transport
Education
Health
Justice & Emergency Services
Regeneration & Social Housing
Government Buildings
Street Lighting

About us

JLIF is one of Europe's largest listed funds investing directly in infrastructure projects. With a Premium Listing on the London Stock Exchange, JLIF invests predominantly in the equity and sub-ordinated debt issued with respect to operational Public-Private Partnership ("PPP") projects. With no fixed life, JLIF aims to own infrastructure assets over the long-term. As at 31 December 2017, JLIF's Portfolio comprised investments in 65 infrastructure PPP projects, diversified by both geography and sector. Since launch in November 2010, JLIF has delivered a Total Shareholder Return of 76.4% through to 31 December 2017. In 2017, JLIF paid a total of 6.96 pence per share in dividends, while its Portfolio delivered Underlying Growth of 9.1%.

Overview

Our purpose

JLIF's purpose is to provide shareholders with the opportunity to invest in a diversified portfolio of predominantly operational, yielding infrastructure projects. JLIF offers its shareholders access to a low risk source of income, based on the cash flows derived from its interests in the underlying projects comprising its portfolio, providing stable and predictable yield in the form of dividends. In fulfilling its purpose, JLIF supports governments, cities and communities in meeting their infrastructure needs, from delivery and financing through to operations and management, as a responsible owner of infrastructure projects.

Our objective

JLIF's objective is to provide its shareholders with a source of stable, predictable income and to deliver a Shareholder IRR of 7-8% on the IPO issue price over the long-term, by actively managing our portfolio of projects and selectively investing in new, value-accretive investments. JLIF aims to do this by being the partner of choice for public-sector clients in the markets within which it operates, making available for use high-quality infrastructure assets that meet or exceed the expectations of our clients.

Key facts

	2017	2016
Market Capitalisation	**£1,221.0m**	£1,166.0m
Ordinary shares in issue	**991,057,224**	899,003,264
Share price	**123.2p**	129.7p
Number of projects	**65**	62
Fair value of investments through profit and loss	**£1,236.8m**	£1,078.2m
Portfolio Value[1]	**£1,379.3m**	£1,217.6m
Net Assets	**£1,234.8m**	£1,080.6m
NAV per share[1]	**124.6p**	120.2p
Dividend per share paid	**6.96p**	6.82p
Company Cash	**£1.9m**	£5.5m
Group[1] Cash	**£40.4m**	£32.7m
Group Borrowings	**£186.6m**	£171.4m
Profit before tax	**£99.0m**	£160.4m
Management Fees	1.1% on Adjusted Portfolio Value[1] up to £500m; 1.0% from £500m to £1bn; 0.9% above £1bn	
Asset Origination Fees[2]	**0.375%**	0.75%
Board	**Six independent Directors**	Six independent Directors

1 See Glossary for definition.
2 Chargeable by the Investment Adviser only on acquisitions made from vendors other than members of John Laing Group plc.

£1,221.0m
Market Capitalisation

£1,379.3m
Portfolio Value[1]

£99.0m
Profit before tax

02. / Financial and Operational Highlights

March

→ Raised gross proceeds of approximately £119.5 million via an oversubscribed shareholder tap issue, resulting in the issue of 89.8 million new ordinary shares

May

→ Paid a dividend of 3.48 pence per share (relating to the six-month period ended 31 December 2016) representing a 2.0% increase on the prior dividend paid in October 2016

→ At the AGM, shareholders approved certain amendments to JLIF's investment policy, including an expansion of the geographies in which it can invest

→ Theresa Grant was appointed to the Board as a Director of the Company and David Hardy became Lead Investment Adviser to JLIF

June

→ Completed the acquisition of a 50% interest in the Croydon & Lewisham Street Lighting project from a member of John Laing Group plc, representing JLIF's ninth UK street lighting PPP investment

July

→ Completed the acquisition of an additional 15% interest in the North Staffordshire Hospital project from co-shareholder Sodexo, taking JLIF's interest in the project to 90% of the equity and 100% of the mezzanine debt

September

→ David MacLellan appointed Chairman, following retirement of Paul Lester

October

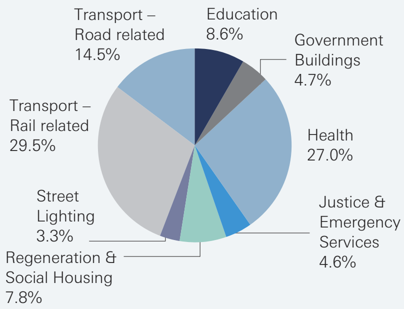
→ Paid a dividend of 3.48 pence per share (relating to the six-month period ended 30 June 2017), resulting in total dividends paid in 2017 of 6.96 pence per share

→ Agreed the acquisition of a portfolio of five UK PPP projects from various members of John Laing Group plc and John Laing Pension Trust Limited, including an additional 9% interest in the Intercity Express Programme Phase 1 project

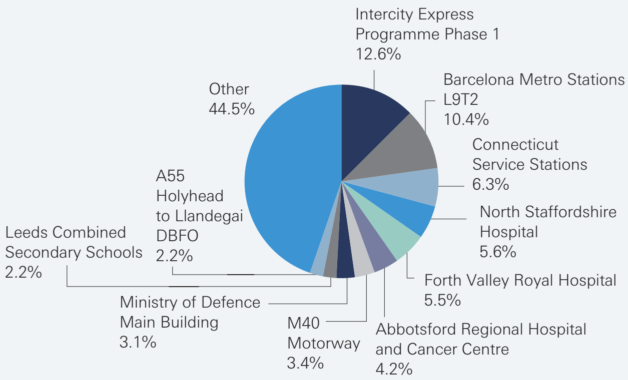
Portfolio Value Breakdown

Portfolio Value as at 31 December 2017 of £1,379.3 million.

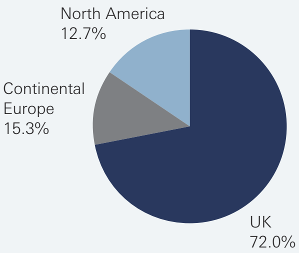
Sector Breakdown



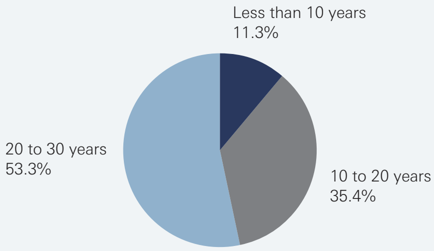
Asset Breakdown



Geographic Breakdown

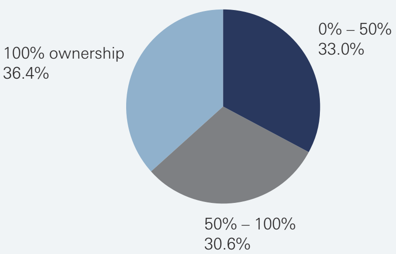


Remaining Concession Length

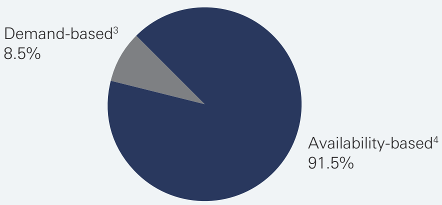


Weighted average remaining concession length of 19.3 years (19.8 years at 31 December 2016)

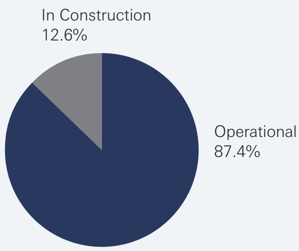
Shareholding



Payment Basis



Project Status



3 Approximately 37% (NPV basis) of the income received by the SPV over the concession for the Connecticut Service Stations P3 project is dependent upon consumer demand, relating to fuel and retail sales. Under JLIF's investment criteria, this project is therefore categorised as demand based.

4 The shadow toll mechanisms for the investments in the M40, M6/M74, Sirhowy Way and A55 motorway/road projects are not regarded as carrying demand risk due to their relative insensitivity to traffic movement.

04. / Chairman's Statement

The Company has made steady progress during 2017 against a somewhat challenging background for our asset class, generating strong portfolio yields. During the year, we undertook a shareholder tap issue that raised £119.5 million and made investments in four new assets and two existing assets with a total cost of £149.8 million. We continue to engage closely with our Portfolio, which at 31 December 2017 included 65 assets; your Board is pleased that our Investment Adviser is continuing to add resource to its portfolio management team in response to the expanding Portfolio. Generally, the Portfolio is performing well although, inevitably with a Portfolio of 65 projects, there will be challenges and I comment below on some of those that we have faced over the last year.

Dividends and Share Issuance

During 2017, JLIF paid dividends to its shareholders of 6.96 pence per share, which represented a yield on the closing share price as at 31 December 2017 of 5.6%. Today the Company is declaring a dividend in respect of the six-month period ended 31 December 2017 of 3.57 pence per share, representing an increase of approximately 2.5% on the most recently paid dividend in October 2017.

In March 2017, JLIF undertook a shareholder tap issue that raised gross proceeds of approximately £119.5 million and resulted in the issue of 89.8 million new ordinary shares. The issue was oversubscribed and the proceeds were used to repay the Company's outstanding Sterling debt on its revolving credit facility. The issue price represented a discount of just 0.02% to JLIF's share price immediately prior to the announcement of the placing (adjusted for the 3.48 pence per share dividend declared in mid-March) and a premium of 12.0% to Net Asset Value ("NAV"). We continue to be grateful for the support shown to the Fund by both existing and new shareholders.

Fund Performance

NAV per share at 31 December 2017 was 124.6 pence, compared with 120.2 pence at 31 December 2016. Overall JLIF's Portfolio continued to perform well, delivering yields in line with those expected at the start of the year. The Portfolio increased in value during the period as a result of new investments and value enhancement activities, offset by negative unrealised exchange rate movements, provisions and cash distributed from the Portfolio. Underlying Growth of 9.1% exceeded expected growth from the unwind of the discount rate. Portfolio performance is discussed in more detail below.

Profit before tax for the year was £99.0 million (2016: £160.4 million). Profit in 2016 was impacted by several exceptional gains from exchange rate movements, changes in discount rates and asset disposals, further details of which are provided in Section 6 of the Investment Adviser Report.

In the first half of 2017, JLIF's share price performed well, increasing from an opening value of 129.7 pence to a high of 140.7 pence in March, before coming under pressure immediately prior to and during the final quarter. The share price at 31 December 2017 was 123.2 pence. The decrease in share price towards the end of the year was largely as a result of comments made at the time by the UK Labour Party at its Annual Conference regarding its attitude towards the PFI procurement method. Despite the 6.96 pence per share of dividends paid by the Company during the year, the decrease in share price resulted in a broadly flat Total Shareholder Return ("TSR") for the year. Since launch, JLIF has delivered a TSR of 76.4%, equating to an 8.3% return on an annualised compound basis.

New Investments and Gearing

During 2017, JLIF made investments of approximately £149.8 million across six projects covering the street lighting, health and transport sectors. This included incremental interests in the Intercity Express Programme Phase 1 and North Staffordshire Hospital projects, an interest in the Croydon and Lewisham Street Lighting project, and interests in three other rail projects. Other than the additional investment in the North Staffordshire Hospital project that was acquired from co-shareholder Sodexo, all of the other investments were acquired from John Laing Pension Trust Limited or members of John Laing Group plc under the First Offer Agreements. The investments made during 2017 bring the total number of projects in JLIF's Portfolio to 65. As a result of the investments described above, JLIF's revolving credit facility (including the £150 million accordion tranche) was drawn by approximately £186.6 million as at the year-end.

Investment Policy

During the year, at the Company's AGM, our shareholders approved certain amendments to the investment policy. These included a broadening of the geographic limits to allow investments to be made in a wider range of countries with mature infrastructure markets, although concentrating on jurisdictions where contract structures and their enforceability are reliable, where public-sector or government-backed obligations carry a satisfactory credit rating and where financial markets are relatively mature. In the light of ongoing global market developments for both PPP and non-PPP projects, the Investment Adviser and the Board will keep under review the investment policy to ensure it allows the Company the flexibility to invest in attractive opportunities that meet this objective.

Portfolio Performance

Overall, the Portfolio continued to perform well, delivering yields in line with those expected at the start of the year. However, we continue to face operational challenges at a small number of projects.

Our three largest investments accounted for 29.3% of Portfolio Value, being Intercity Express Programme Phase 1 (12.6%), Barcelona Metro Stations L9T2 (10.4%), and Connecticut Service Stations P3 (6.3%).

In October, the Company acquired a further 9% interest in Intercity Express Programme Phase 1, taking our total interest to 15%. The project is in construction, with the train delivery programme on schedule to deliver all 57 trains into operation by the end of 2018. As at the date of this report, 26 trains have been accepted. Our year-end valuation reflects significant progress in delivery and de-risking of the project.

Barcelona Metro Stations L9T2 has performed in line with expectations during the year, with no performance deductions and yields in line with budget. The main issue relating to the project concerns the continued political uncertainty in Catalonia and, in particular, the impact this continues to have on the timing of refinancing the existing long-term senior debt. The Investment Adviser continues to monitor the situation and explore alternative options with the existing lenders. The assumed timing of such a refinancing has been pushed back within the valuation assumptions for the project and the discount rate used to value the project has also been adjusted upwards. We believe that as stability returns to the region the appetite amongst lenders (both current and potential) will return.

Connecticut Service Stations P3 has also performed well during the year, with revenues in line with expectations. In December, Project Service LLC, the concessionaire and manager of the 23 service plazas, was delighted to appoint Michael Jones as its new CEO, in line with the long-standing agreement for Paul Landino's departure once the project had been completed with a series of fully operational plazas. Michael brings a wealth of experience in the successful operation of service plazas in the US and is well placed to develop the asset further.

At the half year, we updated investors on progress regarding a small number of projects with operational difficulties. Whilst it was disappointing that the issues at Roseberry Park Hospital ultimately proved incapable of being resolved to the satisfaction of all parties leading to the project holding company going into administration in September 2017, the impact on the Portfolio valuation during the year was not significant. On a more positive note, good progress was made in resolving the long-standing issues at our Peterborough Hospital project, with a commercial agreement in principle being reached by the parties in March 2018. In June 2017, the tragic fire at Grenfell Tower in London resulted in focus by all onto the fire safety of high-rise accommodation and we continue to work with our public sector client at our Camden Social Housing project to ensure the safety of residents and the implementation of any required changes.

In January 2018, Carillion plc entered liquidation and, as announced at that time, this impacted service provision to nine projects within the Company's Portfolio where Carillion was the Facilities Management ("FM") provider; four education projects, four justice and emergency services projects and one road project. The value of these projects was approximately 8.5% of the Portfolio Value at 31 December 2017. The Investment Adviser's asset management team was aware of the issues affecting Carillion and has had contingency plans in place for some time. These have involved discussions with a number of potential replacement providers and the Investment Adviser is in the process of implementing these plans and seeking to appoint alternative FM providers on all of the nine projects to replace Carillion. At this stage, the Investment Adviser expects that this can be achieved with minimal service disruption.

JLIF has no projects currently in construction where Carillion is the contractor. JLIF holds an investment in one project where Carillion remains liable for any latent construction defects found on the project and where cost allowances for rectification had not already been made, with the construction period having completed over 10 years ago. A recently completed routine defects survey has not highlighted any significant areas of concern. The Investment Adviser believes that the compulsory liquidation of Carillion should have no material impact on the Company. The Company will continue to manage the situation as it develops and provide further updates as appropriate.

Governance & Regulation

JLIF continues to apply the UK Corporate Governance Code and is required to comply with the EU-Wide Alternative Investment Fund Managers Directive ("AIFMD") and the Company remains a self-managed AIF. During the year a new EU Directive, the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Directive, was introduced with effect from 1 January 2018, which is intended to make comparison of different investment products easier for retail investors. In accordance with the requirements of the PRIIPs Directive, JLIF made available on its website a Key Information Document which can be found under the Investors, Publications section. JLIF intends to continue to comply with the requirements of the AIFMD and PRIIPs Directives and will make available updated Key Information Documents via the website from time to time as required.

Risks & Uncertainties

On a day-to-day basis, it is the Investment Adviser who manages the risks facing the Company. However, the Board retains ultimate responsibility and JLIF's Risk Committee reviews the principal risks facing the Company and the controls in place to mitigate those risks on a regular basis. Further detail on the process and strategies employed can be found in the Risk Committee Report on pages 12 to 19.

As noted in previous reports, the Company and its Investment Adviser have been monitoring and considering the potential and actual impact on the Company of the implementation of tax changes recommended by the OECD's Base Erosion and Profit Shifting ("BEPS") initiative. While the Portfolio valuation reflects the expected impact of the enacted provisions regarding interest deductibility, the mechanisms for countries to amend their tax treaties for several of the BEPS recommendations, including the Action 6 recommendations concerning the prevention of instances of treaty abuse, are a further risk for the Company as countries seek to bring these terms into domestic tax law.

As a result, the Board has reviewed the potential impact of BEPS under the Company's existing investment holding structure, both for countries where existing projects are based but also potential future markets for investment. In addition, the Board has noted that since the Company's IPO in 2010, the UK Investment Trust regime has been updated and now accommodates the types of investments that the Company makes. The Board has therefore concluded that it would be in the best interests of the Company and its shareholders to become a UK Investment Trust to mitigate the impact of both treaty changes and changes to future tax provisions. As a result, a proposal will be put to shareholders in May to amend the Articles of Incorporation such that Board and Annual General meetings can be held in the UK, with the aim, subject to regulatory approval, of implementing the tax residency change to the UK on 1 January 2019, so that the Company may be treated as a UK investment trust from that date.

One of the risks potentially affecting the Fund in the future relates to political risk and in recent months in the UK, there has been much political debate about PFI/PPP. Despite the wider political uncertainty, we continue to partner with and enjoy good operational relationships with the majority of our public sector clients in order to deliver the vital services that they need. We continue to believe that the UK Government will honour its contracts entered into under UK law and, in the event of any voluntary termination of any of our projects, will follow the contractual compensation provisions. Further details can be found in our Risk Committee report.

Board

As part of the phased succession programme to replace the Directors who have been on the Board since JLIF's launch in 2010, and as announced in May 2017, my predecessor Paul Lester retired as Chairman at the end of September 2017. On behalf of the Board, I would like to thank Paul for his contribution and success in leading the Board over the past seven years.

In May 2017, Theresa Grant joined the Board. Theresa has been Chief Executive of Trafford Council, Manchester since 2011 where her responsibilities have included leading multi-million pound change programmes for Infrastructure & Transport and Employment & Skills in the Greater Manchester region.

Investment Adviser

In May, David Hardy was appointed Lead Investment Adviser to JLIF. David has over 25 years' corporate finance, M&A, fundraising and deal closure experience across infrastructure and renewable energy. David's familiarity with JLIF and our Portfolio (having been a director of John Laing Capital Management ("JLCM"), and previously at John Laing on the primary investment and sell-side) has helped him make a seamless transition. David assumed the role following the departure from JLCM of Andrew Charlesworth in May 2017. Andrew had been involved in advising JLIF since its launch in 2010 and the Board thanks him for his contribution over the years.

During 2017, the fees payable to JLCM were amended. This included a reduction in the asset origination fee from 0.75% to 0.375% and a 25% reduction in the base fee payable on the additional 9% interest in the IEP project acquired in November 2017.

Market Outlook

The Board continues to believe that there is an important role for private sector investors in the provision of infrastructure assets and in the benefits of PPP in terms of whole-life cost savings and risk transfer and are proud of the services provided at our projects. We regularly receive positive comment from end-users and staff around the quality of the facilities made available for their use and look forward to continuing to work with our public sector clients to continue to provide efficient and well-managed facilities that enhance and serve the communities in which they are located.

In terms of the pipeline for new projects and consequent investment opportunities for JLIF, we believe that the greatest opportunity in the short to medium term lies in overseas markets such as in North America and Continental Europe. While UK projects will remain a core component of JLIF's Portfolio, it is expected that in the immediate future our focus will be on re-weighting the Portfolio to overseas projects and the consequent need to protect returns by carefully managing exchange rate risk. We will continue to assess opportunities on their merits and seek accretive investments for our shareholders, but in the current environment will remain cautious in our approach to new investment.

David MacLellan
Chairman

23 March 2018

Case Study: **Connecticut Service Stations P3**

Connecticut / United States

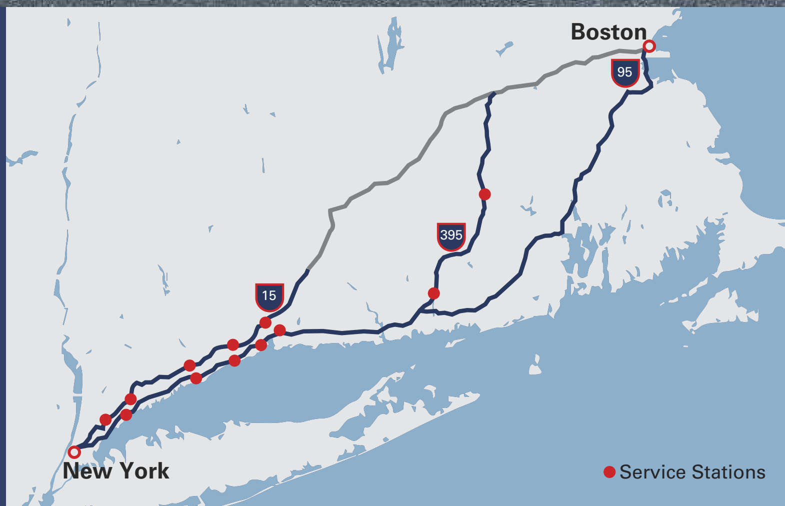
In July 2016, JLIF acquired a 100% interest in the Connecticut Services Stations P3 project from The Carlyle Group. The project involves the renovation, operation and maintenance of 23 highway service plazas in the State of Connecticut under a 35-year concession period. The renovation of the service plazas was completed in August 2015.

The project benefits from being the exclusive provider of on-highway food and fuel on the three main transport corridors between New York and Boston, something that is protected under the project agreement and giving the concession monopolistic qualities. Long-term agreements are in place with major food and fuel providers that include inflation-linked annual guaranteed minimum ("MAG") payments, as well as a percentage share of gross sales.

On a Net Present Value basis, the MAG payments represent approximately 63% of total forecast revenue over the term of the concession. The project's four key anchor tenants – McDonald's, Dunkin' Donuts, Subway Restaurants and Alliance Energy (Mobil brand) –together account for c.85% of forecast revenues.

The plazas serve both local commuter traffic as well as interstate traffic. The project agreement also includes an option to extend the concession period by a further 8-10 years through to 2052/2054 (upon mutual agreement with the Connecticut Department of Transport ("CONNDOT")). The east coast corridor where the plazas are located has some of the highest GDP per capita rates in the US, and in the world. There is also a revenue sharing arrangement with CONNDOT, which provides good alignment of interest between the concessionaire and the public sector counterparty.

The transaction was completed on a bilateral basis. We believe there are good opportunities for value enhancement from both organic growth and specific initiatives. The project was JLIF's first investment in the US, giving it a launch pad and presence from which to access further opportunities in this growing market.



Objective

JLIF's objective is to **provide shareholders with a source of stable, predictable income and to deliver a Shareholder IRR of 7-8%** on the IPO issue price of 100 pence over the long-term, by actively managing its portfolio of infrastructure projects and selectively investing in new, value-accretive investments. JLIF aims to **reduce shareholder risk** by offering the opportunity to invest in a well-diversified portfolio, with regard to the number of investments, the mix of public-sector counterparties (both by jurisdiction and sector) and currency exposure, and to provide a degree of inflation protection via inflation-linked returns.

In doing so, JLIF's aim is to **be the preferred private-sector partner of choice** for public-sector clients of predominantly operational infrastructure PPP projects within the markets in which it operates, making available for use high-quality infrastructure assets that meet or exceed the expectations of its clients. To this end, JLIF aims to **develop strong working relationships** with its public-sector partners, based on a spirit of collaboration.

To ensure the Portfolio remains well diversified, JLIF's shareholders have approved an investment policy that currently includes the following limits with regard to the composition of the Portfolio:

- up to 50% of the Portfolio in overseas jurisdictions, maintaining at least 50% invested in UK assets at all times.
- up to 30% of the Portfolio in assets still in their construction phase;
- up to 15% of the Portfolio in projects that are classified as having a demand-based payment mechanism; and
- up to 10% of the Portfolio in projects that are not strictly PPP projects, but exhibit a substantially similar risk profile and characteristics;

Further details of the Investment Policy are found on pages 24 to 25 of this Annual Report.

JLIF also aims to manage its investments such that they **deliver at least the returns expected at the time of acquisition, and to be at the forefront of disclosure and transparency** amongst its peer group such that its shareholders remain updated and can understand the performance of the business, the risks facing it and its prospects going forward.

Forth Valley Royal Hospital

Larbert / Scotland

Opened by HM Queen Elizabeth II in July 2011, this 860-bed acute hospital is hailed as one of the most advanced hospitals in Europe. Innovative design and leading technology, including the use of automated guided vehicles, have been used to create the best possible environment for patients, staff and visitors.

Market Outlook

2017 saw relatively low levels of activity in the UK in markets that have historically formed JLIF's core. However, there were a select number of transactions involving major projects (such as High Speed 1, the M25 DBFO project and the recently announced sale by John Laing Group of its remaining interest in Intercity Express Programme Phase 1) of a scale that would require most investors to bid alongside a partner or as part of a consortium. We believe fewer but larger assets is likely to be a growing trend in the UK as a significant proportion of operational PPP projects are now under the ownership of long-term holders (and there is little in the way of new projects being developed). As we have identified for several years now, this makes the UK a particularly competitive market with an over-supply of capital seeking to be deployed and an under-supply of projects into which to invest. While JLIF has no requirement to invest or grow (in the same way that, for example, a private fund may have during its commitment period), in order for JLIF to remain an active investor in the UK, it may need to consider larger investments, new sub-sectors or taking on different types of risk.

Project regional outlook and current geographic diversification

- Currently operating
- Short term projected region (1-3 years)
- Medium term projected region (3-5 years)
- Long term projected region (>-5 years)

Continental European markets were more active in 2017 both in terms of the secondary market for operational assets, as well as for new projects being developed. The markets in Italy, Spain, The Netherlands, Belgium and France remain particularly active, with JLIF reviewing investments in three of these during the period.

The US remains active with more and more greenfield projects being developed, although there will inevitably be a lag of several years before these develop into a significant secondary pipeline. However, there are some projects coming through already and we believe JLIF is well placed to take advantage of these, having developed a footprint in the market via its Connecticut Service Stations P3 project. Canada also continues to develop new infrastructure projects, although the high number of domestic investors and maturity of the market increases competition for assets, increasing valuations and lowering returns.

In Latin America, Chile remains an active market for secondary PPP assets, especially in the transport sector. JLIF was invited to look at a number of opportunities in Chile in 2017, including, on a bilateral basis, an operational toll road but the asset was subsequently sold as part of a wider portfolio transaction.

During the period, the Board and Investment Adviser reviewed the Company's investment policy and certain recommended changes were approved by shareholders at the AGM in May 2017. These primarily related to the geographical limits, which were broadened to give the Company greater flexibility in pursuing investment opportunities in overseas markets. The Board and Investment Adviser will keep the investment policy under review to ensure the Company is in the best position to take advantage of opportunities available globally whilst still retaining its core objective of providing stable, predictable yields for shareholders.

JLIF continues to benefit from the First Offer Agreements it has with John Laing Group plc, under which in 2017 JLIF acquired interests in four new projects and a further investment in an existing project. The timing of any divestments by John Laing will likely be driven by its own cash requirements, which itself is in part dependent on its success in its investment activities. John Laing is currently in short-list or preferred bidder positions in respect of a number of transactions.

10. / Outcomes and Key Performance Indicators ("KPIs")

There are two categories of KPIs JLIF is measured against:

→ the performance of the investment in JLIF; and

→ the compliance of the investments JLIF makes against its policy.

Performance based KPIs

KPI	2017	2016	2015	Comments
Dividend Yield Objective: To provide shareholders with **a dividend yield of at least 6%** on the IPO Issue Price of 100p. Measurement: This is expressed as a ratio of the total annual dividend yield against both the IPO Issue Price and the year-end share price.	Total dividend paid within the financial year: 6.96pps Status: **6.96%** on the IPO issue price[5], being 5.6% yield on share price as at 31 December 2017. Share price at 31/12/17: 123.2p	Total dividend paid within the financial year: 6.82pps Status: 6.82% on the IPO issue price[5], being 5.3% yield on share price as at 31 December 2016. Share price at 31/12/16: 129.7p	Total dividend paid within the financial year: 6.75pps Status: 6.75% on the IPO issue price[5], being 5.8% yield on share price as at 31 December 2015. Share price at 31/12/15: 116.7p	While there was continued progression of the dividend paid by the Company during the financial year, the increase in dividend yield was also partly driven by the decrease in share price in the final quarter.
Fund IRR[6] Objective: To target **an IRR of 7-8% over the longer term.** Measurement: This is by reference to the IPO Issue Price of 100p, the year-end share price and dividends paid since launch.	Fund IRR since launch: **8.6%**	Fund IRR since launch: 9.8%	Fund IRR since launch: 8.6%	The IRR delivered by JLIF to its shareholders over the period from IPO to 31 December 2017 of 8.6% remains above the long-term target of 7-8%.

Policy based KPIs

KPI	2017	2016	2015
The value of any single investment **shall not be greater than 25%** of the Total Assets of the Group measured post acquisition	Maximum single asset %: **14.1%** of Total Assets	Maximum single asset %: 13.3% of Total Assets	Maximum single asset %: 7.7% of Total Assets
The borrowings of the Group, including financial guarantees supporting subscription obligations, shall **not exceed 35%** of the Total Assets of the Group	Maximum debt drawn during the year: **15.1%** of Total Assets	Maximum debt drawn during the year: 15.8% of Total Assets	Maximum debt drawn during the year: 1.9% of Total Assets
The value of investments in the construction phase **shall not exceed 30%** of the Total Assets of the Group	Value of investments at the year-end: **14.1%** of Total Assets	Value of investments at the year-end: 3.9% of Total Assets	Value of investments at the year-end: 0.0% of Total Assets
The value of investments receiving demand-based payments **shall not exceed 15%** of the Total Assets of the Group	Value of investments at the year-end: **9.4%**[7] of Total Assets	Value of investments at the year-end: 8.5%[7] of Total Assets	Value of investments at the year-end: 0.0% of Total Assets
The value of investments in non-PPP infrastructure assets (but with substantially similar characteristics and risk profiles) **shall not exceed 10%** of the Total Assets of the Group	Value of investments at the year-end: **0.0%** of Total Assets	Value of investments at the year-end: 0.0% of Total Assets	Value of investments at the year-end: 0.0% of Total Assets

5 £1 in November 2010.

6 Dividends not assumed to be re-invested.

7 As noted above, approximately 37% (NPV basis) of the income received by the SPV over the concession for the Connecticut Service Stations P3 project is dependent upon consumer demand, relating to fuel and retail sales. Under JLIF's investment criteria, this project is therefore categorised as demand-based.

JLIF's business model is to invest equity in a balanced portfolio of infrastructure projects to provide a source of stable, predictable income that can be returned to shareholders by way of dividends.

JLIF predominantly invests in equity and sub-ordinated debt issued with respect to operational infrastructure PPP projects, since it is usually upon operations commencement that revenue starts to be generated. This supports the Company's objective, as described above, to deliver income to its shareholders.

JLIF's business model has three main areas:

Asset Management

Value preservation – this involves delivering the business case (and assumptions underpinning that) on which JLIF's initial investment in a project was made, thereby delivering the returns expected at time of acquisition. This may include delivering cost savings assumed as part of the acquisition business case.

Value enhancement – this involves identifying ways by which to enhance the value of JLIF's investments once acquired beyond that assumed in the acquisition business case. This is achieved by either realising cost savings or increasing project revenues. Most projects in JLIF's Portfolio have availability-based payment mechanisms meaning cost savings are the primary way by which to generate additional value. For projects where some demand risk is retained by the SPV (e.g. Connecticut Service Stations), there are arguably more opportunities for value enhancement such as by implementing initiatives designed to increase capture rates, average dwell time, spend per customer etc., all of which drive sales and ultimately (a proportion of) SPV revenues.

New Investments

JLIF aims to grow its Portfolio by making further value accretive investments either in new or existing projects. This serves to drive economies of scale by reducing fixed costs on a per unit basis and to extend the period over which the Portfolio is forecast to distribute. If JLIF made no further investments, eventually each of the projects comprising the Portfolio would reach the end of their concession periods and the Portfolio would then generate zero income, as it would no longer exist. Incremental investments in existing projects may also result in additional governance rights and a greater ability to influence investment performance.

Portfolio and Fund Management

The Company's business model also involves management initiatives on a Portfolio-wide and Fund-level basis. This includes managing risk by maintaining a well-diversified portfolio in terms of sectors, geographies, public sector counterparties and sub-contractors, and by maintaining a balanced portfolio where JLIF is not overly exposed to the performance of any single project. Some of the limits set out in the Company's investment policy are intended to support this. For example, no single project in JLIF's Portfolio may exceed 25% of its Total Assets as at the time of investment.

Other Portfolio/Fund-wide management initiatives include managing JLIF's exposure to foreign exchange rate movements. JLIF's principal liabilities are Sterling-denominated (the most significant being dividends it pays to shareholders), however, some of its income is received in other currencies (specifically US Dollar, Canadian Dollar and Euro). JLIF makes use of forward contracts to hedge its exposure to exchange rate movements. Further detail on how JLIF manages exchange rate risk can be found in the Risk Committee Report on pages 12 to 19.

JLIF also aims to provide a degree of inflation correlation to its shareholders, and gives consideration to this when reviewing new investments.

In order to remain efficient with respect to the use of shareholder funds, JLIF makes prudent use of leverage when making investments. In financing new investments, JLIF generally makes use first and foremost of cash reserves followed by its revolving credit facility. Where the debt facility is used, shareholder equity capital is subsequently raised (subject to market conditions) in order to repay the debt, meaning shareholder funds are effectively deployed immediately, thereby avoiding cash drag resulting from uninvested funds sitting on JLIF's balance sheet.

12. / Risk Committee Report

Risk is uncertainty of outcome and represents either a threat to or an opportunity for a business's success – either its business model, reputation or financial standing. Risk is therefore closely monitored by JLIF, and risk management is embedded in its culture and that of its advisers. While it is not possible to entirely eliminate all risk, it is possible to manage risk through a process of identification, review and mitigation, either to reduce the likelihood of a risk materialising, or in the event that a risk should materialise, to reduce any adverse impact.

JLIF has a dedicated Risk Committee to lead its risk management activities. While the Investment Adviser manages the risks facing the Company on a day-to-day basis, the Board (managed via its Risk Committee) retains ultimate responsibility.

→ **Risk identification, review and mitigation**

Risk management is a continuous process as the risks facing JLIF evolve. New risks can emerge and risks previously identified can change either in their probability of occurrence or potential impact. With this in mind, the Company maintains a risk register that is reviewed by the Risk Committee on a quarterly basis. This is designed to identify the principal risks facing the Company, and employs a red-amber-green system, which is based on assessment of the probability and impact of each risk identified. The assessment is made both pre- and post-mitigation.

Risks classified as Red are considered very likely to occur and to have the potential to affect significantly the Company's business prospects in the event of occurrence. Risks classified as Amber are considered to have a medium likelihood of occurrence, with a medium potential impact should they materialise. Risks classified as Green have a low likelihood of occurrence, and a low potential impact should they materialise. This system is intended to help JLIF prioritise and focus its risk mitigation strategies and controls.

JLIF's risk register covers six main areas of risk:

1. Economic;
2. Political;
3. Operational;
4. Financial;
5. Taxation; and
6. Compliance and Legal.

	Risk	Pre-Mitigation Risk Rating	Post-Mitigation Risk Rating[8]	Reputational Risk Rating
Economic	Exchange rates	🔴	🟠	🟢
	Interest and deposit rates	🔴	🟢	🟢
	Equity market sentiment	🔴	🟠	🟠
Political	Pressures on contract terms and/or early termination	🔴	🔴	🔴
	Change in political environment affecting PPP projects	🔴	🔴	🔴
Operational	Competition for assets	🔴	🟠	🟠
	Counterparty and demand risk	🔴	🟢	🔴
	Supply chain	🔴	🟠	🟠
	Asset availability	🔴	🟠	🟠
	Lifecycle risk	🟠	🟢	🟢
	Performance of the Investment Adviser	🟠	🟢	🔴
	Cyber risk	🔴	🟢	🔴
Financial	Portfolio valuation	🔴	🟢	🟠
	Refinancing risk	🔴	🟠	🟢
Taxation	Changes to tax legislation and rates	🔴	🔴	🟠
	OECD Base Erosion and Profit Shifting ("BEPS") initiative	🔴	🟢	🟠
Compliance and Legal	Regulatory compliance and change	🟢	🟢	🔴
	Contractual Risk	🔴	🟠	🟠

[8] Mitigating actions are described in further detail in the text that follows.

Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Economic					
Exchange rates	At 31 December 2017, JLIF held nine investments denominated in currencies other than Sterling. These include the Euro, Canadian Dollar and US Dollar. Altogether, these investments comprised 28.0% of the Portfolio Value. There is a risk that fluctuations in exchange rates reduce the Sterling-value of the cash flows received from the investments, affecting the valuation of such projects and JLIF's dividend cover. At 31 December 2017, JLIF had Euro-denominated drawings on its revolving credit facility of €46.9 million. There is a risk the Sterling-value of this liability increases due to exchange rate movements.	🔴	JLIF's policy since launch in November 2010 has been not to hedge the balance sheet value of its non-Sterling investments. However, JLIF does make use of foreign exchange forward contracts to hedge non-Sterling cash flows. Further detail on JLIF's policy and use of such contracts in 2017 can be found in section 3.3.5. JLIF's investment policy requires at least 50% of the Portfolio to be UK-based at any time, limiting exposure to this risk. JLIF can draw on its revolving credit facility in the local currency and repay borrowings from its portfolio of assets of the same currency, thereby creating a natural hedge.	🟠	🟢
Interest and deposit rates	JLIF has exposure to interest rates through its own cash deposits, those of the project SPVs in which JLIF is a shareholder, the interest payments on debt at the underlying projects, and borrowings on JLIF's revolving credit facility. Changes to interest rates can reduce interest income or increase interest payments.	🔴	JLIF's own cash deposits are generally minimal (given its approach to raising new capital). The senior debt at the underlying projects is typically hedged using interest rate swaps. JLIF has no long-term structural gearing and the periods in which the revolving credit facility is drawn are typically relatively short. Sensitivities to changes in deposit rates are included in the Investment Adviser Report.	🟢	🟢
Equity market sentiment	There is a risk that, due to disruption to equity markets, the Company is unable to raise new capital and therefore unable to repay debt drawn on its revolving credit facility (used to finance new acquisitions).	🔴	The Investment Adviser and JLIF's Corporate Broker monitor market sentiment and will not recommend drawing significantly on JLIF's revolving credit facility if it is considered likely that subsequent capital raising could be problematic. Furthermore, if JLIF was unable to raise new capital, outstanding borrowings could be repaid using distributions from JLIF's Portfolio or by divestment of interests in projects.	🟠	🟠

Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Political					
Pressures on contract terms and/or early termination	There is a risk that political and financial pressure could result in certain public-sector counterparties seeking to use contractual provisions to extract a financial benefit or to voluntarily terminate a project.	●	JLIF and the Investment Adviser engage regularly with HM Treasury and other governmental PPP-related bodies in order to remain aware of policy developments and to represent the interests of the Company. In the event of voluntary termination, equity investors benefit from compensation provisions that, in the majority of cases, ensures that market value is received. As at 31 December 2017, JLIF estimates it would receive approximately 87% of its UK portfolio value in the extreme and unlikely event that all of its UK projects were voluntarily terminated. JLIF's UK portfolio comprises 56 projects spread across seven sectors and approximately 50 different UK public sector counterparties. Each of JLIF's UK acute hospital projects benefit from contracts where the voluntary termination provisions dictate market value be paid to investors. Any voluntary termination of a project by the public sector client would also require the repayment of senior debt (as well as the cost of the 'make whole' or 'Spens' clauses attached to the senior debt). The approximate par value of the senior debt across JLIF's UK portfolio as at 31 December 2017 was £4.7 billion. The Company is a signatory of the Code of Conduct for Operational PFI/PPP contracts in the UK, which sets out the basis on which public and private sector partners agree to work together to make savings in operational PPP contracts.	●	●
Change in political environment affecting PPP projects	Concession based PPP projects form the core of JLIF's investment focus. A shift in political policy away from the PPP model could compromise JLIF's ability to access new projects and impact the way it engages with public-sectors clients. It could also adversely affect the Company's share price and affect the ability to raise new equity funds.	●	JLIF closely monitors the political environment in countries in which it invests (or is considering investing) to gauge political support for PPP. While in the UK political support for the PPP model is currently particularly low, the model remains popular and continues to have strong political support in many other markets around the world. JLIF's investment policy allows it to invest globally giving it the flexibility to target markets where there is a pipeline of opportunities. Additionally, under JLIF's current investment policy, it has the option of investing up to 10% of its Total Assets (by value) in projects that are not strictly PPPs but that have a substantially similar risk profile and characteristics.	●	●

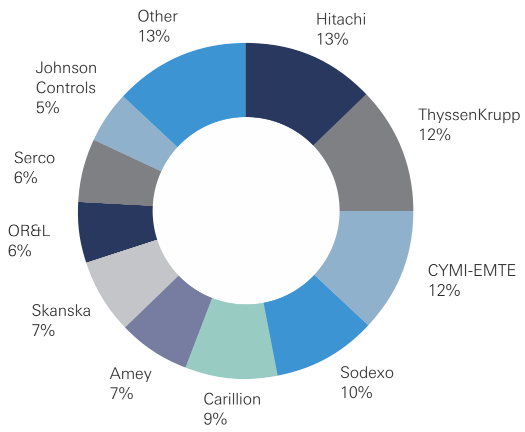
Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Political (continued)					
Competition for assets	There is a risk of imbalance between the demand from capital seeking investment in PPP infrastructure projects and the supply of projects to which to deploy that capital can be deployed. Where demand exceeds supply, this has the effect of increasing asset pricing. There is a risk that JLIF over-pays for an asset or that JLIF's ability to continue to deliver the returns it targets is challenged, thereby limiting the growth of the Fund.	🔴	JLCM is an experienced Investment Adviser with significant knowledge of the infrastructure market and appoints a team of external advisers to undertake due diligence on assets prior to investment in order to establish a fair market valuation. JLCM seeks to establish bi-lateral investment opportunities by developing long-term relationships with potential vendors and co-shareholders in order to avoid competitive auction processes. JLIF also benefits from two First Offer Agreements with John Laing Group plc giving it the right of first offer over a significant portfolio of infrastructure projects. JLIF's current investment policy provides it with scope to invest up to 50% of the Portfolio by value in projects located outside of the UK. This gives it the ability to operate in markets that are not characterised by the same degree of competition as the UK, where better value may be more readily achievable. The Investment Adviser maintains a global view with respect to originating new investment opportunities.	🟠	🟠
Operational					
Counterparty and demand risk	There is a risk that one of JLIF's clients has financial difficulties and is unable to meet its payment obligations as they fall due, thereby adversely affecting project cash flows. In respect of JLIF's investment in the Connecticut Service Stations project, where some of the revenue is related to the level of usage, there is risk that, for reasons outside of the control of the project company, this may be less than forecast/assumed at the time of investment, thereby adversely affecting project cash flows.	🔴	With a Portfolio of 65 assets and approximately 60 different public sector counterparties, JLIF's exposure to any single counterparty is low. JLIF's investment policy dictates that it invests only in jurisdictions where public sector or government-backed obligations carry a satisfactory credit rating and where contract structures and their enforceability are reliable. Prior to making an investment in a project with demand risk, JLIF undertakes detailed interrogation of the key factors that drive demand, including engaging third party experts. JLIF's Investment Policy currently limits the percentage of Total Assets invested in projects with revenues exposed to demand risk to no more than 15%.	🟢	🔴
Supply chain	The projects in which JLIF invests have agreements with sub-contractors to provide facilities management and SPV management services. There is a risk sub-contractors underperform, or go into administration or receivership, adversely affecting project services, and ultimately project cash flows. In the event of having to replace a sub-contractor, there is a risk that an appropriate replacement may only be found at a higher cost, which may not be recoverable.	🔴	The wide range of different sub-contractors used across JLIF's Portfolio reduces the reliance on and exposure to any single sub-contractor. Supply chain diversification is considered on a frequent basis by the Company and prior to any new investment. The pie charts at the end of this Risk Committee Report show the range of sub-contractors to which JLIF has exposure. In the event of poor performance by a sub-contractor, the sub-contracts include provisions allowing the SPVs to pass-down deductions/penalties to the sub-contractors, and ultimately to terminate and replace with another provider. The terms of the construction sub-contracts include a defects liability period "DLP", typically of 12 years duration, during which the construction sub-contractor remains liable for any latent defects that arise related to the construction of the asset(s).	🟠	🟠

Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Operational (continued)					
Asset availability	The revenues received by the projects in which JLIF invests are predominantly dependent on the relevant infrastructure being available for use. In the event an asset is deemed either wholly or partially unavailable, deductions can be enforced by the public-sector counterparty, adversely affecting project cash flows and potentially resulting in termination of a project.	●	Unavailability can be caused by a number of factors but is most likely to be caused by underperformance of a service delivery partner. Through its director representation on each of the SPV boards, JLIF is able to monitor operational performance and to identify and correct any trends early. Contractual provisions allow performance deductions to be passed-down to the sub-contractor at fault, although such provisions may include caps relating to sub-contractor liability. As discussed above, ultimately a sub-contract may be terminated for continued poor performance and replaced.	●	●
Lifecycle risk	During the life of a project, there are a number of items that will need replacing (e.g. elevators, air conditioning equipment, flooring etc.) There is a risk that the actual cost of replacement is greater than the forecast/budgeted cost or the actual timing of replacement is sooner than expected.	●	While in some projects this risk is passed-down in full to sub-contractors, on other projects lifecycle adequacy risk is retained by JLIF. As part of JLIF's due diligence prior to investment in a project, it appoints experienced technical advisers to advise on the lifecycle cost profile within the financial model (used to derive JLIF's valuation of the asset). Benchmarking is also undertaken against other similar projects within JLIF's Portfolio to verify further the adequacy of the forecast lifecycle cost profile.	●	●
Performance of the investment adviser	The success of the Company depends in large part on the skill and ability of the Investment Adviser to identify, acquire and manage JLIF's investments. Unlike some of the Company's peers, the Investment Adviser is owned by a corporate group, John Laing Group plc, and accordingly, John Laing (not the Company) has responsibility for setting the Investment Adviser's strategy and remuneration structures, as well as being the beneficiary of the profits of the Investment Adviser. A performance deterioration by the Investment Adviser would have a material impact on the Company's performance.	●	The Investment Adviser has a strong record of accomplishment of investing and managing infrastructure projects. JLCM, being a wholly-owned subsidiary of John Laing Group plc, has access to the depth of resource provided by its parent company, as well as robust policies, procedures, compliance systems and risk controls. John Laing Group plc has significant personnel from which to draw to provide the services under the Investment Advisory Agreement. In the event of continued underperformance by the Investment Adviser, JLIF has the ability to serve notice and to replace JLCM.	●	●
Cyber risk	There exists an increasing threat of cyber-attack in which a hacker or computer virus may attempt to access the IT systems of the Group, the Investment Adviser or one of the SPVs, and attempt to destroy or use this data for malicious purposes. While these systems are unlikely to be the deliberate target of a cyber-attack, there is a possibility that it could be targeted as part of a random or general act.	●	JLIF, the Investment Adviser and the SPVs' IT providers have procedures in place to mitigate cyber-attacks and business continuity plans. Data is separately stored on multiple servers, which is backed-up regularly. IT controls are regularly reviewed, including by external specialist IT companies, to ensure they remain robust and provide a sufficient level of protection.	●	●

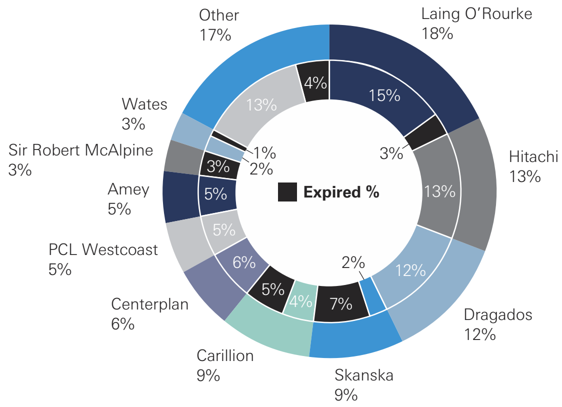
Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Financial					
Portfolio valuation	The principal component of the investments of the Company is its Portfolio of PPP assets. JLCM is responsible for preparing a fair market value of the Portfolio, which is presented to and approved by the Board. There is a risk that the valuation is not a fair reflection of the market valuation (i.e. the Portfolio is over- or under-valued). This risk is a function of the financial models, both at the Portfolio and project level, on which the valuation is based, which may contain off-market assumptions or calculation errors, thereby resulting in off-market/inaccurate outputs.	●	An independent verification exercise of the methodology, discount rates and assumptions used by JLCM is performed by a leading third-party valuer and an opinion provided to the Board. The methodology and assumptions are also subjected to significant external audit scrutiny and challenge. The financial models are subject to audit by external accountancy firms, which is designed to identify and remove errors. As a control, JLCM also reviews the actual performance of investments against past projected performance, with significant deviations indicating a requirement to review a model for inaccuracies or errors.	●	●
Refinancing risk	The majority of projects in JLIF's Portfolio have in place long-term debt broadly matching the duration of the concessions. However, the Connecticut Service Stations P3 project has senior debt maturing in 2023. In addition, while the two Barcelona Metro Stations projects have long-term debt in place, both include terms that require the use of equity distributions to pay down debt which strongly encourage refinancing. There is a risk that refinancing cannot be achieved at forecast rates and costs, or at all, adversely affecting the distributions received by JLIF and hence the valuation of such projects, and dividend cover.	●	JLIF takes advice from the Investment Adviser and from independent experts familiar with project finance and the relevant debt markets. However, certain macroeconomic and political conditions, such as currently exist in Catalonia, are outside of the control of the Company. Projects with this risk are therefore valued at a higher discount rate to compensate for the additional degree of risk retained by equity.	●	●
Taxation					
Changes to tax legislation or rates	There is a risk that changes to the tax rules or rates across the jurisdictions in which JLIF invests could result in JLIF, or the SPVs in which JLIF invests, having to pay more tax, adversely affecting either the distributions received from the Portfolio or distributions paid to shareholders in JLIF.	●	JLIF works closely with expert tax advisers and adopts what it believes to be a conservative position with regard to tax planning. The geographic diversification of JLIF's Portfolio provides an inherent degree of mitigation against this risk.	●	●
OECD Base Erosion and Profit Shifting ("BEPS") initiative	In recent years, there has been a significant shift in investor sentiment and the global tax environment with the potential to materially affect existing offshore structures resulting in increased tax costs, and increased scrutiny and challenge from tax authorities.	●	At around the Company's AGM in May a resolution will be put to shareholders regarding proposed amendments to the Company's Articles allowing for board and general meetings to be held in the UK, with a view to the Company becoming UK tax resident and a UK Investment Trust.	●	●

Risk	Description	Pre-Mitigation Rating	Mitigation	Post-Mitigation Rating	Reputational Risk
Compliance and Legal					
Regulatory compliance and change	JLIF is required to comply with various applicable regulation, including that UK Listing Rules as well as rules relating to the Guernsey Financial Services Commission. There is a risk that failure to comply with any of the relevant regulation could result in financial penalties and/or a negative reputational impact.		JLIF and the Investment Adviser monitor regulatory developments and seek independent professional advice in order to manage compliance with changing regulatory requirements. Where appropriate, JLCM participates in consultation processes to ensure that the views of the Company are heard by the legislature.		
Contract risk	The projects in which JLIF invests rely on complex contractual arrangements. There is a risk that such contracts do not operate as intended, are incomplete, contain unanticipated liabilities, are subject to interpretation contrary to JLIF's expectations or otherwise fail to provide the protection anticipated. There is a risk that due diligence does not reveal all the facts and circumstances of a particular project, resulting in over-paying for an investment.		Such contracts have been entered into usually only after lengthy negotiations and with the benefit of external legal advice. Prior to investing in a project, JLIF engages legal advisers when undertaking due diligence to understand the risks retained by the SPV. JLIF seeks to mitigate the risk of over-paying by undertaking a structured due diligence process, with the support of independent expert advisers with strong market knowledge, and often with familiarity of the specific project itself.		

Exposure to Facilities Management Sub-Contractors, by value, as at 31 December 2017[9]



Exposure to Construction Sub-Contractors, by value, as at 31 December 2017[10]



9 Percentages based on value of projects to which facilities management services provided. Certain projects may be represented more than once where there is more than one facilities management provider.

10 The outer pie shows the total exposure to each construction sub-contractor. The inner pie shows the remaining exposure, taking into account whether such projects remain within the latent defects liability period.

Long-Term Viability Statement

The Directors have assessed the viability of the Company over the three-year period to December 2020, taking account of the Company's current position and the potential impact of the principal risks documented in the Risk Committee report. Based on this robust assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2020.

In making this statement, the Directors have considered and challenged the reports of the Investment Adviser in relation to the resilience of the Company, taking account of its current position, the principal risks facing it (including in relation to tax and political support for PPP) in severe but possible scenarios, the effectiveness of any mitigating actions and the Company's risk appetite. Where possible, sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period. The sensitivity analysis undertaken considered the impact of a significant proportion of the Portfolio not yielding, which is a plausible consequence of a number of the principal risks should they materialise, either in isolation or in parallel.

The sensitivity analysis was premised on a number of assumptions, including that the Company's revolving credit facility remains in place and is available to provide short term finance for future acquisitions undertaken in the period, that there will be sufficient liquidity within the market to raise new capital as and when required, that the Investment Adviser continues on the same terms as those existing and that there is no annual uplift in dividends paid to shareholders.

The Directors have determined that a three-year look forward to December 2020 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in economic and other medium term forecasts regularly prepared for the Board by the Investment Adviser and is the outlook period generally used by the Board in its consideration of any new strategies. It is also considered an appropriate period over which to assess the economic and political environment in those countries in which the Company operates. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third party funds and invest capital.

The Directors' view on the going concern status of the Company can be found in the Report of the Directors.

Leeds Combined Secondary Schools

Leeds / England

Winner of the Best Operational PPP project award at the 2013 Partnerships Awards, the project comprised the construction of five secondary schools and one primary school providing teaching space for up to 5,000 pupils.

Board of Directors

David MacLellan, Chairman (appointed August 2010)

David MacLellan, a resident of the United Kingdom, is the founder and currently Chairman of RJD Partners, a midmarket private-equity business focussed on the services and leisure sectors. Previously, Mr MacLellan was an executive director of Aberdeen Asset Managers plc following its acquisition in 2000 of Murray Johnstone where he was latterly Chief Executive having joined the company in 1984. Mr MacLellan has served on the boards of a number of companies and is currently a non-executive director of J&J Denholm Limited. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

Theresa Grant (appointed May 2017)

Theresa Grant, a resident of the United Kingdom, has been Chief Executive at Trafford Council since 2011. She is a career public servant with 40 years' experience in Local Government across the UK and Ireland. Ms Grant has spent several of these years working with the private sector and was seconded to the 2002 Commonwealth Games Organisation for three years.

Ms Grant is Lead Chief Executive for the Employment & Skills portfolio for the Greater Manchester Combined Authority (GMCA) Region, she is also GMCA Lead for Procurement and Elections and a member of the Manchester Airport Enterprise Zone Collaboration Board.

Ms Grant holds a MBA and is a Trustee of both the Irish World Heritage Centre Charity in Manchester and of the Halle Orchestra.

Helen Green (appointed April 2014)

Helen Green, a resident of Guernsey, has been employed by Saffery Champness, a top 15 firm of chartered accountants since 1984. She qualified in 1987 and became a partner in the London office in 1997. Since 2000, she has been based in the Guernsey office where she is client liaison director responsible for trust and company administration. Mrs Green is a non-executive director of Acorn Income Fund Limited (of which she has been chairman since 2012), UK Mortgages Limited, Aberdeen Emerging Markets Investment Company Limited and City Natural Resources High Yield Trust Plc, all of which are listed on the London Stock Exchange's Main Market. She is also a non-executive director of Landore Resources Limited, which is listed on the London Stock Exchange's Alternative Investment Market.

Talmai Morgan (appointed August 2010)

Talmai Morgan, a resident of Guernsey, qualified as a barrister in 1976. He holds a MA in Economics and Law from Cambridge University. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda. From 1999 to 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also particularly involved in the activities of the Financial Action Task Force and the Offshore Group of Banking Supervisors.

For the last 13 years, Mr Morgan has been the non-executive chairman or a non-executive director of a number of publicly-listed investment companies. He is presently Chairman of NB Private Equity Partners Limited, Sherborne Investors (Guernsey) B Limited and Sherborne Investors (Guernsey) C Limited.

Christopher Spencer (appointed August 2010)

Christopher Spencer, a resident of Guernsey, qualified as a chartered accountant in London in 1975. Following two years in Bermuda, he moved to Guernsey. Mr Spencer, who specialised in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Mr Spencer is a member of the AIC Offshore Committee, a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey Branch of the Institute of Directors. Mr Spencer also sits on the board of Directors of JPEL Private Equity Limited and SQN Asset Finance Income Fund Limited, each of which is listed on the London Stock Exchange, and Summit Germany Limited, which is listed on the London Stock Exchange's Alternative Investment Market.

Guido Van Berkel (appointed August 2010)

Guido Van Berkel, a resident of Luxembourg, started his career in the financial industry more than 40 years ago and has held various senior positions with Bank Sarasin, Rabobank, Robeco Group and Citibank. Over the course of his career, he has worked in The Netherlands, Jersey, Switzerland, Luxembourg and Scandinavia.

From 2001 until 2007, Mr Van Berkel was active on the Executive Board of Bank Sarasin in Switzerland and as such, he acted as chairman of various Sarasin entities across Europe and Asia. Currently Mr Van Berkel is an independent director in a number of Luxembourg, British, Channel Islands and Dutch investment funds and from the beginning of 2012 until mid-2015 was chairman of BlackRock Luxembourg SA and BlackRock Fund Management S.à.r.l in Luxembourg as well as chairman of BlackRock Fund Netherlands BV.

Group Investment Portfolio

As at 31 December 2017, JLIF's Portfolio comprised investments in 65 infrastructure PPP projects, across seven primary sectors and six countries.

Health	Education	Justice & Emergency Services	Transport	Regeneration & Social Housing	Government Buildings	Street Lighting
Kingston Hospital 60%	Glasgow Schools 20%	Greater Manchester Police Stations 27.08%	E18 Road, Finland 50%	Brockley Social Housing 100%	MoD Main Building, London 26%	Manchester Street Lighting 50%
Forth Valley Royal Hospital, Scotland 100%	South Lanarkshire Schools 15%	Metropolitan Specialist Police Training Centre, Gravesend 27.08%	M40 Motorway (UK) 50%	Bentilee Hub Community Centre 100%	Kromhout Barracks, The Netherlands 40%	Walsall Street Lighting 100%
Queen Elizabeth Hospital, Greenwich 27.5%	Edinburgh Schools 20%	North East Fire and Rescue 100%	Sirhowy Way 100%	Camden Social Housing 50%	Groningen Tax Office, The Netherlands 40%	Wakefield Street Lighting 50%
Abbotsford Regional Hospital and Cancer Centre, Canada 100%	North Swindon Schools 100%	Avon and Somerset Courts 40%	M6/M74 Motorway (Scotland) 11%	Islington Social Housing I 45%		Barnet Street Lighting 100%
Vancouver General Hospital, Canada 100%	Highland School, Enfield 100%	Cleveland Police Station and HQ 50%	LUL Connect (CityLink), London 33.5%	Islington Social Housing II 45%		Enfield Street Lighting 100%
Tunbridge Wells Hospital 37.5%	Newham Schools 100%	South East London Police Stations 50%	Barcelona Metro Stations L9T2 53.5%	Miles Platting Social Housing, Manchester 50%		Lambeth Street Lighting 100%
Newcastle Hospital 15%	Enfield Schools 100%	British Transport Police, London 100%	Barcelona Metro Stations L9T4 13.5%	Canning Town Social Housing 100%		Redcar and Cleveland Street Lighting 100%
Peterborough Hospital 30%	Leeds Combined Secondary Schools 100%		Connecticut Service Stations 100%	Kirklees Social Housing 100%		Surrey Street Lighting 50%
Realise Health LIFT (Colchester) 60%	Bexley Schools 100%		A55 Llandegai to Holyhead 100%	Oldham Social Housing 95%		Croydon & Lewisham Street Lighting 50%
Northampton Mental Health 100%	Bristol BSF 37.5%		Intercity Express Programme Phase 1 15%			
North Staffordshire Hospital 90%	Peterborough Schools 100%		City-Greenwich-Lewisham DLR 52%			
Kelowna and Vernon Hospitals, Canada 50%			Coleshill Parkway 100%			
North Birmingham Mental Health 100%			Aylesbury Vale Parkway 100%			

City-Greenwich-Lewisham DLR

London / England

The project involves the maintenance of an extension to the Docklands Light Railway from the Isle of Dogs to Lewisham, including five surface stations, two sub-surface stations, a 2.6km tunnel under the River Thames and a 1km viaduct. Having become operational in 1999, the concession is due to expire in 2021.

M40 Motorway

Midlands / England

This project involves the widening between junctions 1A to 3 and maintenance of 123km of motorway between junctions 1A to 15.

Investment Policy

The following describes JLIF's investment policy, which was changed at the Company's AGM in May 2017 to expand the geographic limits.

General

The Company's investment policy is to invest predominantly in the equity and subordinated debt issued with respect to infrastructure projects that are predominantly PPP projects. The Fund will predominantly invest in projects that have completed construction and that are in their operational phase. Investment capital in projects that remain under construction will be limited to 30% of the Total Assets of the Fund (calculated at the time of investment).

The Fund will predominantly invest in projects whose revenue streams:

- are public-sector or government-backed; and
- are predominantly availability-based (where payments received by the Project Entities do not generally depend on the level of use of the asset), other projects being "demand-based" (where payments received by the Project Entities depend on the level of use of the project assets). A project is considered availability-based for these purposes if the Investment Adviser deems that 75% or more of payments received by the relevant Project Entity do not generally depend on the level of use of the project asset.

Whilst it is envisaged that further acquisitions will be of operational PPP projects with availability-based revenues, it may be possible that a limited number of projects in construction and/or with demand-based revenue mechanisms may be acquired.

Investment capital in projects that are considered to be demand-based will be limited to 15% of the Total Assets of the Fund (calculated at the time of investment). For the purposes of this restriction, the shadow toll mechanisms for the investments in the M40 and M6/M74 motorway projects and the A55 road project are not regarded as carrying demand risk due to their relative insensitivity to traffic movement.

In addition, the Company may invest up to 10% of its Total Assets (calculated at the time of investment) in infrastructure assets that are not government-backed PPP assets but that have substantially the same risk profile and characteristics as PPP assets.

Geographic focus

The Directors believe that attractive opportunities for JLIF to enhance returns for shareholders are likely to arise in areas of the world where PPP is a practiced route for delivering infrastructure investments. The Company will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where the Investment Adviser advises that contract structures and their enforceability are reliable, where (to the extent applicable) the Investment Adviser advises that public sector or government-backed obligations carry a satisfactory credit rating and where financial markets are relatively mature. The Company may, therefore, make investments globally in accordance with the above criteria, and anticipates that its investment will predominantly be in the European Union, other European countries, Canada, the United States of America, the Asia Pacific region or any other country which is a member of the Organisation for Economic Co-operation and Development (at the time of investment).

The Company will ensure that over 50% of the Company's Total Assets, measured by value, will be in respect of projects based in the UK (although this will not require JLIF to dispose of Investment Capital in respect of non-UK projects if this limit is breached as a result of changes in value of the Investment Portfolio).

Single investment limit and diversity of clients and suppliers

When any new acquisition is made, JLIF will ensure that the investment (or, in the event of an acquisition of a portfolio of investments, each investment in the portfolio) acquired does not have an acquisition value (or, if it is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired is not) greater than 25% of JLIF's Total Assets at the time of investment. In selecting new investments to acquire, JLIF will seek to ensure that its Portfolio comprises a range of public-sector clients and supply chain contractors, in order to avoid over-reliance on any single client or contractor.

Gearing

JLIF intends to make prudent use of leverage held in JLIF Limited Partnership for financing acquisitions of investments and working capital purposes. Under the Company's Articles, and in accordance with JLIF's Investment Policy, JLIF's outstanding borrowings, excluding intra-group borrowings and the debts of underlying Project Entities, but including any financial guarantees to support subscription obligations, will be limited to 35% of JLIF's Total Assets. JLIF may borrow in currencies other than Sterling as part of its currency hedging strategy.

Origination of investments

The Fund, through its Investment Adviser, will seek out and review acquisition opportunities from both John Laing Group plc and the wider market. JLIF, through its Investment Adviser, will, where appropriate, carry out the necessary due diligence and, if in the opinion of the operator of the Partnership, the risk characteristics, valuation and price of the Investment Capital in the project or projects for sale is acceptable and is consistent with the Company's investment policy, then (subject to the Fund having sufficient sources of working capital) an offer will be made (save as set out below in relation to acquisitions from John Laing Group,without seeking the prior approval of Directors or Shareholders) and, if successful, the Investment Capital in the relevant project or projects will be acquired by the Fund.

The Fund has the contractual right of first offer (in accordance with the Amended Existing FOA and the New FOA) for relevant Investment Capital in UK, European and Canadian accommodation and road projects and rail projects of which John Laing Group companies wish to dispose and that are consistent with the Company's investment policy. It is envisaged that John Laing Group companies will periodically make available for sale further portfolios of Investment Capital in infrastructure projects (although there is no guarantee that this will be the case). Subject to due diligence and agreement on price, the Fund will seek to acquire those projects that fit the investment objective of the Company.

Each of the investments comprising the Investment Portfolio have similar characteristics to those set out above and further investments will only be acquired if they also satisfy these criteria. It is therefore expected that further investments may also include investments that have been originated and developed by members of John Laing Group and may be acquired from them.

Given the current investment adviser to the Company is a wholly-owned subsidiary of John Laing Group plc, the Company has established procedures to deal with any potential conflicts of interest that may arise in relation to any acquisition of assets from John Laing Group. These procedures include:

- complete segregation of JLCM, acting on behalf of JLIF, and the John Laing "sell side" team;
- a requirement to conduct asset due diligence through third party suppliers acting directly for JLIF, and for an opinion from an independent expert on the Fair Market Value of the Investment Capital to be obtained; and
- a requirement for JLIF board approval prior to submitting an offer to John Laing and prior to execution of the Sale and Purchase Agreement.

Any proposed acquisition of assets by the Fund from the John Laing Group that falls within the investment parameters set by the Company, including in relation to funding, will be subject to approval by the Directors, who are independent of John Laing. In view of the procedures above, and the fact that it is a key part of the Company's investment policy to acquire assets that have been originated by and from the John Laing Group, the Company will not seek the approval of Shareholders to acquisitions of assets from the John Laing Group in the ordinary course of the Company's investment policy.

The RCIS rules require that any arrangements between a relevant person (as defined in the RCIS Rules) and the Company are at least as favourable to the Company as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the relevant person and an independent party.

Potential disposals of investments

Whilst the Directors may elect to retain Investment Capital in the Portfolio and any other further investments made by JLIF over the long-term, the Investment Adviser will regularly monitor the valuations of such projects and any secondary market opportunities to dispose of Investment Capital and report to the Directors accordingly. The Directors only intend to dispose of Investments where (upon the advice of the Investment Adviser) they consider that it would be in the best interest of shareholders. Proceeds from the disposal of investments may be reinvested or distributed at the discretion of the Directors.

Currency and hedging policy

A portion of JLIF's underlying investments may be denominated in currencies other than Sterling. For example, currently some of the Portfolio is denominated in Canadian Dollars, Euros and US Dollars. However, any dividends or distributions in respect of the Ordinary Shares will be made in Sterling and the market prices and Net Asset Value of the Ordinary Shares will be reported in Sterling.

Currency hedging will only be carried out to seek to provide protection to the level of Sterling dividends and other distributions that JLIF aims to pay on the Ordinary Shares, and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. This may involve the use of foreign currency borrowings to finance foreign currency assets, or forward foreign exchange contracts for up to three years to hedge the income from assets that are exposed to exchange rate risk against Sterling.

Interest rate hedging may also be carried out to seek to provide protection against increasing costs of servicing any debt drawn down by the Company to finance investments. This may involve the use of interest rate derivatives and similar derivative instruments.

Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient Portfolio management and these transactions will not be undertaken for speculative purposes.

Amendments to and compliance with the Investment Policy

Material changes to JLIF's Investment Policy may only be made in accordance with the approval of the shareholders by way of ordinary resolution and (for so long as the Ordinary Shares are listed on the official list) in accordance with the UKLA Listing Rules.

The investment restrictions detailed above apply at the time of the acquisition of Investment Capital. In the ordinary course of business, JLIF will not be required to dispose of Investment Capital and to rebalance its investment Portfolio as a result of a change in the respective valuations of Investment Capital. Minor changes to the Investment Policy must be approved by the JLIF Board, taking into account advice from the Investment Adviser where appropriate.

The Investment Adviser

JLIF is advised by John Laing Capital Management ("JLCM"), a specialist infrastructure manager, which is able to draw upon a wealth of experience in infrastructure investments, management and development.

David Hardy

David is Managing Director of JLCM and Lead Investment Adviser to JLIF. He has over 25 years' corporate finance, M&A, fundraising and deal closure experience spanning infrastructure, PPP and renewables projects. He joined John Laing in 2005, and led the equity investment of a significant number of UK PFI/PPP projects across various sectors, including health, education, transport, defence, waste and renewables. From 2011, he was responsible for raising co-investment funds from institutional investors on large infrastructure investments and leading the divestment of mature projects for John Laing Group and in 2014 was a key member of the JLCM team that launched JLEN, the listed environmental infrastructure fund.

Prior to joining John Laing, David was a Corporate Finance partner at KPMG where he had experience of acting as financial adviser on private equity fund raising and M&A transactions before specialising in advising government bodies on procurement and private sector sponsors on PFI/PPP projects. David has a BSc in Management Sciences from Manchester University and is a member of the Institute of Chartered Accountants in England and Wales.

Jamie Pritchard

Jamie is Deputy Investment Adviser to JLIF and Director of Asset Management and has in excess of 18 years' experience in the infrastructure sector. His primary focus is the operational performance of the investment portfolio, ensuring that forecast returns are delivered and on the identification and management of value enhancements. Jamie also serves as a director on the board of a number of the project companies in which JLIF is a shareholder.

Jamie joined JLCM in 2012, having spent 12 years working in a variety of roles in the PPP sector including project finance, primary investments, asset management and commercial at Balfour Beatty Investments and Serco. His experience in infrastructure investment has been gained across both the primary and secondary markets. Jamie's extensive portfolio management experience helps deliver value enhancements that underpin Underlying Growth. He also provides support for JLIF's bidding activities.

Jamie holds a first class degree in Chemistry and is a member of the Institute of Chartered Accountants in England and Wales, having qualified with PwC in 1995.

Gianluca Mazzoni

Gianluca is Deputy Investment Adviser to JLIF and Head of Business Development, responsible for originating deals globally. He is a Director of JLCM and also sits on the board of the Connecticut Service Stations P3 project. He has more than 19 years' experience working in infrastructure investments.

Prior to joining JLCM, Gianluca worked for Société Générale Principal Investments (then Access Capital Partners). He has significant experience in the origination and execution of investment opportunities in the global infrastructure market and has directly invested globally across various sectors, including transportation, energy and real assets. Prior to this Gianluca worked in corporate finance and private equity M&A advisory for the Boston Consulting Group and Bain & Co. He holds an MBA from Bocconi University (Italy) and Columbia Business School (USA) and an MSc in Economics and Finance from Università Politecnica delle Marche (Italy).

Diego Jimenez

Diego is a Director of Investments for JLCM, responsible for sourcing and executing new investment opportunities. Prior to joining JLCM, Diego worked for APG Asset Management in The Netherlands as part of their Global Infrastructure Fund, and was responsible for sourcing and executing new investments across various sectors including transport, waste and energy transmission. Diego was also a non-executive and shadow director for portfolio companies and a member of funds' supervisory committees.

Diego holds a BSc in Business Administration from University of Missouri (USA), an MBA from IE Business School (Spain) and is a CFA charter holder.

Matthew McLintock

Matthew is an Investment Manager for JLCM, playing a key role in the origination and execution of new investments, capital raising and valuation of JLIF's portfolio. He is also responsible for fund and portfolio analysis, leading the reporting to shareholders and to the JLIF Board. Matthew serves as a director on the board of three of the project companies in which JLIF is a shareholder and has experience across a range of sectors. Matthew has over nine years' of infrastructure investment and advisory experience.

Prior to joining JLCM, Matthew worked for URS Corporation (now AECOM) as part of their Infrastructure Economics and Strategy team, advising lenders and sponsors in respect of commercial and technical risk. Matthew holds a BA from University of Southampton and is a Chartered Member of the Institute for Securities and Investment.

1. ABOUT THE INVESTMENT ADVISER

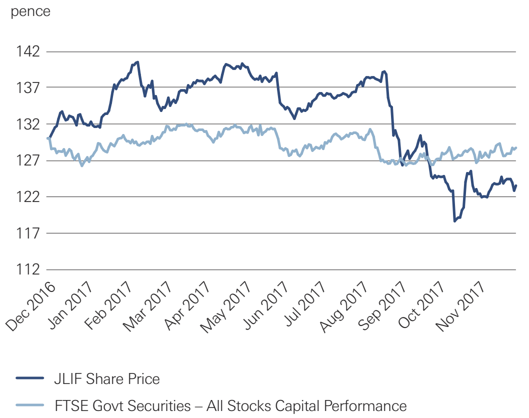
John Laing Capital Management Limited ("JLCM"), a wholly owned subsidiary of John Laing, acts as the Investment Adviser to the Company and as the Operator of JLIF Limited Partnership. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and has been authorised and regulated in the UK by the Financial Services Authority (now the Financial Conduct Authority) since December 2004. JLCM has the ability to call on and utilise the substantial experience of the John Laing Group in the management of the Fund.

2. INVESTMENT PERFORMANCE

2.1 Share Price Performance

During 2017, JLIF's share price declined from 129.7 pence at the start of the year to 123.2 pence at its close. Dividends of 6.96 pence per share were paid during the year and, therefore, JLIF delivered a broadly flat share price total return (including dividends paid). The below chart plots JLIF's share price over the year against the capital performance of a basket of Gilts (the "Gilt Basket"). Whilst JLIF is not managed with regard to any benchmark, the share price of JLIF, with its government-backed and partially inflation-linked revenues, in theory, should broadly track the capital performance of a basket of Gilts. This has been the case when JLIF has reported in previous years, however with JLIF's share price performance in the latter part of the year, 2017 proved an exception.

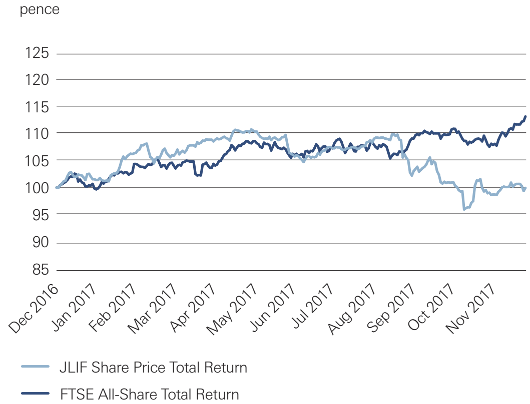
JLIF Share Price vs FTSE Government Securities Index



The earlier part of the year saw more consistent share price performance and the dip in the share price in late March is explained by the ex-dividend of 3.48 pence on 23 March and JLIF's successful £119.5 million primary capital raise at that time. As can be seen in the above chart, the most significant fall in JLIF's share price commenced in late September 2017, the early part of which can be explained by the shares trading "ex-dividend" on 21 September 2017 by 3.48 pence. In previous year's Risk Committee reports we have always flagged the risk that political pressure could result in certain public-sector counterparties voluntarily terminating a project. At the annual UK Labour Party conference in late September 2017, the UK's Shadow Chancellor of the Exchequer expressed a Labour Party intent to abandon PFI as a tool for future infrastructure investment and to bring in-house existing PFI contracts. JLIF's share price reacted negatively following those comments. JLIF's share price performance fall last autumn was also explained by the uncertainty around the independence referendum for the autonomous Spanish region of Catalonia, where JLIF's two Barcelona metro stations projects are located, which is discussed in more detail in section 4.7 below.

During 2017, the Company continued to trade consistently at a premium to NAV and also grew its dividend versus 2016. Subsequent to the financial year-end, Carillion's announcement in January 2018 regarding its liquidation saw JLIF's share price decrease further, resulting in it trading at a small discount to NAV. From launch in November 2010 to the end of December 2017, JLIF has delivered total shareholder returns of 76.4%, which equates to 8.3% on an annualised compound basis.

JLIF share price total return vs FTSE All Share total return



A55 Holyhead to Llandegai DBFO

North Wales / UK

The A55 road project covers the design, construction, finance, maintenance and operation of a 31km section of the A55 dual carriageway, the operation and maintenance of an existing 9km section of the A55 and certain maintenance responsibilities on the Menai and Britannia Bridges.

Barcelona Metro Stations L9T4

Barcelona / Spain

The project involves the design, construction, operation and maintenance of 13 metro stations along Line 9, Section IV of the Barcelona Metro system. The public-sector counterparty to the PPP contract is IFERCAT, a public entity responsible for the Catalonian railway system. The concession period ends in September 2040.

2. INVESTMENT PERFORMANCE (CONTINUED)

2.2 Ongoing Charges

Ongoing charges is an Alternative Performance Measure ("APM") used as a measure of the efficiency of managing a fund and takes account of day-to-day management costs. It is expressed in terms of percentage impact on shareholder returns, assuming that markets remain static and that the Portfolio is not traded.

JLIF's ongoing charges ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology[11]. Calculated on a profit and loss basis, JLIF's ongoing charges ratio for 2017 was 1.17% while for 2016 it was 1.25%. While the total expenses increased, this was more than offset by an increase in the average NAV over the year. Acquisition fees during the period were lower than in 2016, as all but one (small) investment in 2017 were made from members of John Laing Group plc, to which acquisition fees for JLCM do not apply.

The AIC's recommended methodology does not include acquisition fees in the calculation of the ongoing charges ratio. However, JLCM earns acquisition fees on investments not made under the First Offer Agreements with John Laing Group plc. In accordance with the AIC's recommended disclosure, we have therefore presented below the impact of these acquisition fees.

Ongoing Charges	**2017 (£m)**	2016 (£m)
Investment Adviser fee	**12.6**	10.9
Group audit fees	**0.3**	0.3
Directors' fees and expenses	**0.3**	0.3
Other ongoing expenses	**1.0**	0.9
Total expenses	**14.2**	12.5
Average NAV	**1,218.4**	1,002.0
Ongoing charges ratio (using AIC recommended methodology)	**1.17%**	1.25%
Acquisition fees	**0.1**	1.5
Ongoing charges including acquisitions fees	**1.17%**	1.40%

[11] For further details see http://www.theaic.co.uk/sites/default/files/hidden-files/AICOngoingChargesCalculationMay12.pdf

3. VALUATION

3.1 Valuation of the Company

The Company accounts for its interest in its wholly owned subsidiary JLIF Luxco 1 S.à.r.l. as an investment at fair value through profit or loss. The fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. comprises the fair value of JLIF Luxco 1 S.à.r.l., all the intermediate holding companies and the Portfolio of PPP investments. The fair value of JLIF Luxco 1 S.à.r.l. and all the intermediate holding companies is equivalent to their net book value. The investment at fair value through profit and loss of the Company as at 31 December 2017 was £1,236.8 million (31 December 2016: £1,078.2 million).

The fair value of the intermediate holding companies is principally comprised of cash, debt drawn on the Group's revolving credit facility and working capital balances, while the principal component of the investments of the Company is its Portfolio of 65 PPP assets.

3.2 Portfolio Value

JLCM is responsible for undertaking a fair market valuation of the JLIF Portfolio (of 65 PPP assets as at 31 December 2017), which is presented to the Board. To provide additional assurance to both the Board and to JLIF's investors, the valuation is independently verified by a leading accountancy firm who provide a valuation opinion to the Directors. Subsequently, the Board approves the valuation of the Portfolio.

The valuation methodology is based on discounting forecast future cash flows from the underlying assets in the Portfolio. This is consistent with market practice and the methodology used to the value the Portfolio since launch in November 2010.

JLIF's Portfolio Value increased over the 12 months to 31 December 2017 from £1,217.6 million to £1,379.3 million. A breakdown of the movements in Portfolio value is provided in the table below, as well as a comparative table for the 2016 financial year.

	£'000s	% growth
Opening value at 31 December 2016	**1,217,647**	
Investments	149,813	
Disposals	–	
Cash distributed from the Portfolio	(111,397)	
Discount rate movements	9,632	
Exchange rate movements	(1,546)	
Rebased Portfolio Value at 31 December 2016	**1,264,149**	
Growth from discount rate unwind	91,830	7.26
Net growth/(decline) from value enhancements and other movements	23,346	1.85
Value at 31 December 2017	**1,379,325**	

	£'000s	% growth
Opening value at 31 December 2015	**867,830**	
Investments	306,042	
Disposals	(43,380)	
Cash distributed from the Portfolio	(93,208)	
Discount rate movements	43,396	
Exchange rate movements	44,919	
Rebased Portfolio Value at 31 December 2015	**1,125,599**	
Growth from discount rate unwind	79,209	7.04
Net growth/(decline) from value enhancements and other movements	12,839	1.14
Value at 31 December 2016	**1,217,647**	

After adjusting for investments, cash distributed from the Portfolio, the impact of discount rates movements and unrealised exchange rate movements, the Rebased Portfolio Value at 31 December 2016 was £1,264.2 million. Therefore, Underlying Growth in the Portfolio to 31 December 2017 was 9.11%.

The weighted average discount rate ("WADR") for the Portfolio was 7.74% as at 31 December 2017. If all 65 assets comprising the Portfolio as at 31 December 2017 had been held for the full year and all cash distributed from the Portfolio had been received at the beginning of the year, the expected growth in the Portfolio due to the unwind of the discount rate would have been the WADR, i.e. 7.74%. In reality, investments were made and cash distributed at various times throughout the year. After adjusting for the actual timing of investments and cash distributed, the expected growth (the "Adjusted DRU") was 7.26%. The Underlying Growth actually delivered of 9.11% was therefore 1.85% ahead of the Adjusted DRU. The drivers for this variance are discussed further in section 4.6.

3.3 Valuation Assumptions

3.3.1 Discount Rates

The methodology used by JLCM in determining the appropriate discount rate by which to value each asset in the Portfolio is based on historical five-year rolling average gilt rates (of equal duration to the relevant project concessions). These represent a proxy for the 'risk free rate'. Specific premiums are added to these to reflect the individual project risks and to ensure that the resultant rate is reflective of market conditions. Since the discount rates used are a key driver of the valuation, they are reviewed by an independent accountancy firm with a long track-record in PPP valuation, as part of their overall assessment of the Portfolio valuation. An opinion on the appropriateness of the range of discount rates used is provided to the Directors to give them additional assurance.

The table below shows the range of discount rates used to value the Portfolio versus those used for the 2016 year-end valuation.

Year	2017	2016
Weighted average gilt rate	2.51%	2.73%
Weighted average risk premium	5.23%	5.14%
WADR at 31 December	7.74%	7.87%
– UK only	7.32%	7.44%
– Continental Europe only	9.00%	8.67%
– North America only	7.93%	7.98%
Range of asset discount rates	7.00% – 9.50%	7.02% – 9.00%

3.3.2 Deposit rates

Each asset in JLIF's Portfolio holds cash deposits (usually on six-month terms) in reserve accounts, typically a requirement of the senior debt providers and to meet working capital requirements. As a result, investment income from the Portfolio can vary depending on the interest earned on these deposits. The deposit rate assumptions are based on rates actually being achieved and the latest market forecasts of future deposit rates. The below table shows the deposit rate assumptions used in the valuation of the Portfolio at 31 December 2017, and at the prior year-end.

	2017	2016
UK	2018 – 1.0% 2019 – 1.5% 2020 – 2.0% Thereafter 2.5%	2017 – 1.0% 2018 – 1.5% 2019 – 2.0% Thereafter 2.75%
Continental Europe	2018 – 1.0% 2019 – 1.5% Thereafter – 2.0%	2017 – 1.0% 2018 – 1.0% 2019 – 1.5% 2020 – 2.0% Thereafter 2.5%
Canada	2018 – 1.0% 2019 – 1.5% 2020 – 2.0% Thereafter 2.5%	2017 – 1.0% 2018 – 1.5% 2019 – 2.0% Thereafter 2.5%
USA	2018 – 1.5% 2019 – 2.0% Thereafter – 2.5%	2017 – 1.0% 2018 – 1.5% 2019 – 2.0% Thereafter 2.5%

3.3.3 Inflation

Each project in JLIF's Portfolio receives revenue that is partially or, in some cases, wholly-linked to inflation. The weighted average long-term assumption used for inflation for the Portfolio valuation is 2.56% (31 December 2016: 2.52%).

After taking account of the cost indexation arrangements of the project agreements, cash flows from the Portfolio as a whole are positively correlated to inflation, meaning if inflation increases, then the value of the Portfolio increases, and *vice versa*.

3. VALUATION (CONTINUED)

The correlation between Portfolio Valuation and inflation is approximately 0.5 (31 December 2016: 0.5); meaning for every one-percentage point increase in inflation above the level assumed in JLIF's Portfolio valuation, returns increase by approximately 0.5%. The correlation is broadly symmetrical and so a fall in inflation would produce a similar but opposite effect.

The long-term inflation assumptions used to value the Portfolio at 31 December 2017 are set out below. The assumptions are based on the latest long-term market forecasts for each jurisdiction.

Country	Index	**2017**	2016
Portfolio	Weighted average	2.56%	2.52%
United Kingdom	RPI / RPIx	2.75%	2.75%
Canada	CPI	2.10%	2.10%
The Netherlands	CPI	2.00%	2.00%
Finland	MAKU / Elpsot	3.00% / 2.50%	3.00% / 2.50%
Spain	CPI	2.00%	2.00%
USA	CPI	2.00%	2.00%

3.3.4 Corporation tax

The taxable profits of each of the project companies in the Portfolio are subject to corporation tax in their respective jurisdictions.

The amount of tax to be paid over the remaining life of each project has been estimated and included as a negative item in its valuation. Following enactment of BEPS Action 4 rules regarding interest deductibility, JLIF reviewed its assumptions in this respect, and as a result included the benefit attributable to this within its Portfolio Valuation. This benefit arises from the availability of tax losses within the intermediate holding companies to surrender to profit-making project companies. JLIF believes that its assumptions with respect to group relief and interest deductibility rules are prudent and reflect current tax legislation.

Country	**2017**	2016
United Kingdom	19%, then 17% from 1 April 2020 onwards	20%, then 19% from 1 April 2017, then 17% from 1 April 2020 onwards
Canada	26%	26%
The Netherlands	20% – 25%	20% – 25%
Finland	20%	20%
Spain	25%	25%
USA	21%/9%[12]	35%/9%[12]

[12] Federal tax rate / Connecticut State tax rate.

The corporation tax rates assumed in the valuation of the Portfolio reflect the enacted rates in each jurisdiction in which JLIF holds investments. The long-term US federal tax rate (applicable to JLIF's investment in the Connecticut Service Stations P3 project) has been reduced from 35% to 21% to reflect the US tax reform, which became effective from 1 January 2018. This resulted in an increase in the value of that project of approximately £4.2 million. The corporation tax rates used in the valuation of the rest of the Portfolio remain unchanged from the prior year-end valuation.

3.3.5 Foreign Exchange

As at 31 December 2017, the Portfolio comprised nine assets that have exposure to foreign exchange cash flows, being the Euro, the Canadian Dollar and the US Dollar. These projects with non-Sterling denominated cash flows comprised 28.0% of the Portfolio valuation (31 December 2016: 32.4%).

JLIF uses the spot rate as at the valuation date to value its Portfolio, which were as follows.

	EUR:GBP	**CAD:GBP**	**USD:GBP**
Spot rate as at 31 December 2017	**1.1252**	**1.6934**	**1.3527**
Spot rate as at 31 December 2016	1.1708	1.6565	1.2329

JLIF, under its investment policy, can use currency hedging via forward foreign exchange contracts of up to three years to hedge the income from assets that are exposed to exchange rate risk. This policy enables the Company to manage the exchange rate risk to its dividend distributions. Under its investment policy, JLIF can also use foreign currency borrowings to finance the acquisition of foreign currency assets.

It is also the Company's hedging policy, where possible, to match the currency of its costs and income, thereby creating a natural hedge. During 2017, both the Euro and US Dollar income were hedged in this manner; Euro income being used to service the Company's Euro borrowings on its revolving credit facility and US Dollar income being used to settle deferred acquisition payments in respect of the Connecticut Service Stations project.

Current practice, given the relatively low volume of forecast non-Sterling income, is to hedge exchange rates for up to 12 months. As at 31 December 2017, JLIF had in place forward foreign exchange contracts for both Canadian Dollars and US Dollars. This included a hedge for approximately 50% of JLIF's forecast 2018 Canadian Dollar income (c.CAD 14.6 million) at a rate of 1.6472, and a separate hedge of approximately 60% of JLIF's 2018 forecast US Dollar income (c.USD 8.6 million) at a rate of 1.3110.

3.3.6 Lifecycle

One of the key areas of risk within some of JLIF's projects is major maintenance or lifecycle costs. This is the cost of maintaining or replacing mechanical and electrical installations and the building fabric, which are typically high-value items (e.g. air conditioning, heating units or flooring) that are required to ensure a project continues to meet the contractual specifications. Each of the financial models used to establish the valuation of JLIF's Portfolio contain allowances for lifecycle costs. On some projects, the risk of actual costs varying from budgeted costs is retained by the project company, while on others this risk is passed down to the Hard Facilities Management ("Hard FM") provider.

As at 31 December 2017, of the 65 projects comprising the Portfolio, lifecycle risk is retained by the project company in 33 instances. For the remaining 32 projects, lifecycle risk is passed down to the Hard FM provider. For these projects, it is the Hard FM provider that takes the full risk of the lifecycle allowances being adequate. In five of the 33 projects, JLIF has an upside only sharing mechanism with the Hard FM provider and in a further two cases the lifecycle risk (upside and downside) is shared between the project company and the Hard FM provider.

The forecast lifecycle cost assumptions are based on detailed analysis of the asset condition, the expected remaining useful life of the asset and the maintenance regime in place.

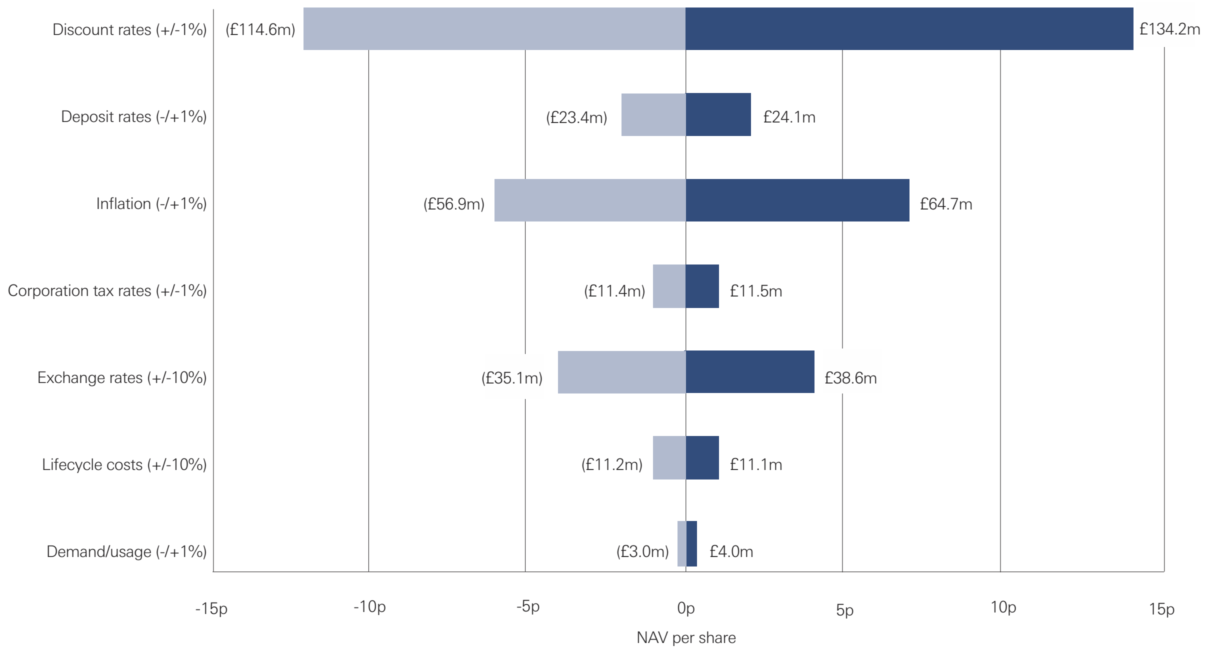
The sensitivity analysis shown in section 3.4 was performed across a sample of the five largest assets by value in which lifecycle risk is retained by the project company. The analysis therefore covered approximately 57% of all assets by value in which lifecycle risk is held in full at the project company level. The results of the sensitivity were then extrapolated across each of the 26 assets in which lifecycle risk is retained in full by the project company.

3.3.7 Demand/Usage

Two of the projects forming part of the Portfolio are considered to have demand-based payment mechanisms, where the revenues received by the project company are dependent on the level of usage of the assets. These are the Connecticut Service Stations P3 project and the City-Greenwich-Lewisham DLR project. Under the Company's investment policy, a project is deemed to be demand-based if more than 25% of its revenues are dependent on the level of use of the asset(s). Section 3.4 shows the sensitivity of the Portfolio Value to changes in forecast demand/usage.

3.4 Portfolio Value Sensitivities

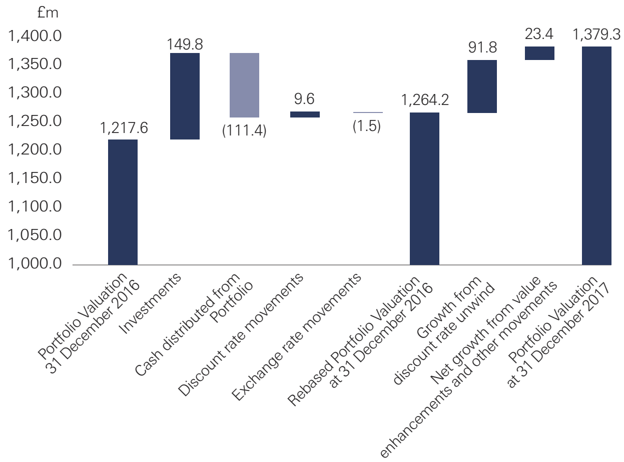
The graph below shows the sensitivity to changes in key valuation assumptions, both the absolute impact on Portfolio Value (£ labels) as well as the impact on NAV per share.



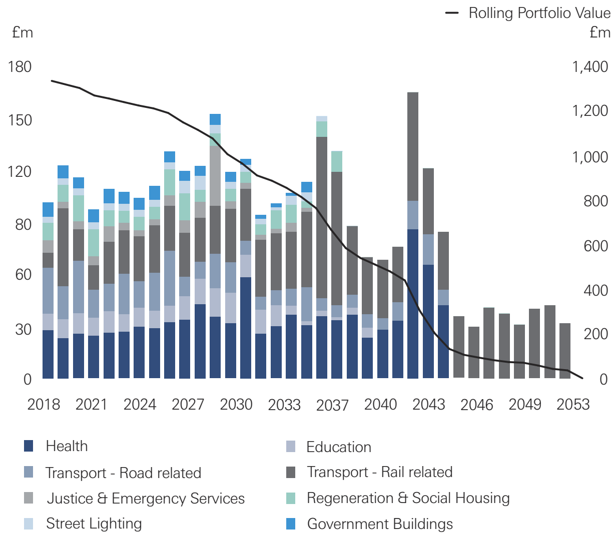
4. PORTFOLIO PERFORMANCE

The charts below show the movement in value of the Portfolio from £1,217.6 million at 31 December 2016 to £1,379.3 million at 31 December 2017 and the forecast income from the Portfolio by year and by sector. The bottom chart also shows the forecast rolling Portfolio Value.

Portfolio Value movements



Forecast Portfolio cash flows



4.1 Investments and Divestments

During the period, JLIF made investments totalling £149.8 million, including interests in four new projects, incremental investments in two existing projects and payment of deferred consideration in one further existing project.

- In June 2017, JLIF acquired a 50% interest in the Croydon and Lewisham Street Lighting project from a member of John Laing Group plc;
- In July 2017, JLIF acquired an additional 15% interest in the North Staffordshire Hospital project from Sodexo, bringing JLIF's total shareholding in the project to 90% of the equity and subordinated debt interests, and 100% of the mezzanine debt interest;
- In October 2017, JLIF acquired an additional 9% indirect interest in the Intercity Express Programme Phase 1 project from a member of John Laing Group plc, taking JLIF's total shareholding in the project to 15%;
- In October 2017, JLIF acquired 100% interests in the Coleshill Parkway and Aylesbury Vale Parkway projects from a member of John Laing Group plc and the John Laing Pension Trust Limited; and
- In November 2017, JLIF acquired a 52% interest in the City-Greenwich-Lewisham Docklands Light Railway project from a member of John Laing Group plc and the John Laing Pension Trust Limited.

JLIF made no divestments during the period.

4.2 Cash distribution from the Portfolio

During 2017, JLIF continued to receive cash distributed from its Portfolio of investments, principally in the form of dividends and interest and repayment of principal on shareholder loans. During the 12-month period ended 31 December 2017, cash distributed from the Portfolio totalled £111.4 million (31 December 2016: £93.2 million). Distributions from the underlying project companies naturally reduce the Portfolio Value since the cash flows have been realised and are no longer included within forecast future income. Hence, this item is shown as a negative in the valuation bridge graph above.

4.3 Discount rate movements

The changes to discount rates described in section 3.3.1 resulted in an increase in the Portfolio Value of £9.6 million.

The most significant related to Intercity Express Programme Phase 1, where the achievement of minimum fleet in November 2017 and subsequent significant progress in delivery supported a reduction in discount rate, and increase in valuation.

4.4 Exchange rate movements

JLIF's policy remains not to hedge the balance sheet value of its non-Sterling denominated assets. As a result, the value of JLIF's overseas assets can vary depending on movements in the Canadian Dollar, Euro and US Dollar exchange rates relative to Sterling.

Relative to the opening rates as at 1 January 2017, the Canadian Dollar depreciated by 2.2% from an exchange rate of 1.6565 to 1.6934 while the Euro appreciated by 3.9% from an exchange rate of 1.1708 to 1.1252. The US Dollar depreciated by 9.7% against Sterling from an exchange rate of 1.2329 to 1.3527. The net impact of these movements was a decrease in the Portfolio Value of £1.5 million.

The Portfolio Value is the principal component of the Net Asset Value ("NAV"), NAV being Total Assets (including Portfolio Value) minus the liabilities of the Group. To aid clarity, the table below shows the NAV with and without the impact of exchange rate movements, recognised in 2017 and 2016 respectively.

	As at 31 December 2017	As at 31 December 2016
	Net Asset Value per share	Net Asset Value per share
Including exchange variations	**124.6p**	120.2p
Excluding exchange variations	**124.8p**	115.3p

4.5 Rebased Portfolio Valuation

After taking account of investments in the period, cash distributed from the Portfolio and movements in both discount rates and exchange rates, the Rebased Portfolio Valuation as at 31 December 2016 was £1,264.2 million (31 December 2015: £1,125.6 million).

4.6 Discount rate unwind, value enhancements and other movements

As noted above in section 3.2, the expected Underlying Portfolio Growth from the Adjusted DRU for 2017 was 7.26% or £91.8 million.

JLIF delivered actual Underlying Portfolio Growth which exceeded that expected from the Adjusted DRU. The actual Underlying Portfolio Growth in 2017 of £115.2 million was £23.4 million (or 1.85%) ahead of that expected from the Adjusted DRU. The table below shows a breakdown of the growth.

		£m		%
Discount rate unwind (adjusted for timing of acquisitions and distributions in the period)		**91.8**		**7.26**
Value enhancements	46.1		3.65	
Provisions for operational issues	(21.7)		(1.72)	
Macroeconomic factors	(1.1)		(0.09)	
Net growth from value enhancements and other movements		**23.4**		**1.85**
Underlying Portfolio Growth		**115.2**		**9.11**

The following table shows the actual Underlying Growth delivered by JLIF versus the expected growth from the Adjusted DRU over the past five years.

	2013	**2014**	**2015**	**2016**	**2017**
Actual Underlying Portfolio Growth	7.24%	9.22%	8.34%	8.18%	**9.11%**
Growth expected from Adjusted DRU	6.38%	7.81%	8.12%	7.04%	**7.26%**
Outperformance	0.86%	1.41%	0.22%	1.14%	**1.85%**

As at 31 December 2017, the Portfolio comprised investments in 65 projects. As described above, overall the Underlying Growth in Portfolio Value was ahead of that expected from the Adjusted DRU. This improved performance was driven by cost management initiatives across the portfolio, and most significantly through the increase in value of Intercity Express Programme Phase 1, where enhanced future cash flows from value enhancements have been recognised.

However, as with any portfolio there is a degree of variability in the valuation growth exhibited by each individual project, some growing by more than forecast and others by less. Those projects for which growth was below expectations included Roseberry Park Hospital, Camden Social Housing and Barcelona Metro Stations L9T2 (further details of which can be found overleaf). Performance on the remaining assets in the Portfolio was generally in line with or ahead of expectations.

4. PORTFOLIO PERFORMANCE (CONTINUED)

4.7 Asset Management

The Portfolio's operational performance is driven primarily through the activities of the Investment Adviser's asset management team. These focus on value preservation, value enhancement and the support for accretive investments in existing assets. Active asset management is a key focus for the Fund and the Investment Adviser has developed a strong team of experienced asset managers to support the investments.

JLCM's asset managers work hard to maintain strong relationships with all stakeholders to ensure the smooth running of the projects. With a Portfolio of 65 investments, managing operational issues is part of the normal business of the asset management team, however in some of these cases a resolution cannot be easily found and formal contractual disputes do occur. During 2017, a number of disputes were continuing with the supply chain and public sector counterparties at investments in the JLIF Portfolio.

In June 2017, a tragic fire occurred at the Grenfell Tower in West London. Following the fire and the issues highlighted regarding cladding systems (particularly the use of Aluminium Composite Material ("ACM")), we undertook a review of the use of ACM at all of the buildings across the JLIF Portfolio. ACM is not widely used in the Portfolio. It is present on high-rise buildings at one investment, the Camden Social Housing project. During 2017, Camden Council undertook significant modifications to the buildings and incurred significant cost as a result. JLIF is working closely with the council to resolve the position and determine liability for the costs incurred. In valuation terms, this project represents approximately 0.2% of the Portfolio Value.

We previously noted that in 2015, a dispute arose between the Peterborough Hospital SPV (in which JLIF holds a 30% shareholding) and the public-sector client, regarding certain alleged construction defects relating to fire compartmentation within the building and other operational aspects of the project. In January 2017, the dispute relating to fire compartmentation defects was formally concluded. Discussions over resolution of other operational aspects of the project have been ongoing during 2017 and a commercial settlement has been agreed in principle. The outcome is not anticipated to have a material impact on the valuation of the Portfolio or its expected investment income.

As noted in JLIF's interim results, a long-standing dispute was ongoing at the Roseberry Park Hospital project in which the Company was investing significant effort and resources, alongside the other project parties, towards finding a solution to the disputed issues. These related to the provision of certain Hard FM services, the operation of the Service Helpdesk and certain alleged construction defects. Unfortunately, due to the protracted nature of the discussions with the project parties, and the apparent lack of an acceptable solution being imminent, in September 2017 the senior lenders decided to take the project holding company into administration and to take control of attempting to settle the dispute.

As noted in the November 2017 Trading Update Statement, whilst it was disappointing that the issues at the project ultimately proved incapable of being resolved to the satisfaction of all parties, the impact of having written-off the investment on the Portfolio Valuation as a whole has not been significant. As at 30 June 2017, the project represented approximately 0.5% of the Portfolio Value.

One of the risks identified in the Risk Committee Report relates to refinancing of project debt. While both JLIF's Barcelona metro station projects have in place long-term senior debt, the loans (particularly that relating to the Line 9 Section II project) include provisions dictating the treatment of cash flows available for distributions that strongly encourage refinancing of the debt in the near future. Due to the ongoing political uncertainty in Catalonia, it is currently a challenging market in which to refinance. JLCM continues to monitor the situation and explore alternative options with the existing lenders. The assumed timing of such a refinancing has been pushed back within the valuation assumptions for both projects to reflect the fact that distributions to equity may be restricted in the immediate future. The discount rates used to value the projects have also been adjusted upwards. We believe that as stability returns to the region the appetite amongst lenders (both current and potential) will return. Both projects continue to operate very well with no performance deductions incurred on either project to date.

In January 2018, Carillion plc ('Carillion') entered a compulsory liquidation process. As part of its value preservation activities the Investment Adviser's asset management team regularly monitors the stability of its key supply chain and had been aware of the issues affecting Carillion for some time. The asset management team had contingency plans in place to appoint replacement facilities management providers and activated these upon formal notification of the liquidation. At 31 December 2017, JLIF had nine operational PPP projects where Carillion were the Facilities Management ("FM") providers, four education projects, four justice and emergency services projects and one road project. The value of these projects represented approximately 8.5% of the Portfolio Value and approximately 9.5% of the Net Asset Value at the year-end. As at 23 March 2018 the appointment of replacement FM providers is well-advanced. The anticipated costs of replacement remain within the £3.0 million estimated in the Company's RNS of 29 January 2018.

5. GEARING

JLIF makes prudent use of fund-level gearing as part of its strategy to remain efficient in deploying shareholder capital. By using short-term debt to initially finance investments (prior to then raising new shareholder capital that is used to repay the debt); the Company avoids holding uninvested cash on its balance sheet.

In this regard, JLIF benefits from a £180 million multi-currency revolving credit facility, provided by Royal Bank of Scotland, HSBC Bank plc, ING Bank NV and Commonwealth Bank of Australia. The term of the facility is five years and runs until August 2020. The facility includes a £150 million accordion commitment, which was signed in June 2016 (and expires in June 2019). The margin on both tranches is 175bps over LIBOR (with commitment fees of 35% of the margin).

As at 1 January 2017, JLIF's revolving credit facility was drawn by £171.4 million. Following a successful shareholder tap issue in March 2017 that raised gross proceeds of £119.5 million, JLIF repaid the Sterling element of the drawn debt in full. The facility was partially re-drawn in August 2017 to finance the investment in the Croydon and Lewisham Street Lighting project and the incremental investment in the North Staffordshire Hospital project.

In October and November 2017, £129.4 million was drawn from the accordion tranche to finance the acquisition of an incremental interest in the Intercity Express Programme Phase 1 project, and new investments in the Aylesbury Vale Parkway and Coleshill Parkway projects and an interest in the City-Greenwich-Lewisham Docklands Light Railway project.

As at 31 December 2017, JLIF had drawings across its two debt facilities of £186.6 million.

6. FINANCIAL RESULTS

The financial statements of JLIF (or "the Company") for the year ended 31 December 2017 are on pages 63 to 100.

The Company prepared the financial statements for the year ended 31 December 2017 in accordance with International Financial Reporting Standards ("IFRS") as published by the EU.

In order to continue providing useful and relevant information to its investors, the financial statements also refer to the "Group" (defined below) which comprises the Company and its intermediate holding companies.

Basis of accounting

The Company applies IFRS 10 and Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27. The Company accounts for its interest in its 100% owned immediate subsidiary JLIF Luxco 1 S.à.r.l. as an investment at fair value through profit or loss.

The Company does not consolidate its subsidiaries that provide investment services or its project company subsidiaries, instead reporting them as investments at fair value. All intermediate holding companies and all the investments in PPP assets are accounted for on the same consistent basis.

The Group comprises the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), JLIF (GP) Limited (the General Partner), JLIF Limited Partnership (the English Limited Partnership) and 38 (2016: 31) wholly owned subsidiaries of the English Limited Partnership.

The Company's subsidiaries provide services that relate to the Company's investment activities on its behalf, which are incidental to the management of the Portfolio. These companies are recognised in the financial statements at their fair value, which is equivalent to their Net Assets.

As at 31 December 2017, the Group held investments in 65 (2016: 62) PPP projects which make distributions comprising returns on investments (interest on subordinated loans and dividends on equity) together with repayments of investments (subordinated loan repayments and equity redemptions).

Results for the year ended 31 December 2017

All amounts presented in £000s (except as noted)	**Year ended 31 December 2017**	Year ended 31 December 2016
Net assets[13]	**1,234,835**	1,080,568
Portfolio Value[14]	**1,379,325**	1,217,647
Intermediate Holding companies liabilities[13]	**(142,537)**	(139,472)
Operating income (including unrealised foreign exchange losses)	**113,613**	175,242
Net assets per share (pence)	**124.6**	120.2
Distributions, repayments and fees from the Portfolio	**111,397**	93,208
Profit before tax	**99,013**	160,429

13 Also referred to as Net Asset Value or "NAV"

14 Classified as investments at fair value through profit or loss on the Balance Sheet

Key points to note:

- Interim dividend of 3.48 pence per share declared in September 2017 and paid in October 2017.
- 9.11% Underlying Growth on a Rebased Portfolio Value to £1,379.3 million (2016: 8.18% increase to £1,217.6 million).
- Profit before tax for the year of £99.0 million, a decrease on the previous year (2016: £160.4 million).

Net assets

The Company's Net Assets increased by £154.2 million from £1,080.6 million at the prior year-end to £1,234.8 million at 31 December 2017. During the year, the movement in Net Assets was driven by the equity raise in March 2017 (generating net proceeds of £118.0 million), the increase in Portfolio Value, offset by operating and financing costs (£24.5 million) and dividends paid to shareholders (£62.8 million).

The Net Assets include investments at fair value through profit and loss of £1,236.8 million (of which £1,379.3 million relates to the Portfolio Value, offset by £142.5 million of negative fair value of intermediate holding companies), a cash balance of £1.9 million, offset by other net liabilities of £3.9 million.

The intermediate holding companies' negative fair value of £142.5 million comprises cash of £38.5 million, other net assets of £5.6 million, offset by outstanding debt of £186.6 million drawn on the revolving credit facility.

6. FINANCIAL RESULTS (CONTINUED)

Analysis of the Group's net assets

£'000s (except as noted)	2017	2016
Portfolio value	**1,379,325**	1,217,647
Intermediate holding companies cash	**38,577**	27,228
Intermediate holding companies credit facility debt	**(186,581)**	(171,393)
Intermediate holding companies other net assets	**5,467**	4,693
Fair value of the Company's investment in JLIF Luxco 1 S.à.r.l.	**1,236,788**	1,078,175
Company cash	**1,865**	5,511
Company's other net liabilities	**(3,818)**	(3,118)
Net Asset Value	**1,234,835**	1,080,568
Number of shares	**991,057,224**	899,003,264
NAV per share (pence)	**124.6**	120.2

At 31 December 2017, the Group (Company plus intermediate holdings companies) had a total cash balance of £40.4 million. This comprised £1.9 million in the Company's balance sheet (31 December 2016: £5.5 million) and £38.5 million in the intermediate holding companies, which is included in the Company's balance sheet under Investment at fair value through profit or loss (31 December 2016: £27.2 million).

The intermediate holding companies other net liabilities include the outstanding debt of £186.6 million (31 December 2016: £171.4 million) under the Group's revolving credit facility.

The Portfolio Value is the fair value of the investments in 65 (31 December 2016: 62) PPP projects calculated using the discounted cash flow method.

The movement in the valuation of the Portfolio is summarised as follows:

£'000s	
Portfolio Value at 31 December 2016	**1,217,647**
Investments	149,813
Disposals	–
Growth from discount rate unwind	91,830
Net growth from value enhancements and other movements	23,346
Underlying Portfolio Growth	115,176
Exchange rate movements	(1,546)
Discount rate movements	9,632
Subordinated debt and equity repayments	(18,731)
Increase in movement in accrued interest receivable on subordinated loans	4,710
Distributions received from the Portfolio	(97,376)
Portfolio Value at 31 December 2017	**1,379,325**

Further details on the Portfolio Valuation and the movements over the period are provided in Section 3 of this Investment Adviser's Report.

Profit before tax

The Company's profit before tax ("PBT") for the year ended 31 December 2017 was £99.0 million (2016: £160.4 million), generating earnings per share of 10.2 pence (2016: 18.1 pence). PBT in 2016 was exceptionally high as a result of a number of factors, including significant positive exchange rate movements, reductions in discount rates, and profits made on disposals.

In 2017, the operating income was £113.6 million (2016: £175.2 million). This reflects growth in the value of the Portfolio of £123.3 million (2016: £180.3 million), offset by the intermediate holding companies' expenses and other net costs of £9.6 million (2016: £5.1 million).

The operating costs included in the income statement were £14.6 million in the year (2016: £14.8 million) reflecting higher Investment Adviser fees (due to the increase in the Adjusted Portfolio Value), offset by lower consultancy and legal fees, following one-off costs incurred in the prior year.

The PBT of the Company primarily comprises unrealised gains resulting from movements in the Portfolio Value during the year that result from changes to the timings and value of forecast profits from the underlying SPVs, discounted to the balance sheet date. As the forecast profits become realised within the underlying project SPVs they become subject to corporation tax in the UK (and other jurisdictions as appropriate) in the normal manner.

Cash flow statement

The Company had a total cash balance at 31 December 2017 of £1.9 million (31 December 2016: £5.5 million). The breakdown of the movements in cash is shown below.

Cash flows of the Company for the year (£ million):

	2017	2016
Cash balance as at 1 January	**5.5**	2.5
Issue of share capital	**119.5**	92.9
Listing / share issue costs	**(1.5)**	(1.2)
Loan to JLIF Luxco 1 S.à.r.l.	**(118.0)**	(91.6)
Interest received from JLIF Luxco 1 S.à.r.l.	**73.0**	71.8
Directors fees and expenses	**(0.3)**	(0.4)
Investment Adviser fees	**(12.3)**	(12.1)
Administrative and other expenses	**(1.2)**	(1.8)
Dividends paid in cash to shareholders	**(62.8)**	(54.6)
Cash balance at 31 December	**1.9**	5.5

The Group had a total cash balance at 31 December 2017 of £40.4 million (31 December 2016: £32.7 million), and borrowings of £186.6 million (31 December 2016: £171.4 million). The breakdown of the movements in cash is shown below.

Cash flows of the Group for the year (£ million):

	2017	2016
Cash balance as at 1 January	**32.7**	33.8
Issue of share capital	**119.5**	92.9
Listing / share issue costs	**(1.5)**	(1.2)
Investments	**(149.8)**	(306.0)
Divestments	**–**	43.4
Acquisition costs	**(4.1)**	(3.8)
Cash distributed from Portfolio (net of withholding tax)	**111.4**	93.2
Administrative and other expenses	**(14.8)**	(15.0)
Net increase/(decrease) from borrowings	**13.3**	153.3
Financing costs (net of interest income)	**(3.5)**	(3.3)
Dividends paid in cash to shareholders	**(62.8)**	(54.6)
Cash balance at 31 December	**40.4**	32.7

During the year, the Group received cash of £111.4 million (2016: £93.2 million) from its Portfolio. The cash received from investments in the year more than sufficiently covers the operating and administrative expenses, financing costs, and dividends paid to its shareholders. JLCM anticipates future revenues from the Portfolio will continue to fully cover future costs as well as planned dividends payable to shareholders.

The Company has declared a dividend of 3.57 pence per share for the second half of 2017, which is an increase of 2.5% (against the most recent dividend paid by the Company in October 2017) and is payable in May 2018. Given JLIF's share price has recently been trading at a discount to the last published NAV, JLIF is not offering a scrip dividend alternative in May 2018 to avoid the risk of dilution of the economic interest in the Company for those shareholders who do not elect for the scrip.

Case Study: **Intercity Express Programme Phase 1**

United Kingdom

JLIF holds a 15% interest in the Intercity Express Programme Phase 1 project. The project involves the manufacture/production and maintenance of 57 new high speed trains to operate on the Great Western main line heading west out of London Paddington, and associated depot facilities. The project company, Agility Trains West, receives availability-based payments for each train that is made available for use. The concession period runs through to 2045, beyond which the project company retains ownership of the trains and has a right to lease them on a commercial basis.

All 57 trains are due to have entered operations by the end of 2018, providing a more spacious, quieter and generally enhanced passenger experience. The counterparty to the project agreement is the UK Government's Department for Transport. The project benefits from long-term debt with a tenor of almost equal duration as the concession and no requirement to refinance.

Environmental, Social and Governance Policy

The JLIF Board and its Investment Adviser, John Laing Capital Management Limited ("JLCM"), are committed to environmentally and socially responsible investing and understand the need to carry out our activities in a sustainable manner.

JLIF recognises the environmental, social and economic needs of the communities in which it works and looks for suitable opportunities to engage and support communities, by using the skills, time and financial support of its staff and those of the Investment Adviser. The commitment to corporate social responsibility ("CSR") is delivered through programmes directly supported by JLIF and through the activities of JLCM and JLIF's other partners who manage the projects and provide facilities management services to the Portfolio assets. JLIF actively encourages its partners to engage with the local communities in which our projects are located. It is the engagement of these teams that operate our assets on a daily basis and support the communities in which they operate that makes the greatest difference. A number of the CSR activities that have been undertaken during 2017 are detailed in the following section.

Community Engagement

In 2017, we expanded our sponsorship to the Prince's Teaching Institute to include five more of our schools projects, in addition to the North Swindon Schools project. The new schools projects covered by our sponsorship include the Leeds Schools, Peterborough Schools, Newham Schools, Enfield Schools and Highland Schools, Enfield projects. The Prince's Teaching Institute helps teachers rediscover their love of their subject, inspiring them to bring the latest thinking into their classrooms and supporting them to make lasting improvements in what and how they teach. The Institute's membership programmes bring passionate teachers together and encourage them to make rigorous curriculum choices, to teach beyond the test and to forge links with like-minded schools and academic institutions. The Prince's Teaching Institute estimates that JLIF's contribution will enable the support of 120 teachers and affect the teaching of over 19,000 children from all backgrounds and of all abilities. Our expanded sponsorship of the scheme adds a further 13 schools to those currently covered.

At our Miles Platting Social Housing project, a number of initiatives were undertaken with the local community and project partners to celebrate the project's 10-year anniversary. These included design competitions with a local school, the burial of a time capsule in the grounds of the community centre containing items that represent Miles Platting throughout the 10 years, as well as the making of a documentary film featuring local residents, amongst others. In addition, along with our delivery partner (Adactus Housing Association) and client (Manchester City Council), we agreed to set aside the 2017 benchmarking exercise with the savings made being reinvested in the refurbishment of the Victoria Mill Community Centre and covering the running costs for the next five years. The centre, which includes an outreach library service, offers activities to all age groups and, as part of the works, the Miles Platting Bee Garden was opened in memory of the victims of the Manchester Arena attack.

Also at the project, a food co-operative has been opened to enable residents meeting certain eligibility criteria to access cheaper food. In return, they must participate in certain employability and money advice programmes in order to help improve their situation over the longer term. The co-operative is run entirely by volunteers and there are currently 67 registered customers.

Two of our projects were nominated for and won awards in 2017. The Miles Platting Social Housing project was chosen as the winner for the Best Operational Project category at the industry's Partnerships Awards. All the judges agreed that the project demonstrated great partnership working between the different parties and had fantastic engagement with the end users, in this case the residents. Our North Staffordshire Hospital project came first in the Partners in Healthcare category at the 2017 Premises and Facilities Management awards. We are pleased that the good work being done at these projects has been recognised.

During 2017, a contractual variation at our Peterborough Hospital project resulted in the opening of a new radiotherapy unit, providing two additional linac bunkers and a linear accelerator. The project company's management team led an initiative to engage service providers and local schools to brighten the walls with artwork, with the aim of taking the patients' minds away from the treatment and illness. The project company purchased three large Perspex picture frames, which house multiple pictures, one for each linac bunker. Three local schools were approached to create artwork and to name each of the bunkers. Children whose art was chosen to be featured were invited to attend the opening of the new radiotherapy unit.

Also at our Peterborough Hospital project, the management team engaged with Heltwate School, a local school that provides services to children with special educational needs. The school had a large allotment area that was overgrown and had sat unused for a long period of time. A campaign was started involving local businesses to provide materials (fencing, plants etc.) and labour to transform the area. The work was completed over three weekends, led and co-ordinated by members of our project company's management team.

At our Leeds Schools project, we once again sponsored, organised, compared and funded a Leeds' Got Talent 'red carpet' event for pupils to showcase their talents. The event is run as a talent show, with each of the five schools (Ralph Thoresby School, John Smeaton Academy, Cooperative Academy, Carr Manor High School, South Leeds Academy and Shakespeare Primary) putting forward two acts to perform before a large audience and judging panel, with each act including up to 20 pupils. This year's event was on an even bigger scale than last year's and was another huge success. The venue for the event was the 1,000-seater New Dock Hall at the Royal Armouries Museum in Leeds. The event was linked to Leeds City Council's Children and Young People's Plan, and was open to all pupils (including those with special educational needs) and provided the opportunity to participate in an event in front of their peers. The event also helps instil positive behaviours, promote working as a team, physical activity (a number of the acts included dance routines) and foster relationships between pupils from different schools. Participation in previous events like this has also been shown to help improve the social and emotional well-being of the pupils who take part, helping them to feel that they have a voice and influence. The event received critical acclaim from both those who took part and those forming part of the audience.

We would like to congratulate every one of the pupils that took part, and particularly 'No Limits' from Ralph Thoresby School, that was awarded first place. 'Kia' from the Cooperative Academy came a close second, with 'Loudness is Sadness' from Carr Manor High School claiming third place.

Leeds' Got Talent

This year's Leeds' Got Talent show was even greater and grander than last year's. Students from five secondary schools enjoyed showing off their talents in front of their peers and a panel of judges.

Greenhouse Gas Emissions Statement

JLIF is an investment company holding equity and subordinated debt interests in its underlying investments. The approach that it has used to consolidate its greenhouse gas ("GHG") emissions reflects this structure and aggregates JLIF's equity share of emissions from each asset. In collating its data, JLIF has considered the GHG emissions from the facilities that it manages for the public sector. However, JLIF does not have direct control over the energy usage of the facilities it manages as these are controlled by their public sector end-users. As such, JLIF has limited ability to directly influence or reduce the energy consumption of the facilities.

Carbon Trust Certification Limited has verified that John Laing Infrastructure Fund Ltd has reported a carbon footprint of 106,660 tCO2e in accordance with the measurement requirements of the Carbon Trust Standard and in accordance with the principles of the WRI/WBCSD GHG Protocol.

CARBON TRUST STANDARD
CARBON MEASURED 2017

Our footprint has been verified for the period of 1 July 2016 to 30 June 2017 and certification corresponds to the following boundary:

Organisational Boundary

All global investments comprising the Portfolio at the start of the period verified, less social housing.

Operational Boundary

Equity approach over Scope 1 and Scope 2 GHG emissions (Electricity, Gas and Fuel Oil).

Materiality

Carbon Trust Certification Limited has verified that all material non-conformities identified during the sampling performed on the footprint submitted have been closed and that no material errors, omissions or misrepresentations remain.

Scope 1 GHG emissions represent JLIF's share of direct emissions from the project facilities, typically through the consumption of gas. Scope 2 emissions are JLIF's share of indirect emissions from the project resulting from the generation of purchased energy.

Greenhouse Gas Emissions Source[15]	**2017 (tCO_2e)**	**2017 (tCO_2e/£m)[16]**
Scope 1	27,586	0.02
Scope 2	80,445	0.07
Total	**108,031**	**0.09**

Greenhouse Gas Emissions Source[17]	2016 (tCO_2e)	2016 (tCO_2e/£m)[16]
Scope 1	29,745	0.03
Scope 2	98,180	0.09
Total	**127,925**	**0.12**

In demonstrating our environmental stewardship, JLIF also participates in the public reporting of its GHG emissions through CDP (formerly the Carbon Disclosure Project). Our responses from 2013 onwards can be reviewed on the CPD website, www.cdp.net.

15 In order to ensure the accurate collation and verification of data the GHG emissions above represent JLIF's equity share of annual emissions from the underlying asset portfolio for the period 1 July 2016 to 30 June 2017. As such, these are not consistent with the time period of the rest of the financial statements being 1 January 2017 to 31 December 2017. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

16 CO^2 tonnes per £m of Net Asset Value.

17 In order to ensure the accurate collation and verification of data the GHG emissions above represent JLIF's equity share of annual emissions from the underlying asset portfolio for the period 1 July 2015 to 30 June 2016. As such, these are not consistent with the time period of the rest of the financial statements being 1 January 2016 to 31 December 2016. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

Corporate Governance

The Listing Rules and the Disclosure Guidance and Transparency Rules ("Disclosure Rules") of the UK Listing Authority ("UKLA") require companies listed on the London Stock Exchange Main Market to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code ("the UK Code"), as updated in April 2016, and applicable to reporting periods beginning on or after 17 June 2016, can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code"), issued by the Association of Investment Companies ("AIC") in February 2013 (the "AIC Code"), provides specific corporate governance guidelines to investment companies. The AIC issued their revised code for Guernsey-domiciled member companies in July 2016. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC's Corporate Governance Guide for Investment Companies ("AIC Guide") will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules.

The Company is also subject to the Guernsey Financial Services Commission ("GFSC") Finance Sector Code of Corporate Governance ("the Guernsey Code"), which applies to all companies registered as collective investment schemes in Guernsey. The Code comprises Principles of Guidance, and provides a formal expression of good corporate practice against which shareholders, boards, and GFSC can better assess the governance exercised over companies in Guernsey's finance sector. The GFSC has confirmed that companies that report against the UK Code or the AIC Code are also deemed to meet the requirements of the Guernsey Code.

The Board of JLIF has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code addresses all the principles set out in the Main Principles of the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to JLIF.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides better information to shareholders.

The Board recognises the importance of a strong corporate governance culture. The Board has put in place a framework for corporate governance that it believes is appropriate for the Company. The Company complied throughout the reporting period with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive Directors' remuneration; including establishment of a remuneration committee and
- the need for an internal audit function.

For the reasons set out in the AIC Guide and in the UK Code, the Board considers these provisions are not relevant to JLIF, as it has no Executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

AIFM DIRECTIVE

For the purposes of the AIFM Directive, the Company is a self-managed non-EU AIF and as such, neither it nor the Investment Adviser is required to seek authorisation under the AIFM Directive. The Board retains responsibility for the majority of the Company's risk management and portfolio management functions, and performs a number of its management functions through the various committees described below. The Board delegates certain activities to the Investment Adviser, but actively and continuously supervises the Investment Adviser in the performance of its functions and reserves the right to take decisions in relation to the investment policies and strategies of the Company or to change the Investment Adviser (subject to the terms of the Investment Advisory Agreement). The Board retains the right to override any advice given by the Investment Adviser if acting on that advice would cause the Company not to be acting in the best interests of investors, and more generally to provide overriding instructions to the Investment Adviser on any matter within the scope of the Investment Adviser's mandate. The Board also has the right to request additional information or updates from the Investment Adviser in respect of all delegated matters, including in relation to the identity of any sub-delegates and their sphere of operation.

Corporate Governance (continued)

THE BOARD

The Board consists of six Non-Executive Directors, all of whom are independent of the Company's Investment Adviser. As the Company has no Executive Directors, the provision of the UK Code relating to the combining of the roles of Chairman and Chief Executive Officer does not apply to the Company. Directors' details are contained in pages 20 and 21, which set out the range of investment, financial, and business skills and experience represented. The Chairman is an independent non-executive Director.

The Board meets at least four times a year and, should the nature of the activity of the Company require it, additional meetings may be scheduled, sometimes at short notice. Between meetings, there is regular contact with the Investment Adviser and the Administrator and the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other Advisers in a form and of a quality appropriate to enable it to discharge its duties.

All Directors of the Company are subject to annual re-election at the Annual General Meeting of the Company. The tenure of Directors is expected to be between six and nine years to allow for phased board appointments and retirements. This process will take account of any changes to the Board's composition arising from the need to fill a casual vacancy. During 2017, Paul Lester resigned, having fulfilled the role of Chairman since launch, and was replaced as Chairman by David MacLellan. Also during the year. In May 2017, Theresa Grant was appointed to the Board. Ms Grant has been Chief Executive of Trafford Council, Manchester since 2011, where her responsibilities have included leading multi-million pound programmes of change for Infrastructure & Transport and Employment & Skills in the Greater Manchester region. Her experience and insight in this regard was an important consideration in her appointment.

The Board has a continued commitment to ensure there is an appropriate diversity of skills, gender, knowledge and experience among the Directors in order to maintain the strong leadership of the Company. A Committee of the Board meets regularly to review the composition and diversity as well as consider succession planning.

The terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

Performance and Evaluation

The Board has adopted a process to review its performance on a regular basis and such reviews are carried out internally on an annual basis and through external facilitation every three years. This annual evaluation of the Board, the Audit Committee, Risk Committee, Nomination Committee and individual Directors takes the form of self-appraisal questionnaires and discussions to determine effectiveness and performance in various areas.

In November 2015, the Board engaged Optimus Group Limited ("Optimus"), a Guernsey based independent consultancy, to carry out an external evaluation. This involved meeting with the Board of Directors and the completion of a questionnaire by each Director as well as meetings with representatives from JLCM and the Administrator, reviewing key Board documentation, and evaluating Board and committee structures. Optimus reported its findings at the first scheduled Board meeting in 2016, concluding that the JLIF Board has a high standard of Corporate Governance and is compliant with the Codes (being the UK Code, the Guernsey Code and the AIC Code). The next external evaluation will take place in mid-late 2018.

Any new Directors receive an induction that includes spending time with the Administrator, Company Secretary and Investment Adviser to understand their functions, and site visits to one or more of the Company's projects. All Directors are provided with relevant training as necessary.

Duties and Responsibilities

The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a set of reserved powers that set out the particular duties of the Board. Such reserved powers include decisions relating to the determination of the Investment Policy and approval of investments, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Company Secretary and Administrator, who are responsible to the Board for ensuring that board procedures are followed and that the Board complies with Guernsey Law and applicable rules and regulations of the GFSC and the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 as amended. It is the Board's responsibility to present a fair, balanced and understandable assessment, which extends to interim and other price-sensitive public reports.

Investment Advisory services are provided to the Company by John Laing Capital Management Limited ("JLCM"). The Board is responsible for setting the overall investment policy and monitors the action of the Investment Adviser and Operator at regular Board meetings. The Board has also delegated administration and company secretarial services to Estera International Fund Managers (Guernsey) Limited but retains accountability for all functions it delegates.

Corporate Governance (continued)

Committees of the Board

The Board has deemed it unnecessary to establish a remuneration committee as, being comprised of six Non-Executive Directors, it considers that such matters may be considered by the whole Board.

The Company has established an Audit Committee, chaired by Mr Spencer, which operates within clearly defined terms of reference and comprises five Non-Executive Directors: Mr Spencer, Ms Grant, Ms Green, Mr Morgan, and Mr Van Berkel, whose qualifications and experience are noted on pages 20 and 21. The Audit Committee meets at least three times a year at times appropriate to the financial reporting calendar. Further details regarding its duties and responsibilities can be found in the Audit Committee Report.

The Company has also established a Nomination Committee. This is chaired by Mr MacLellan and comprises three Non-Executive Directors: Mr MacLellan, Mr Spencer and Mr Morgan. A copy of the terms of reference is available upon request from the Company Secretary.

The duties of the Nomination Committee include regularly reviewing the structure, size and diversity of the Board, keeping under review the leadership needs of the Company, leading the process for Board appointments and identifying suitable candidates. Before any appointment is made to the Board, the Nomination Committee is required:

- to evaluate the balance of skills, experience, independence and knowledge of the Board and, given this, prepare a description of the experience and capabilities required for the particular appointment; and
- identify candidate's other business interests that may result in a conflict of interest and the candidate's other significant commitments.

In identifying suitable candidates, the Nomination Committee is required to:

- consider the use of open advertising or the services of external advisers to facilitate the search;
- consider candidates from a wide range of backgrounds;
- consider candidates on merit and against objective criteria and with due regard for the great importance and benefits of Board diversity, including gender; and
- consider whether candidates are likely to have sufficient time available to devote to the position.

The Nomination Committee is also required to ensure that, on appointment to the Board, each Director receives a formal letter of appointment stating clearly, what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

The Company has also a Risk Committee, chaired by Ms Green and comprising Mr Spencer, Mr Morgan and Mr Van Berkel. The Risk Committee, which reports to the Board, is mandated to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks. The Risk Committee liaises with the Audit Committee (and vice versa) as appropriate.

Scheduled meeting attendance

	Board Meeting max 4	Audit Committee Meeting max 3	Nomination Committee Meeting max 2	Risk Committee Meeting max 4
Paul Lester (retired September 2017)	3	n/a	n/a	n/a
David MacLellan	4	n/a	2	n/a
Theresa Grant (appointed May 2017)	2	2	n/a	n/a
Helen Green	4	3	n/a	3
Talmai Morgan	4	3	2	3
Christopher Spencer	4	3	2	3
Guido Van Berkel	4	3	n/a	4

A total of two other unscheduled Board meetings and fourteen other unscheduled Committee meetings were held during the year for specific purposes which were attended by some but not all of the Directors.

Corporate Governance (continued)

INTERNAL CONTROL AND FINANCIAL REPORTING

The Board is responsible for the Company's systems of internal control and for reviewing its effectiveness, and has established a set of ongoing processes designed to meet the particular needs of the Company in managing the risks to which it is exposed. These processes have been in place throughout the year ended 31 December 2017 and up until the date of this Report.

The process is based on a risk-based approach to internal control. It considers the key functions carried out by the Investment Adviser and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. A regular report is provided to the Board highlighting material changes to risk ratings and then a formal review of these procedures is carried out by the Audit Committee on an annual basis. By their nature, these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

At each Board meeting, the Board also monitors the Group's investment performance and activities since the last Board meeting to ensure that the Investment Adviser and Operator adhere to the agreed Investment Policy and approved investment guidelines. Furthermore, at each Board meeting, the Board receives reports from the Company Secretary and Administrator in respect of compliance matters and duties performed by them on behalf of the Company.

The Board considers that an internal audit function specific to the Company is unnecessary and that the systems and procedures employed by the Investment Adviser and Operator, including their own internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. The Investment Adviser's internal auditor reports directly to the Audit Committee on JLIF matters, including any significant findings from their audit of the Investment Adviser's own procedures and controls, as well as those of the underlying SPVs.

RELATIONS WITH SHAREHOLDERS

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Senior members of the Investment Adviser make themselves available at all reasonable times to meet with principal shareholders and key sector analysts. The Chairman and other Directors are also available to meet with shareholders if required.

Reports on the views of shareholders are provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Adviser.

All shareholders can address their individual concerns to the Company in writing at its registered address, while the Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Investment Adviser.

Audit Committee Report

SUMMARY OF THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board. The Audit Committee's terms of reference include all matters indicated by Disclosure Rule 7.1 and the UK Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. A copy of the terms of reference is available upon request from the Company Secretary.

The main roles and responsibilities of the Audit Committee are:

- assess whether the Annual Report and Interim Report are fair, balanced and understandable;
- overseeing the Company's policy on auditor tenure and the requirement to externally re-tender the services every ten years;
- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls (including liaising with the Investment Adviser who reviews the systems and internal controls of service providers) and, unless expressly addressed by the Board itself, the Group's internal control and in concert with the Risk Committee the risk management systems;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meeting, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- reviewing the Group's accounts;
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee are:
Christopher Spencer (Chairman)
Theresa Grant
Helen Green
Talmai Morgan
Guido Van Berkel

See pages 20 to 21 for biographical details of the current Audit Committee members.

MEETINGS

The Audit Committee shall meet not less than three times a year and at such other times as the Audit Committee Chairman shall require.

Any member of the Audit Committee may request that a meeting be convened by the Secretary of the Audit Committee. The external auditor may request that a meeting be convened if it is deemed necessary.

Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

ANNUAL GENERAL MEETING

The Audit Committee Chairman shall attend each Annual General Meeting of the Company and shall be prepared to respond to any shareholder questions on the Audit Committee's activities.

Audit Committee Report (continued)

SIGNIFICANT ACCOUNTING RISKS

The Audit Committee considers the following significant risk in relation to the financial statements:

Fair value of investments

JLIF is required to determine the fair value of the investments. Whilst there is an active market for investments of this nature there is not a suitable listed, or other public market in these investments against which their value can benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement.

The calculation of the fair value of the investments carries elements of risk, mainly in relation to the assumptions and judgements made with respect to:

- the determination of appropriate macroeconomic assumptions underlying the forecast investment cash flows;
- the impact of project specific matters to the forecast cash flows for each investment;
- the impact of potential changes to tax legislation on forecast Portfolio cash flows;
- the determination of appropriate discount rates for each investment that is reflective of the current market conditions;
- the determination of appropriate sensitivities to apply to meet the required disclosures;
- the underlying project financial models may not reflect the underlying performance of the investment;
- the cash flows from the underlying financial models may not take into account current known issues;
- the updates performed on the underlying financial models may result in errors in forecasting;
- major maintenance/lifecycle is a significant cost in some investments with judgement around timing and quantum. This can have a significant impact on forecast cash flows; and
- terms and costs of the future refinancing of senior debt on certain projects.

The Audit Committee is satisfied that the Investment Adviser's assumptions have been reviewed and challenged for:

- the macroeconomic assumptions, including comparison of these assumptions to observable market data, actual results and prior year comparatives; and
- the build-up of the discount rates for consistency and reasonableness, benchmarking against market data and peers and project-specific items.

The Audit Committee is also satisfied that the Portfolio valuation and associated disclosures have been appropriately calculated, ensuring that the investments are brought on balance sheet at fair value and that the independent valuation carried out by an independent firm has been reviewed and challenged by the Audit Committee and that the fair value of the investments has been challenged by the Auditor.

INTERNAL AUDIT

The Audit Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function at the Group level. However, internal audits of the underlying PPP projects are performed periodically by the Investment Adviser who will report findings to the Audit Committee and Risk Committee.

Audit Committee Report (continued)

EXTERNAL AUDIT

Deloitte LLP has been the Company's external auditor since launch in 2010, and this is its eighth consecutive annual audit. As a result of its work during the year, the Audit Committee concluded that Deloitte acted in accordance with its terms of reference.

The Audit Committee assessed the quality and the effectiveness of the audit process. To arrive at this conclusion, the Audit Committee reviewed:

- the scope of the audit, the audit fee and the external auditor's fulfilment of the agreed audit plan;
- the degree of diligence demonstrated by them in the course of their interaction with the Board, the Audit Committee and the Investment Adviser;
- the external auditor's assessment of the Group's financial statement risks; and
- the report highlighting the matters that arose during the course of the audit and the recommendations made by the external auditor.

The Audit Committee notes the revisions to the UK Code introduced by the Financial Reporting Council in April 2016 and the AIC Code issued in July 2016 and in particular the recommendation, in each, to put the external audit out to tender every five to ten years. The Audit Committee has also noted the requirements of The Competition and Markets Authority (formerly the UK Competition Commission) with respect to external auditor services and retendering.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and as such recommends to the Board that Deloitte LLP be re-appointed as external auditor for the year ending 31 December 2018. Given the Audit Committee's previous recommendation that the external auditor role be retendered every nine years (with the Audit partner changing every five years) it has recommended a re-tendering of the external audit services, for appointment in respect of the Company's 2019 year-end accounts onwards.

NON-AUDIT SERVICES

The Company's policy is for the Audit Committee to review, scrutinise and challenge as necessary the scope of any proposal for the external auditor to provide services to the Company other than audit services. Having undertaken this review, the Audit Committee is required to form a judgement on the ability of the external auditor to provide such services without compromising its independence and objectivity from the Company, and therefore its ability to continue to perform the role of external auditor effectively.

During the year, the Audit Committee reviewed the external auditor's ability to provide non-audit services, specifically a review of the Company's interim accounts. The Audit Committee concluded that this would not compromise the external auditor's independence and objectivity from the Company.

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met on three occasions during the period 1 January 2017 to 31 December 2017. Key matters considered at these meetings included but were not limited to:

- review of the appointment of the external auditor;
- review of the effectiveness of the external auditor;
- review of the external audit fees;
- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the proposed accounting policies and format of the Financial Statements;
- review of the audit plan and timetable for the preparation of the Report and Financial Statements; and
- review of the 2016 Annual Accounts Report and Financial Statements and the 2017 Interim Report.

APPROVAL

On behalf of the Audit Committee

Christopher Spencer
Chairman of the Audit Committee

23 March 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- The strategic report includes a fair review of the development and performance of the Company and the undertakings taken as a whole, together with a description of the principal risks and uncertainties that the Company faces; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

David MacLellan
Chairman

23 March 2018

Report of the Directors

The Directors have pleasure in submitting their report and the Audited Financial Statements of the Company and its investments for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

John Laing Infrastructure Fund Limited ("JLIF") is a company limited by shares incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008. JLIF was incorporated on 6 August 2010 with the company register number 52256.

The Company is a registered fund under the Registered Collective Investment Scheme Rules 2015 and is regulated by the GFSC and, during the period, its principal activity was as an investor in PPP projects in the UK, North America and Continental Europe.

BUSINESS REVIEW

We are required to present a fair review of our business during the year ended 31 December 2017, our position at period end, and a description of the principal risks and uncertainties that we face.

This information is contained within the Strategic Report over pages 8 to 43.

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4

Information can be found in note 16 on any contract of significance subsisting during the period under review:

(a) to which the Company, or one of its subsidiary undertakings, is a party and in which a director of the Company is or was materially interested; and

(b) between the Company, or one of its subsidiary undertakings, and a controlling shareholder.

The Directors note that no shareholder has waived or agreed to waive any dividends.

RESULTS AND DIVIDENDS

The results for the year are set out in the Financial Statements on pages 57 to 100. In September 2017, the Directors declared a dividend relating to the six months to 30 June 2017 of 3.48 pence per share, which was paid in October 2017. On 23 March 2018 the Directors declared a dividend in respect of the period 1 July 2017 to 31 December 2017 of 3.57 pence per Ordinary Share to shareholders on the register as at the close of business on 6 April 2018.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and prospects, are set out in the Investment Adviser Report on pages 28 to 40. The financial position of the Company, its cash flows and its liquidity position are also described in the Investment Adviser Report. In particular, the current economic conditions continue to present a number of risks and uncertainties for the Company and these are set out in the Risk Committee Report on pages 12 to 19. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 17 of the Financial Statements.

The Company continues to meet its requirements and day-to-day liquidity needs through both its own cash resources and those of the Group, to which it has full recourse.

In June 2016, JLIF Limited Partnership, a subsidiary of the Company, signed and agreed the terms of a three-year £150 million multi-currency accordion facility with the same lenders that provide JLIF's five-year £180 million revolving credit facility (signed in August 2015). The signing of this facility means JLIF has access to up to £330 million of debt financing that it can use to finance acquisitions. The margin on the accordion facility is 175bps over LIBOR and is the same as that on the revolving credit facility. The facilities are used primarily to finance acquisitions and are repaid through raising equity in the market or using distributions from the Portfolio. The facilities are intended to be additional resource and not structural gearing.

As at 31 December 2017 the Company had a cash balance of £1.9 million, a further £38.5 million within the rest of the JLIF Group and facility headroom of £143.4 million (being drawn by £186.6 million) available for future acquisitions and working capital. The Company has sufficient cash balances to meet other current obligations as they fall due while all key financial covenants are forecast to continue to be complied with.

The Directors have reviewed forecasts and projections that cover a period of not less than 12 months from the date of this Annual Report, taking into account reasonably possible changes in investment and trading performance, which show that the Company has sufficient financial resources. The Group has sufficient financial resources together with long-term contracts with various public-sector clients and suppliers across a range of infrastructure projects. Consequently, the Directors believe that the Company is well placed to manage its business risks successfully.

Based on this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors (continued)

SHARE CAPITAL

The issued Ordinary Share capital of the Company was increased through a shareholder tap issue in March 2017, the offer of a Scrip Dividend Alternative in May 2017 and a second offer of a Scrip Dividend Alternative in October 2017. Further details can be found in note 13 to the financial statements.

The Company has one class of Ordinary Shares that carries no rights to fixed income. On a show of hands, each member present in person or by proxy has the right to one vote at our general meetings. On a poll, each member is entitled to one vote for every share held.

The issued nominal value of the Ordinary Shares represents 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation that are incorporated into this report by reference.

UCITS ELIGIBILITY

The Company has been advised that the ordinary shares should be "transferable securities" and, therefore, should be eligible for investment by authorised funds in accordance with the UCITS Directive ("UCITS") or Non-UCITS retail schemes ("NURS"). This is on the basis that: (a) the Company is a closed-ended investment company; (b) the ordinary shares are admitted to trading on the Main Market of the London Stock Exchange; (c) the ordinary shares have equal voting rights; and (d) the Company is an internally managed alternative investment fund ("AIF") regulated by the Guernsey Financial Services Commission as a registered fund under the Registered Collective Investment Scheme Rules 2015. However, the manager of the relevant UCITS or NURS should satisfy itself that the ordinary shares are eligible for investment by the relevant UCITS or NURS.

AUTHORITY TO PURCHASE OWN SHARES

A resolution to provide the Company with authority to purchase its own shares will be tabled at the AGM on 17 May 2018. This shareholder authority was renewed at the 2017 AGM.

MAJOR INTERESTS IN SHARES AND VOTING RIGHTS

As at 31 December 2017, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder in the Company.

Shareholder	Percentage of voting rights and issued share capital	No. of ordinary shares
Schroders plc	10.61	105,186,824
Newton Investment Management Ltd	9.67	95,846,751
Insight Investment Management (Global) Ltd	5.08	41,292,800
Third National Swedish Pension Fund	5.00	40,591,438
Investec Wealth and Investment Ltd	2.81	22,858,223

Report of the Directors (continued)

BOARD OF DIRECTORS

The Board members who served during the year and up until the date of this Report, all of whom are non-executive Directors and independent of the Investment Adviser, are listed below. Their biographical details are shown on pages 20 and 21.

Name	Function
Paul Lester, CBE	Previously Chairman (retired September 2017)
David MacLellan	Chairman
Talmai Morgan	Director
Theresa Grant	Director
Christopher Spencer	Director and Chair of Audit Committee
Guido Van Berkel	Director
Helen Green	Director and Chair of Risk Committee

RE-ELECTION OF DIRECTORS

All Directors stand for re-election on an annual basis and each has letters of appointment rather than service contracts.

DIRECTORS' INTERESTS

Directors who held office during the period and had interests in the shares of the Company as at 31 December 2017 were:

	Ordinary shares of 0.01p each held at 31 December 2017	Ordinary shares of 0.01p each held at 31 December 2016
Paul Lester (retired September 2017)	**n/a**	139,379
David MacLellan*	**28,125**	28,125
Theresa Grant	**–**	–
Helen Green	**–**	–
Talmai Morgan	**25,000**	25,000
Christopher Spencer	**30,000**	30,000
Guido Van Berkel	**–**	–

There have been no changes in the Directors' interests from 31 December 2017 to the date of this report.

*28,125 of which is held by his spouse

Report of the Directors (continued)

DIRECTORS' REMUNERATION

The Board has deemed it unnecessary to establish a remuneration committee as, being comprised of six Directors, it considers that such matters may be considered by the Board as a whole. The Board considers matters relating to Directors' remuneration, taking into account benchmark information (including fees paid to directors of comparable companies), the time commitment required from the Board members, and the specific roles performed by the individual Directors (for example, Chairman of the Board). Director remuneration should be sufficient to attract, retain and motivate Directors of a quality required to lead the Company successfully. The most recent benchmarking exercise undertaken by an independent third party was in 2015. In 2017, no advice or services were provided by any external persons in respect of its consideration of Directors' remuneration.

The Directors of the Company each receive an annual fee appropriate for their responsibilities and time commitment but no other incentive programmes or performance related emoluments. None of the Directors is eligible for pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors. Shares held by the Directors are disclosed in the Report of the Directors. Directors are entitled to claim reasonable expenses that they incur in fulfilling their duties (for example, in attending Board meetings). The total amount of Director expenses paid for the year-ended 31 December 2017 was £16,605. The total remuneration of the Board has not exceeded the £400,000 per annum limit as set out in the Company's Articles of Incorporation.

The Articles of Incorporation empower the Board to award additional remuneration where any Director has been engaged in exceptional work on a time-spent basis to compensate for the additional time spent over their expected time commitment.

In accordance with the AIC Guide, each Director is subject to annual re-election by shareholders at each AGM. A Director's appointment may be terminated at any time by and at the discretion of either party upon three months' written notice. A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances. The terms and conditions of appointment of non-executive Directors are available for inspection at the Company's registered office.

During the year, the Directors earned the following emoluments in the form of Directors' fees from the Company.

	2017 Directors' fees	2016 Directors' fees
Paul Lester, CBE (retired September 2017)	**£48,750**	£73,000
David MacLellan	**£57,500**	£63,000
Talmai Morgan	**£45,000**	£53,000
Theresa Grant[18]	**£27,729**	–
Christopher Spencer	**£50,000**	£58,000
Guido Van Berkel	**£51,650**	£56,541
Helen Green[19]	**£45,000**	£53,000

[18] Ms Grant was appointed to the Board in May 2017.

[19] Helen Green's remuneration is paid to Saffery Champness Management International Limited.

Report of the Directors (continued)

ANNUAL GENERAL MEETING

JLIF's AGM will be held at 10.30am BST on 17 May 2018 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, Channel Islands. Details of the business to be conducted are contained in the Notice of AGM.

APPOINTMENT OF INVESTMENT ADVISER AND OPERATOR

John Laing Capital Management ("JLCM") acts as the Investment Adviser to the Company and acts as Operator of the Limited Partnership that holds and manages the Group's investments. A summary of the contract between the Company, its group companies and JLCM in respect of services provided is set out in note 16 to the financial statements. It is in the Directors' opinion that, based upon the performance in the period to 31 December 2017, the continuing appointment of JLCM on the agreed terms is in the best interests of the shareholders as a whole.

EVENTS AFTER BALANCE SHEET DATE

In January 2018, Carillion plc announced its compulsory liquidation. As was announced by JLIF at the time, it had nine operational PPP projects where Carillion was the facilities management provider, including four education projects, one road project and four justice and emergency services projects. Together these projects represented 8.5% of the Portfolio Value as at 31 December 2017. The Investment Adviser had been aware of the issues facing Carillion plc for some time and therefore had in place contingency plans to ensure minimal service disruption and minimal additional cost to the affected projects. In addition, JLIF has one project where Carillion was the construction contractor where it remained liable for any latent construction defects. With the construction phase having completed over ten years ago, a recently completed routine defects survey did not identify any significant areas of concern. The latest status regarding the nine projects at which Carillion plc provided facilities management services can be found in the Investment Adviser Report.

AUDITOR

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Group, which includes monitoring our use of the Auditor for non-audit services and the balance of audit and non-audit fees paid. As noted in the Audit Committee Report, following a review of the independence and effectiveness of our external auditor, a resolution will be proposed at the 2018 AGM to re-appoint Deloitte LLP.

Each Director believes that there is no relevant information of which our Auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Deloitte LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law 2008.

By order of the Board

David MacLellan
Chairman

23 March 2018

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- **give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been prepared in accordance with the requirements of Companies (Guernsey) Law, 2008**

We have audited the financial statements of John Laing Infrastructure Fund (the 'company') which comprise:

- the Income statement;
- the Statement of Financial Position;
- the Statement of changes in equity;
- the Cash flow statement; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • valuation of investments at fair value; and • recognition of operating income.
Materiality	We determined materiality for the company to be £23.0 million (2016: £21.6 million), which is below 2% (2016: below 2%) of equity. We are no longer including a separate materiality associated with cash affecting balances, as we have reassessed the coverage we obtain with this threshold considering the growth of the portfolio (2016: lower materiality threshold of £3.5 million). Instead, we will base our testing on a metric of 10% of materiality on sensitive balances not associated with the fair value of investments, i.e. administrative expenses.
Scoping	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There has been no significant changes in our approach from the prior year.

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited (continued)

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 2(c) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 12 to 18 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 12 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 19 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited (continued)

Valuation of investments at fair value	
Key audit matter description	The Company holds an investment in JLIF Luxco 1 S.à.r.l. valued at £1.2 billion (2016: £1.1 billion) and this investment in turn owns indirect investments in intermediate holding companies and equity and subordinated debt interests in PPP infrastructure projects. These investments in PPP projects are valued at £1.4 billion (2016: £1.2 billion), and the subsidiaries within the intermediate holding structure are valued at (£142.5 million). Refer to Note 9 to the financial statements for the movements in these investments for the financial year. As described in the Accounting Policies in Note 1 to the financial statements and Audit Committee Report on page 49, the fair value of investments in PPP infrastructure projects is determined using a discounted cash flow methodology, as there is no liquid market for these projects. The complexity of this methodology, as well as the numerous, significant judgments, means there is a risk that the fair value of these investments may not be appropriate and hence this has been identified as a fraud risk. The key judgements are: • Discount rates – the determination of the appropriate discount rate for each investment that is reflective of current market and political conditions and the specific risks within each project; • Macroeconomic assumptions – including corporation tax, inflation and deposit rates; • Forecast future cash flows – enhancements made to underlying project cash flows to enhance or change the timings of cash flows from the PPP infrastructure projects; • Tax considerations – the potential impact of Base Erosion Profit Shifting action 6 and the material withholding tax suffered, as well as the availability of losses within the group structure on the fair value of the PPP infrastructure projects; and • External factors such as the EU referendum result and the political situation in Spain.
How the scope of our audit responded to the key audit matter	We obtained assurance over the appropriateness of management's judgements applied in determining the fair value of PPP infrastructure projects by: • Testing the operating effectiveness of controls at various service providers, focussing on the financial reporting and treasury cycles and the controls around project financial models; • Testing the operating effectiveness of controls around the valuation process adopted by management and the Board; • Challenging management concerning the discount rates applied to individual projects and to each sector, by comparing to relevant peers and recent market transactions; • Challenging macroeconomic assumptions by reference to observable market data and forecasts; • Reviewing forecast cash flows, in particular movements since acquisition and value enhancements made, particularly by reference to third party support; • Reviewing the historical accuracy of management's cash flow forecasts against actual results; • Running audit analytics on the valuation model and a sample of project models to test them for integrity and material formula errors; • Visiting a selection of sites and holding discussions with the local management on potential project issues which might affect future cash flows; • Discussing with our valuation experts the valuation of investments, the appropriateness of management's judgements, rates applied to assets in Spain and the US, the impact of the EU referendum result on the valuation of the PPP projects and using this information to challenge management's independent specialists; and • Using our tax specialists to assess the impact of certain tax considerations and then challenging management concerning the impact of those in the fair value of the Company's PPP infrastructure projects.
Key observations	We have found that: • The macroeconomic assumptions fall within a reasonable range based on available observable market data; • The discount rates used at a project level are within a reasonable range, considering project specific risks; • Enhancements reflected in the underlying cash flows and change in timings are supported by third party evidence where appropriate; and • Tax considerations at a project and group level have been reflected in an appropriate and supportable way. We found that the methodology applied was appropriate in all material respects.

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited (continued)

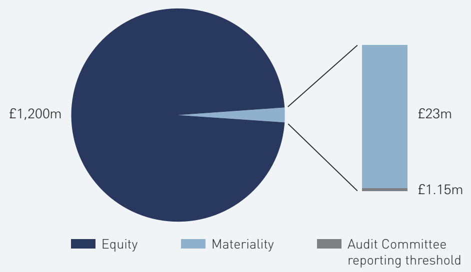
Recognition of operating income	
Key audit matter description	Operating income of £113.6 million (2016: £175.2 million) represents the movement in fair value of JLIF's investment in JLIF Luxco 1 S.à.r.l. There is a risk that there may be double counting of forecast cash flows used in determining the fair value of these investments, with the cash flow included as both a receivable held at fair value and as a discounted forecast cash flow. The Accounting policies related to this risk can be found in note 2(d) of the financial statements.
How the scope of our audit responded to the key audit matter	As well as the procedures highlighted above for challenging the fair value of investments, we have: • Traced the distributions from the underlying investments through to the valuation model, and into the direct subsidiary and indirect subsidiaries; • Assessing the consistency of the accounting treatment of cash received in the intermediate subsidiary structure to check whether revenue is recognised in the correct period; and • Reviewed receivables against the fair value of investments in PPP infrastructure projects to assess whether there is a cash flow receipt included in both.
Key observations	We noted no material instances of inappropriate operating income recognition arising in our testing.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£23.0 million (2016: £21.6 million)
Basis for determining materiality	We determined materiality for the company to be below 2% (2016: below 2%) of equity.
Rationale for the benchmark applied	We believe this is the most appropriate benchmark as equity is considered to be one of the principal considerations for members of the company in assessing its financial performance. We are no longer including a separate materiality associated with cash affecting balances, as we have reassessed the coverage we obtain with this threshold considering the growth of the portfolio (2016: the lower materiality threshold of £3.5 million). Instead we base our testing on a metric of 10% of materiality on sensitive balances not associated with the fair value of investments, i.e. administrative expenses.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.2 million (2016: £0.4 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. After taking into account factors such as the nature of the entity and history of uncorrected misstatements the selected threshold was increased. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited (continued)

An overview of the scope of our audit

We have applied a risk-based approach in scoping the portfolio of investments, considering the cash flows of JLIF's PPP investments, and grouping assets with similar characteristics and risk profiles together. We have tailored our procedures based on each level of assessed risk.

JLIF uses a number of service organisations to manage its investments and to support in the preparation of the financial statements. As such, we have performed design, implementation and operating effectiveness testing of controls at a sample of these service organisations, which gives coverage of 65.5% (2016: 80.2%) of the PPP investments by value. In addition, we have reviewed the competency and capabilities of other service organisations to provide the services for which they are engaged.

Other information

The directors are responsible for the other information in the annual report, including the Chairman's statement, Strategic Report and Corporate Governance statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of John Laing Infrastructure Fund Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board on 6 August 2010 to audit the financial statements for the year ending 31 December 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 December 2010 to 31 December 2017.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

John Clacy, FCA
for and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands

23 March 2018

Income Statement

for the year ended 31 December

	Notes	2017 £'000s	2016 £'000s
Operating income	9	**113,613**	175,242
Administrative expenses	5	**(14,600)**	(14,815)
Operating profit		**99,013**	160,427
Net finance income		**–**	2
Profit before tax		**99,013**	160,429
Tax	6	**–**	–
Profit for the year		**99,013**	160,429
Attributable to:			
Owners of the Company		**99,013**	160,429
		99,013	160,429
Earnings per share			
From continuing operations			
Basic and diluted (pence)	8	**10.2**	18.1

All results are derived from continuing operations.

There are no items of Other Comprehensive Income in both the current and preceding year, other than profit for the year and therefore no separate Statement of Comprehensive Income has been presented.

Statement of Financial Position

as at 31 December

	Notes	2017 £'000s	2016 £'000s
Non-current assets			
Investments at fair value through profit or loss	9	**1,236,788**	1,078,175
Total non-current assets		**1,236,788**	1,078,175
Current assets			
Trade and other receivables	10	**135**	163
Cash and cash equivalents		**1,865**	5,511
Total current assets		**2,000**	5,674
Total assets		**1,238,788**	1,083,849
Current liabilities			
Trade and other payables	11	**(3,953)**	(3,281)
Total current liabilities		**(3,953)**	(3,281)
Total liabilities		**(3,953)**	(3,281)
Net assets		**1,234,835**	1,080,568
Equity			
Share capital	13	**99**	90
Share premium account	14	**1,067,910**	946,907
Retained earnings	15	**166,826**	133,571
Equity attributable to owners of the Company		**1,234,835**	1,080,568
Total equity		**1,234,835**	1,080,568
Net Asset Value per share (pence)		**124.6**	120.2

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2018. They were signed on its behalf by:

D MacLellan
Chairman

C Spencer
Director

Statement of Changes in Equity

for the year ended 31 December

	Notes	Share capital £'000s	Share premium account £'000s	Retained earnings £'000s	Total equity £'000s
		Statement of Changes in Equity in 2017			
Balance at 1 January 2017	13,14 & 15	**90**	**946,907**	**133,571**	**1,080,568**
Profit for the year	15	**–**	**–**	**99,013**	**99,013**
Total comprehensive income for the year				**99,013**	**99,013**
Ordinary shares issued	13 & 14	**9**	**122,453**	**–**	**122,462**
Cost of shares issued	14	**–**	**(1,450)**	**–**	**(1,450)**
Dividends paid	7	**–**	**–**	**(65,758)**	**(65,758)**
Balance at 31 December 2017		**99**	**1,067,910**	**166,826**	**1,234,835**

	Notes	Share capital £'000s	Share premium account £'000s	Retained earnings £'000s	Total equity £'000s
		Statement of Changes in Equity in 2016			
Balance at 1 January 2016	13,14 & 15	81	851,459	31,556	883,096
Profit for the year	15	–	–	160,429	160,429
Total comprehensive income for the year				160,429	160,429
Ordinary shares issued	13 & 14	9	96,685	–	96,694
Cost of shares issued	14	–	(1,237)	–	(1,237)
Dividends paid	7	–	–	(58,414)	(58,414)
Balance at 31 December 2016		90	946,907	133,571	1,080,568

Cash Flow Statement

for the year ended 31 December

	Notes	2017 £'000s	2016 £'000s
Operating profit		**99,013**	160,427
Adjustments for:			
Increase / (decrease) in accrued interest income		**15,122**	(44,320)
Net gain on investments at fair value through profit or loss		**(55,733)**	(59,223)
Operating cash flows before movements in working capital		**58,402**	56,884
Decrease / (increase) in receivables		**28**	(4)
Increase in payables		**672**	553
Cash inflow from operations		**59,102**	57,433
Net cash inflow from operating activities		**59,102**	57,433
Investing activities			
Loan to subsidiaries	12	**(118,000)**	(91,500)
Net cash used in investing activities		**(118,000)**	(91,500)
Financing activities			
Dividends paid – equity shareholders	7	**(62,766)**	(54,649)
Net finance income		**–**	2
Proceeds on issue of share capital (net of costs)	14	**118,020**	91,691
Net cash from financing activities		**55,254**	37,044
Net (decrease) / increase in cash and cash equivalents		**(3,644)**	2,977
Cash and cash equivalents at beginning of the year		**5,511**	2,533
Effect of exchange rate movement		**(2)**	1
Cash and cash equivalents at end of year		**1,865**	5,511

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to fair value.

Notes to the Financial Statements

for the year ended 31 December 2017

1. GENERAL INFORMATION

John Laing Infrastructure Fund Limited (the "Company", or "JLIF") is a company domiciled and incorporated in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange under a Premium Listing. The financial statements of the Company as at and for the year ended 31 December 2017 have been prepared on the basis of the accounting policies set out below. The financial statements comprise the Company and its investment in JLIF Luxco 1 S.à.r.l. The Company and its subsidiaries invest in PPP infrastructure projects in the UK, Continental Europe and North America.

The Company accounts for its investment in its direct subsidiary JLIF Luxco 1 S.à.r.l. at fair value. The Company, together with its direct subsidiary JLIF Luxco 1 S.à.r.l. and all the intermediate holding subsidiaries comprise the Group investing in PPP assets (the "Group").

The net assets of the intermediate holding companies, which at 31 December 2017 principally comprise working capital and outstanding loan balances, are included at fair value in the carrying value of investments.

These financial statements are presented in Sterling which is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the Companies (Guernsey) Law 2008 and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and therefore the Company's financial statements comply with Article 4 of the EU International Accounting Standards ("IAS") Regulation.

The Company adopted during the year any new and revised International Financial Reporting Standards interpretations and amendments that became effective in 2017, although these did not have a material impact.

At the date of approval of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective and have not yet been adopted by the EU:

- IFRS 9 Financial instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- Classification and Measurement of Share-based Payment Transactions (amendments to IFRS 2) (effective 1 January 2018)
- Annual Improvements to IFRSs 2014-2016 Cycle (effective 1 January 2018)
- Transfers of Investment Property (amendments to IAS 40) (effective 1 January 2018)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (effective 1 January 2019)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) (effective 1 January 2019)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods. The Investment Adviser has performed a detailed analysis of the potential impact of IFRS 9, IFRS 15 and IFRS 16 on the Company, the underlying projects and intermediate holding entities. The Directors do not expect these standards to have a material impact during 2018.

Notes to the Financial Statements

for the year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation

The Company

a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from investment income, capital appreciation, or both; and

c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

Consequently, the Company does not consolidate its subsidiaries or apply IFRS 3 'Business Combinations' when it obtains control of another entity as it is considered to be an Investment Entity under IFRS. Instead, the Company measures its investment in its subsidiary at fair value through profit or loss.

The financial statements incorporate the financial statements of the Company only. The Company recognises its investment in its direct subsidiary, JLIF Luxco 1 S.à.r.l., at fair value through profit or loss. The fair value estimate of JLIF Luxco 1 S.à.r.l. includes the fair value of both this company and all of the Company's subsidiaries and PPP investments.

The Company invests solely for capital appreciation, investment income, or both. Consequently, the Company does not plan to hold its investments indefinitely. The Company has an exit strategy for the portfolio of investments held indirectly.

JLIF Luxco 1 S.à.r.l. is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in JLIF Luxco 1 S.à.r.l. Similarly, any other subsidiaries that are investment entities themselves do not require an exit strategy to meet the definition of an investment entity.

Each investment indirectly held (subordinated debt together with equity) has a finite life. The subordinated debt will mature towards the end of the concession and at the end of the concession the investment will be liquidated. The exit strategy is that investments will normally be held to liquidation at the end of the concession unless the Company sees an opportunity in the market to dispose of investments. John Laing Capital Management Limited (the Investment Adviser) and the JLIF Board regularly consider whether any disposals should be made.

(c) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, which are based on prudent market data and past experience and consider, based on those forecasts and an assessment of the Company's and the Group's committed banking facilities, that it is appropriate to prepare the financial statements of the Company on the going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £40.4 million (including £1.9 million for the Company) and a five-year banking facility (available for investment in new or existing projects and working capital) of £180.0 million, which expires in August 2020, and an accordion facility of £150.0 million which expires in June 2019. As at 31 December 2017, there was the equivalent of £186.6 million drawn under the facilities which was used to acquire investments in the year. All key financial covenants are forecast to continue to be complied with.

The Company, through its intermediate holding companies, holds investments in 65 infrastructure PPP project companies which yield annual interest, dividends and loan repayments. The cash flow yields from the projects cover the Group's expected cash flow requirements for overheads and targeted dividend distribution policy.

The Company and its intermediate holding companies have sufficient financial resources together with their PPP investments' public-sector long-term contracts across a range of infrastructure projects. As a consequence, the Directors consider that the Company and its intermediate holdings companies are well placed to manage its business risks successfully.

Certain risks and uncertainties, as detailed in note 17, have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Company and the Group as the Group's income is generated from a portfolio of PPP concessions which are supported by government-backed cash flows and are forecast to cover the Group's committed costs.

The Directors, at the time of approving the financial statements, are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

(d) Revenue recognition – Operating income

Operating income in the income statement represents the combination of the income from and the movement in the fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. Refer to note 9 for details.

Notes to the Financial Statements

for the year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Deposits held with original maturities of greater than three months are included in other financial assets.

(f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company and the underlying fair valued financial position of JLIF Luxco 1 S.à.r.l. are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(g) Taxation

Under the current system of taxation in Guernsey, the Company is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Group may be subject to withholding tax imposed in the country of origin of such income. The underlying project companies in which the Group invests provide for and pay taxation at the appropriate rates in the countries in which they operate.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS13 'Fair Value Measurement'.

i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

a) Investments at fair value through profit or loss

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. In these financial statements, investment at fair value through profit or loss is the fair value of the Company's direct subsidiary, JLIF Luxco 1 S.à.r.l., which comprises the fair value of JLIF Luxco 1 S.à.r.l., all the intermediate holding companies and the Portfolio.

JLIF Luxco 1 S.à.r.l. and the intermediate holding companies' net assets are mainly composed of cash and working capital and an outstanding loan balance of £186.6 million (comprising €46.9 million (£41.7 million) and £144.9 million) and are recognised at fair value which is equivalent to their net assets.

The Company's investment in JLIF Luxco 1 S.à.r.l. comprises both equity and a Profit Participating Agreement ("PPA"). Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value, the Board considered observable market transactions and have measured fair value using assumptions that market participants would use when pricing the asset including assumptions regarding risk. The PPA and equity are considered to have the same risk characteristics and as such the PPA and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 'Fair Value Measurement'.

b) Loans and receivables

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and other receivables'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the Balance Sheet date which are classified as Non-Current Assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Notes to the Financial Statements

for the year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

a) Equity instruments – share capital and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written off against the balance of the Share Premium Account.

b) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising:

- Loans and borrowings which are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and
- Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

iii) Effective interest rate method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

iv) Fair value estimation

The Company's investments at fair value are not traded in active markets.

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. In these financial statements, investment at fair value through profit or loss is the fair value of the Company's direct subsidiary, JLIF Luxco 1 S.à.r.l., which comprises the fair value of JLIF Luxco 1 S.à.r.l., all the intermediate holding companies and the Portfolio.

The fair value of the Portfolio is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Group's intermediate holdings, from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments). The discount rates are relevant and in the range of those applied in the market for similar projects. The basis of discount rates are long run average government bond rates adjusted for an appropriate premium to reflect PPP specific risk. Risk premia are then added to this adjusted base gilt rate depending on the phase of the project and any specific risks to which the project is exposed. The discount rates that have been applied to value the projects comprising the Portfolio at 31 December 2017 were in the range 7.00% to 9.50% (31 December 2016: 7.02% to 9.00%). Refer to note 9 for details of the areas of estimation in the calculation of the fair value.

JLIF Luxco 1 S.à.r.l. and the intermediate holding companies' net assets are mainly composed of cash and working capital and loan balances and are recognised at fair value which is equivalent to their net assets.

(i) Segmental reporting

In the financial statements, the Company recognises one investment in its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. The Directors consider and analyse the performance of the Company by considering the Group's main activity which is to invest in PPP projects through its intermediate holding companies. Information reported to the Company's Directors for the purposes of resource allocation and assessment of segment performance is focused on the sector risk associated within the Group. The Group has investments in the Health, Education, Justice & Emergency Services, Transport, Regeneration & Social Housing, Government Buildings and Street Lighting sectors and therefore these form the Group's reportable segments under IFRS 8. The Directors also consider and analyse the performance of the Group by Geography as the Group predominately invests in the UK, but also has investments in Continental Europe, North America, as well as administration functions in Guernsey. Geographical segments therefore form part of the Group's reportable segments under IFRS 8.

(j) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 the Company is a Registered Closed-Ended Investment Scheme. As an authorised scheme, the Company is subject to certain ongoing obligations.

Notes to the Financial Statements

for the year ended 31 December 2017

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts.

Fair value of PPP investments

Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. The Directors have applied their judgement in determining this valuation methodology and concluded that this is the most appropriate valuation method given the predictability and nature of the underlying cash flows generated from the investments.

Key assumptions and sources of estimation uncertainty

Estimates such as future cash flows are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These cash flows also contain various assumptions, most significantly the inflation rate, deposit rate and tax rates used in forecasting the expected cash flows for each period. Sensitivities to these critical assumptions and their impact on the fair value of investments at fair value through profit and loss are disclosed in note 9.

In determining the discount rate, management applies their judgement in determining the appropriate risk-free rates and specific risks, and consider the evidence of recent transactions. Management deems the discount rate to be one of the most significant unobservable inputs and any change in it could have a material impact on the fair value of the investments. Underlying assumptions and discount rates are disclosed in note 9.

Investment entities

The Directors have satisfied themselves that the PPP investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

4. OPERATING SEGMENTS

Information reported to the Company's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the sector risk associated within the Group. The Board reviews the Portfolio Valuation analysis by sector and the Directors, Investment Advisers and Asset Management teams monitor the business considering sector split. Currently the Company, via its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. has investments in the Health, Education, Justice & Emergency Services, Transport, Regeneration & Social Housing, Government Buildings and Street Lighting sectors and therefore these form the Company's reportable segments under IFRS 8.

Segment results

The following is an analysis of the Company's operating income and results by reportable segment for the year ended 31 December 2017.

	Year ended 31 December 2017								
	Health £'000s	**Education £'000s**	**Justice & Emergency Services £'000s**	**Transport £'000s**	**Regeneration & Social Housing £'000s**	**Government Buildings £'000s**	**Street Lighting £'000s**	**Unallocated £'000s**	**Total £'000s**
Operating income/ (expense)	**8,511**	**5,041**	**9,673**	**70,908**	**10,392**	**5,762**	**5,647**	**(2,321)**	**113,613**
Profit/(loss) before tax	**8,511**	**5,041**	**9,673**	**70,908**	**10,392**	**5,762**	**5,647**	**(16,921)**	**99,013**
Reportable segment profit/(loss)	**8,511**	**5,041**	**9,673**	**70,908**	**10,392**	**5,762**	**5,647**	**(16,921)**	**99,013**

The following is an analysis of the Company's operating income and results by reportable segment for the year ended 31 December 2016.

	Year ended 31 December 2016								
	Health £'000s	Education £'000s	Justice & Emergency Services £'000s	Transport £'000s	Regeneration & Social Housing £'000s	Government Buildings £'000s	Street Lighting £'000s	Unallocated £'000s	Total £'000s
Operating income/ (expense)	55,893	15,713	4,436	75,710	6,920	11,759	2,024	2,787	175,242
Profit/(loss) before tax	55,893	15,713	4,436	75,710	6,920	11,759	2,024	(12,026)	160,429
Reportable segment profit/(loss)	55,893	15,173	4,436	75,710	6,920	11,759	2,024	(12,026)	160,429

Notes to the Financial Statements

for the year ended 31 December 2017

4. OPERATING SEGMENTS (CONTINUED)

The unallocated segment above includes the Company's and subsidiaries' investment adviser fee, general overhead costs and fair value movement of intermediate holding companies.

No inter-segment income was earned in the year ended 31 December 2017 (2016: £nil).

The following is an analysis of the Company's assets and liabilities by reportable segment for the year ended 31 December 2017.

	Year ended 31 December 2017								
	Health £'000s	Education £'000s	Justice & Emergency Services £'000s	Transport £'000s	Regeneration & Social Housing £'000s	Government Buildings £'000s	Street Lighting £'000s	Unallocated £'000s	Total £'000s
Total assets	**374,435**	**118,105**	**64,152**	**608,513**	**108,970**	**65,453**	**44,885**	**(145,725)**	**1,238,788**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,953)**	**(3,953)**
Total net assets	**374,435**	**118,105**	**64,152**	**608,513**	**108,970**	**65,453**	**44,885**	**(149,678)**	**1,234,835**

The following is an analysis of the Company's assets and liabilities by reportable segment for the year ended 31 December 2016.

	Year ended 31 December 2016								
	Health £'000s	Education £'000s	Justice & Emergency Services £'000s	Transport £'000s	Regeneration & Social Housing £'000s	Government Buildings £'000s	Street Lighting £'000s	Unallocated £'000s	Total £'000s
Total assets	380,536	121,776	58,462	451,775	106,972	68,020	33,997	(137,689)	1,083,849
Total liabilities	–	–	–	–	–	–	–	(3,281)	(3,281)
Total net assets	380,536	121,776	58,462	451,775	106,972	68,020	33,997	(140,970)	1,080,568

Information about major customers

The Company, via its subsidiaries, has one (31 December 2016: one) investment from which it receives more than 10% of the Company's operating income. The operating income from the major customers was £51.1 million (31 December 2016: £35.6 million) which was reported within the Transport (31 December 2016: Transport) segment. The Company has treated each PPP asset as a separate customer.

Analysis by geographical areas

The following is an analysis of the Group's operating income and results by geographical area:

	Year ended 31 December 2017				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total £'000s
Operating income	**99,116**	**13,021**	**1,476**	**–**	**113,613**
Profit/(loss) before tax	**99,116**	**13,021**	**1,476**	**(14,600)**	**99,013**
Profit/(loss)	**99,116**	**13,021**	**1,476**	**(14,600)**	**99,013**

	Year ended 31 December 2016				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total £'000s
Operating income	83,507	50,596	41,139	–	175,242
Profit/(loss) before tax	83,507	50,596	41,139	(14,813)	160,429
Profit/(loss)	83,507	50,596	41,139	(14,813)	160,429

The operating income included in the above tables is derived from the distributions from the Portfolio and the movements in fair value of investments. No inter-segment income was earned in the year ended 31 December 2017 (31 December 2016: £nil).

Notes to the Financial Statements

for the year ended 31 December 2017

4. OPERATING SEGMENTS (CONTINUED)

The following is an analysis of the Group's net assets by geographical area:

	Year ended 31 December 2017				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total £'000s
Total assets	**850,534**	**211,617**	**174,637**	**2,000**	**1,238,788**
Total liabilities	**–**	**–**	**–**	**(3,953)**	**(3,953)**
Total net assets	**850,534**	**211,617**	**174,637**	**(1,953)**	**1,234,835**

	Year ended 31 December 2016				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total £'000s
Total assets	683,549	211,357	183,268	5,675	1,083,849
Total liabilities	–	–	–	(3,281)	(3,281)
Total net assets	683,549	211,357	183,268	2,394	1,080,568

5. ADMINISTRATIVE EXPENSES

	2017 £'000s	2016 £'000s
Investment advisory and asset origination fees	**12,671**	12,479
Directors' fees and expenses	**342**	376
Administration fee	**172**	169
Other expenses	**1,415**	1,791
	14,600	14,815

The Company had no employees other than the Directors for the current year or preceding year. There was no Directors' remuneration for the year or preceding year other than directors' fees as detailed in note 16.

An amount of £151,000 (2016: £145,000) was paid to Deloitte LLP by the Company for the audit of the Company for the year ended 31 December 2017, which included £nil (2016: £10,000) of other assurance work and £42,000 (2016: £39,000) in respect of non-audit services for the year ended 31 December 2017.

6. TAX

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying project companies in which the Group invests provide for and pay taxation at the appropriate rates in the countries in which they operate. For further details refer to note 9.

As part of the Finance Bill (No.2) 2017, the UK Government published on 13 July 2017 an updated legislation on Corporate Interest Restriction ("CIR"). Following agreement by both Houses the Bill received Royal Assent on 16 November 2017 and is now an Act of Parliament (law). JLIF considers that these rules do not represent a significant risk to the Group. JLIF does not expect the introduction of this legislation to have a material impact on the valuation of the Portfolio. JLIF will continue to monitor any further proposed legislation in relation to the OECD / G20's Base Erosion and Profit Shifting ("BEPS") initiative, both in the UK and in other territories in which JLIF operates, and the potential impact on the valuation of the Group's interests.

Notes to the Financial Statements

for the year ended 31 December 2017

7. DIVIDENDS

	2017 £'000s	2016 £'000s
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2016 of 3.48 pence (final dividend for the year ended 31 December 2015: 3.41 pence) per share	**31,286**	27,783
Interim dividend for the six months ended 30 June 2017 of 3.48 pence (six months ended 30 June 2016: 3.41 pence) per share	**34,472**	30,631
	65,758*	58,414*
Approved final dividend for the year ended 31 December 2017 of 3.57 pence (2016: 3.48 pence) per share	**35,381**	31,285

* Includes two tranches of scrip dividends of £2,992,000 with 2,227,063, new shares being issued (2016: £3,765,000 with 3,091,698 new shares issued).

The approved final dividend for the year ended 31 December 2017 is 3.57 pence per share, amounting to £35.4 million (2016: £31.3 million) and was approved by the Board on 22 March 2018 and is payable in May 2018. The dividend has not been included as a liability at 31 December 2017.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2017 £'000s	2016 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**99,013**	160,429
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**968,847,005**	885,116,345

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

	Pence	Pence
Basic and diluted earnings per share	**10.22**	18.13

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As set out in note 1, the Company accounts for its interest in its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. as an investment at fair value through profit or loss. JLIF Luxco 1 S.à.r.l. in turn owns investments in intermediate holding companies and in PPP projects.

The table below shows the Company's investment in JLIF Luxco 1 S.à.r.l. in the year as recorded in the Company's Statement of Financial Position:

	2017 £'000s	2016 £'000s
Fair value of the Portfolio	**1,379,325**	1,217,647
Fair value of intermediate holding companies	**(142,537)**	(139,472)
Fair value at 31 December	**1,236,788**	1,078,175

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9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Reconciliation of movement in fair value of the portfolio of assets

The table below shows the movement in the fair value of the Company's Portfolio. The investments comprising the Portfolio are held through other intermediate holding companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company balance sheet as at 31 December 2017, by incorporating the fair value of these intermediate holding companies.

	Portfolio Value 2017 £'000s	Cash and other FV in intermediate holdings 2017 £'000s	Total 2017 £'000s	Portfolio Value 2016 £'000s	Cash and other FV in intermediate holdings 2016 £'000s	Total 2016 £'000s
Opening balance	**1,217,647**	**(139,472)**	**1,078,175**	867,860	15,302	883,132
Acquisitions and further loan and equity subscriptions	**149,813**	**–**	**149,813**	306,042	–	306,042
Disposals	**–**	**–**	**–**	(42,380)	–	(43,380)
	149,813	**–**	**149,813**	262,662	–	262,662
Portfolio Movements						
Growth in Portfolio	**115,176**	**–**	**115,176**	92,048	–	92,048
Growth due to discount rate	**9,632**	**–**	**9,632**	43,396	–	43,396
(Decline) / Growth due to exchange rate	**(1,546)**	**–**	**(1,546)**	44,919	–	44,919
	123,262	**–**	**123,262***	180,363	–	180,363*
Net expenses in intermediate holding companies	**–**	**(9,649)**	**(9,649)***	–	(5,121)	(5,121)*
Distributions from portfolio						
Dividends received from PPP investments	**(58,422)**	**58,422**	**–**	(52,500)	52,500	–
Interest received from PPP investments	**(37,417)**	**37,417**	**–**	(34,423)	34,423	–
Loans and equity repayments	**(18,731)**	**18,731**	**–**	(7,577)	7,577	–
Movement in accrued interest	**4,890**	**–**	**4,890**	2,000	–	2,000
Other fee income	**(1,717)**	**1,717**	**–**	(708)	708	–
	(111,397)	**116,287**	**4,890**	(93,208)	95,208	2,000
Other movements						
PPA interest income	**–**	**(57,880)**	**(57,880)**	–	(116,019)	(116,019)
Net increase in external borrowing	**–**	**(15,189)**	**(15,189)**	–	(154,393)	(154,393)
Difference in timing of capital movements between the Company and the intermediate holding companies	**–**	**(36,634)**	**(36,634)**	–	25,551	25,551
	–	**(109,703)**	**(109,703)**	–	(244,861)	(244,861)
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l. at 31 December	**1,379,325**	**(142,537)**	**1,236,788**	1,217,647	(139,472)	1,078,175

* Operating income for the year ended 31 December 2017 is £113.6 million, comprising the growth in the Portfolio of £123.3 million, offset by net expenses in the intermediate holding companies of £9.7 million (2016: Operating income £175.2 million, comprising growth in the portfolio of £180.3 million offset by net expenses in the intermediate holding companies of £5.1 million).

The above balances represent the total net movements in the fair value of the Company's investment. The "Cash and other FV in intermediate holdings" balances reflect investment in, distributions from or movement in working capital and are not value generating.

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9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following table categorises the total net movement in fair value into its component factors:

	2017 £'000s	2016 £'000s
Portfolio Value at 1 January	**1,217,647**	867,830
Acquisitions and further loan and equity subscriptions	**149,813**	306,042
Disposals	**–**	(43,380)
Cash distributed from Portfolio	**(111,397)**[20]	(93,208)[20]
Growth due to discount rate movements	**9,632**	43,396
(Decline) / Growth due to exchange rate movements	**(1,546)**	44,919
Growth from discount rate unwind	**91,830**[21]	79,209[21]
Net growth from value enhancements and other movements	**23,346**[21]	12,839[21]
Portfolio Value at 31 December	**1,379,325**	1,217,647
Fair value of intermediate holding companies	**(142,537)**	(139,472)
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l. at 31 December	**1,236,788**	1,078,175

[20] Distributions include dividends, interest, loan stock and equity repayments (including movement in accrued interest) and other fees.

[21] In 2017, the total underlying growth in the value of the Portfolio was £115,176,000 (2016: £92,048,000).

The fair value of the intermediate holding companies comprises cash of £38.6 million (2016: £27.2 million), working capital balances of £5.5 million (2016: £4.7 million), offset by debt drawn under the JLIF Limited Partnership's revolving credit facilities of £186.6 million (2016: £171.4 million).

The Investment Adviser has carried out a fair market valuation of the Portfolio as at 31 December 2017. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation of the projects comprising the Portfolio. The Directors have also obtained an independent opinion from a third party, with considerable expertise in valuing these type of investments, supporting the reasonableness of the Portfolio Value. Investments in PPP projects are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Portfolio since launch in 2010. Discount rates applied range from 7.00% to 9.50% (weighted average 7.74%) (2016: 7.02% to 9.00% (weighted average 7.87%)).

The following long-term economic assumptions were used in the discounted cash flow valuation are detailed below:

Inflation assumptions

Country	Index	2017	2016
United Kingdom	RPI / RPIx	**3.50% to March 2019, 2.75% thereafter**	2.75%
Canada	CPI	**2.10%**	2.10%
The Netherlands	CPI	**2.00%**	2.00%
Finland	MAKU / Elpsot	**3.0% / 2.50%**	3.0% / 2.5%
Spain	CPI	**2.00%**	2.00%
USA	CPI	**2.00%**	2.00%

Exchange rates

The prevailing Sterling exchange rate at 31 December was:

	2017	2016
Euro	**1.1252**	1.1708
Canadian Dollar	**1.6934**	1.6565
US Dollar	**1.3527**	1.2329

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for the year ended 31 December 2017

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Deposit rates

Country	2017	2016
United Kingdom	**2018 – 1.0%**	2017 – 1.0%
	2019 – 1.5%	2018 – 1.5%
	2020 – 2.0%	2019 – 2.0%
	Thereafter 2.5%	Thereafter 2.75%
Continental Europe	**2018 – 1.0%**	2017 – 1.0%
	2019 – 1.5%	2018 – 1.0%
	Thereafter 2.0%	2019 – 1.5%
		2020 – 2.0%
		Thereafter 2.5%
USA	**2018 – 1.5%**	2017 – 1.0%
	2019 – 2.0%	2018 – 1.5%
	Thereafter 2.5%	2019 – 2.0%
		Thereafter 2.5%
Canada	**2018 – 1.5%**	2017 – 1.0%
	2019 – 2.0%	2018 – 1.5%
	2020 – 2.0%	2019 – 2.0%
	Thereafter 2.5%	Thereafter 2.5%

Corporation tax rates

Country	2017	2016
United Kingdom	**19%, then 17% from 1 April 2020 onwards**	20%, then 19% from 1 April 2017 then 17% from 1 April 2020 onwards
Canada	**26%**	26%
The Netherlands	**20% – 25%**	20% – 25%
Finland	**20%**	20%
Spain	**25%**	25%
USA	**21%/9%***	35%/9%*

* Federal tax rate / Connecticut State tax rate

Following enactment of BEPS Action 4 rules regarding interest deductibility, JLIF reviewed its assumptions in this respect and, as a result, has included the benefit attributable to this in its Portfolio Value.

Sensitivity analysis

The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss. The other key sensitivities and their impact on the fair value of the investments at fair value through profit and loss are detailed below.

Discount rate

The sensitivity of the Portfolio Value to discount rates is as follows:

31 December 2017

Discount rate	**Minus 1%**	**Base 7.74%**	**Plus 1%**
Change in Portfolio Valuation	**Increases £134.2m**	**£1,379.3m**	**Decreases £114.6m**

31 December 2016

Discount rate	Minus 1%	Base 7.87%	Plus 1%
Change in Portfolio Valuation	Increases £111.7m	£1,217.7m	Decreases £96.7m

Notes to the Financial Statements

for the year ended 31 December 2017

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Inflation

The sensitivity of the Portfolio Value to movements in long term inflation rates is as follows:

31 December 2017

Inflation Change in Portfolio Valuation	Minus 1% Decreases £56.9m	Base £1,379.3m	Plus 1% Increases £64.7m

31 December 2016

Inflation Change in Portfolio Valuation	Minus 1% Decreases £47.3m	Base £1,217.7m	Plus 1% Increases £52.5m

Deposit rates

The sensitivity of the Portfolio Value to movements in deposit rates is as follows:

31 December 2017

Deposit rates Change in Portfolio Valuation	Minus 1% Decreases £23.4m	Base £1,379.3m	Plus 1% Increases £24.1m

31 December 2016

Deposit rates Change in Portfolio Valuation	Minus 1% Decreases £21.5m	Base £1,217.7m	Plus 1% Increases £21.8m

Foreign exchange

The sensitivity of the Portfolio Value to the depreciation or appreciation of Sterling by 10% is as follows:

31 December 2017

Exchange rates Change in Portfolio Valuation	GBP depreciates by 10% Increases £38.6m	Base £1,379.3m	GBP appreciates by 10% Decreases £35.1m

31 December 2016

Exchange rates Change in Portfolio Valuation	GBP depreciates by 10% Increases £39.5m	Base £1,217.7m	GBP appreciates by 10% Decreases £35.8m

Demand / usage

The sensitivity of the Portfolio Value to fluctuations of in the level of demand as follows:

31 December 2017

Demand movements Change in Portfolio Valuation	Minus 1% Decreases £3.0m	Base £1,379.3m	Plus 1% Increases £4.0m

31 December 2016

Demand movements Change in Portfolio Valuation	Minus 1% Decreases £2.0m	Base £1,217.7m	Plus 1% Increases £3.0m

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9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Lifecycle cost

The table below shows the sensitivity of the Portfolio Value to deviations (of plus and minus 10%) from the forecast lifecycle cost assumptions made in establishing JLIF's Portfolio Value.

31 December 2017

Forecast lifecycle expenditure	Minus 10%	Base	Plus 10%
Change in Portfolio Valuation	Increases £11.1m	£1,379.3m	Decreases £11.2m

Corporation tax rates

The below table shows the sensitivity of the Portfolio Value to changes in corporation tax rates.

31 December 2017

Tax rates	Minus 1%	Base	Plus 1%
Change in Portfolio Valuation	Increases £11.5m	£1,379.3m	Decreases £11.4m

Details of the projects comprising the Portfolio were as follows:

Investments (project name – see note 20 for further details)	% holding 31 December 2017 Equity	% holding 31 December 2017 Subordinated loan stock	% holding 31 December 2016 Equity	% holding 31 December 2016 Subordinated loan stock
Abbotsford Regional Hospital and Cancer Centre	100.0%	100.0%	100.0%	100.0%
A55 Holyhead to Llandegai DBFO	100.0%	100.0%	100.0%	100.0%
Avon and Somerset Courts	40.0%	40.0%	40.0%	40.0%
Aylesbury Vale Parkway	100.0%	100.0%	–	–
Barnet Street Lighting	100.0%	100.0%	100.0%	100.0%
Barcelona Metro Stations L9T2	53.5%	53.5%	53.5%	53.5%
Barcelona Metro Stations L9T4	13.5%	13.5%	13.5%	13.5%
Bentilee Community Centre	100.0%	100.0%	100.0%	100.0%
Bexley Schools	100.0%	100.0%	100.0%	100.0%
Bristol BSF	37.5%	36.0%	37.5%	36.0%
Brockley Social Housing PFI	100.0%	100.0%	100.0%	100.0%
British Transport Police PPP	100.0%	100.0%	100.0%	100.0%
Camden Social Housing	50.0%	50.0%	50.0%	50.0%
Canning Town Social Housing	100.0%	100.0%	100.0%	100.0%
City-Greenwich-Lewisham Docklands Light Railway	52.0%	52.0%	–	–
Cleveland Police Headquarters	50.0%	50.0%	50.0%	50.0%
Connecticut Service Stations	100.0%	100.0%	100.0%	100.0%
Coleshill Parkway	100.0%	100.0%	–	–
Croydon and Lewisham Street Lighting	50.0%	50.0%	–	–
E18 Road, Finland	50.0%	50.0%	50.0%	50.0%
Edinburgh Schools	20.0%	20.0%	20.0%	20.0%
Enfield Street Lighting	100.0%	100.0%	100.0%	100.0%
Enfield Schools	100.0%	100.0%	100.0%	100.0%
Forth Valley Royal Hospital	100.0%	100.0%	100.0%	100.0%
Glasgow Schools	20.0%	20.0%	20.0%	20.0%
Greater Manchester Police Stations	27.1%	27.1%	27.1%	27.1%
Groningen Tax Office	40.0%	40.0%	40.0%	40.0%
Highlands School, Enfield	100.0%	100.0%	100.0%	100.0%
Islington I Social Housing	45.0%	45.0%	45.0%	45.0%
Islington II Social Housing	45.0%	45.0%	45.0%	45.0%
Intercity Express Programme Phase 1	15.0%	15.0%	6.0%	6.0%
Kelowna and Vernon Hospitals	50.0%	50.0%	50.0%	50.0%
Kingston Hospital	60.0%	60.0%	60.0%	60.0%
Kirklees Social Housing	100.0%	100.0%	100.0%	100.0%
Kromhout Barracks	40.0%	40.0%	40.0%	40.0%
Lambeth Street Lighting	100.0%	100.0%	100.0%	100.0%
Leeds Combined Secondary Schools	100.0%	100.0%	100.0%	100.0%
LUL Connect (CityLink)	33.5%	33.5%	33.5%	33.5%

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9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Investments (project name – see note 20 for further details)	% holding 31 December 2017 Equity	% holding 31 December 2017 Subordinated loan stock	% holding 31 December 2016 Equity	% holding 31 December 2016 Subordinated loan stock
M40 Motorway	**50.0%**	**50.0%**	50.0%	50.0%
M6/M74 Motorway, Scotland	**11.0%**	**11.0%**	11.0%	11.0%
Manchester Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Metropolitan Police Training Centre (Gravesend)	**27.1%**	**27.1%**	27.1%	27.1%
Miles Platting Social Housing	**50.0%**	**66.7%**	50.0%	66.7%
Ministry of Defence Main Building	**26.0%**	**26.0%**	26.0%	26.0%
Newcastle Hospital	**15.0%**	**15.0%**	15.0%	15.0%
Newham Schools	**100.0%**	**100.0%**	100.0%	100.0%
North Birmingham Mental Health	**100.0%**	**100.0%**	100.0%	100.0%
North East Fire and Rescue Authority	**100.0%**	**100.0%**	100.0%	100.0%
North Staffordshire Hospital	**90.0%**	**90.0%**	75.0%	75.0%
North Swindon Schools	**100.0%**	**100.0%**	100.0%	100.0%
Northampton Mental Health	**100.0%**	**100.0%**	100.0%	100.0%
Oldham Social Housing	**95.0%**	**95.0%**	95.0%	95.0%
Peterborough Hospital	**30.0%**	**30.0%**	30.0%	30.0%
Peterborough Schools	**100.0%**	**100.0%**	100.0%	100.0%
Queen Elizabeth Hospital, Greenwich	**27.5%**	**27.5%**	27.5%	27.5%
Realise Health LIFT	**60.0%**	**60.0%**	60.0%	60.0%
Redcar and Cleveland Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Sirhowy Way	**100.0%**	**100.0%**	100.0%	100.0%
South East London Police Stations	**50.0%**	**50.0%**	50.0%	50.0%
South Lanarkshire Schools	**15.0%**	**15.0%**	15.0%	15.0%
Surrey Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Tunbridge Wells Hospital	**37.5%**	**37.5%**	37.5%	37.5%
Vancouver General Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Wakefield Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Walsall Street Lighting	**100.0%**	**100.0%**	100.0%	100.0%

On 1 June 2017, the Group completed the acquisition of a 50% interest in the Croydon and Lewisham Street Lighting project from John Laing Investments Limited, a member of John Laing Group plc, for a consideration of £8.2 million.

On 19 July 2017, the Group completed the acquisition of a further 15% interest in the North Staffordshire Hospital project from Sodexo Investments Limited for a consideration of £7.5 million, taking JLIF's total equity interest in the project to 90%.

On 25 October 2017, the Group completed the acquisition of a 100% interest in the Aylesbury Vale Parkway project and 100% interest in the Coleshill Parkway project (with 50% of the latter being acquired from John Laing Investments Limited, a member of John Laing Group plc and 50% from the John Laing Pension Trust Limited).

On 26 October 2017, the Group completed the acquisition of a further 9% interest in the Intercity Express Programme Phase 1 project from John Laing Investments Limited, a member of John Laing Group plc, taking JLIF's total interest in the project to 15%.

On 3 November 2017, the Group completed the acquisition of a 52% interest in the City-Greenwich-Lewisham Docklands Light Railway project with 5% being acquired from John Laing Investments Limited, a member of John Laing Group plc, and 47% from the John Pension Trust Limited.

The combined consideration of the acquisitions completed in October and November 2017 was £129.5 million.

During the year, and subsequent to its investment in the Connecticut Service Stations project in the US, the Group also paid further consideration of £4.6 million under the sale purchase agreement.

There are no future loan stock or capital commitments on investments held at fair value through profit or loss.

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10. TRADE AND OTHER RECEIVABLES

	31 December 2017 £'000s	31 December 2016 £'000s
Other debtors	**64**	76
Prepayments and accrued income	**71**	87
Balance at 31 December	**135**	163

There were no overdue amounts included in trade and other receivables.

11. TRADE AND OTHER PAYABLES

	31 December 2017 £'000s	31 December 2016 £'000s
Accruals and deferred income	**3,951**	3,279
Other payables	**2**	2
Balance at 31 December	**3,953**	3,281

12. LOANS AND BORROWINGS

At 31 December 2017, the Company had no outstanding loans and borrowings (31 December 2016: £nil).

The Company's indirect subsidiary JLIF Limited Partnership has a £180 million multi-currency revolving credit facility which expires in August 2020, and an accordion facility of £150 million which expires in June 2019. At 31 December 2017, £186.6 million was drawn under the credit facilities (31 December 2016: £171.4 million) comprising €46.9 million (£41.7 million) and £144.9 million. The outstanding amount is included in the 'Investment at fair value through profit or loss' in the Company's Statement of Financial Position.

There were no other outstanding loans and borrowings (31 December 2016: £nil).

13. SHARE CAPITAL

Issued and fully paid	Number of shares	31 December £'000s
Opening balance (31 December 2016)	899,003,264	90
Tap issue	89,826,897	9
Scrip issues	2,227,063	–
Balance at 31 December 2017	**991,057,224**	**99**

The Company is authorised to issue an unlimited number of shares.

On 27 March 2017, the Company placed an additional 89,826,897 new ordinary shares via a shareholder tap issue, raising gross proceeds of £119.5 million, which was used to repay debt drawn primarily for the investments made at the end of 2016 in the Intercity Express Programme Phase 1 project and the A55 Holyhead to Llandegai DBFO road project.

On 16 May 2017, 1,758,396 new Ordinary Shares of 0.01 pence each at an Issue Price of 134.72 pence were issued and fully paid as a scrip dividend alternative in lieu of cash for the final dividend in respect of the year ended 31 December 2016.

On 31 October 2017, 468,667 new Ordinary Shares of 0.01 pence each at an Issue Price of 132.88 pence were issued and fully paid as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ended 30 June 2017.

All new shares issued rank *pari passu* with the original ordinary shares of 0.01 pence each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

At present, the Company has one class of ordinary shares which carry no right to fixed income.

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14. SHARE PREMIUM ACCOUNT

	2017 £'000s	2016 £'000s
Opening balance	**946,907**	851,459
Premium arising on issue of equity shares	**122,453**	96,685
Expenses of issue of equity shares	**(1,450)**	(1,237)
Balance at 31 December	**1,067,910**	946,907

15. RETAINED EARNINGS

	2017 £'000s	2016 £'000s
Opening balance	**133,571**	31,556
Profit for the year	**99,013**	160,429
Dividends paid (note 7)	**(65,758)**	(58,414)
Balance at 31 December	**166,826**	133,571

16. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below. This note also details the terms of engagement by the Company with John Laing Capital Management Limited ("JLCM") as Investment Adviser and Operator of JLIF Limited Partnership ("the Limited Partnership"), together with the details of further investment acquisitions from members of John Laing Group plc, of which JLCM is a wholly owned subsidiary.

JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement (amended and restated on 12 November 2015) which may be terminated by either party giving one year's written notice or (subject to the payment to JLCM of certain termination fees) by the Company by giving JLCM six months' notice. The appointment may also be terminated if JLCM's appointment as Operator is terminated.

JLCM is also the Operator of JLIF Limited Partnership, the limited partnership through which the Group holds its investments, by JLIF (GP) Limited ("the General Partner"), General Partner of the partnership. The Operator and the General Partner may each terminate the appointment of the Operator, by either party giving one year's written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Advisory Agreement is terminated in accordance with its terms.

JLCM is entitled to fees equal to: i) a Base fee of a) 1.1% per annum of the Adjusted Portfolio Value of the Fund up to and including £500 million; b) 1.0% per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million up to and including £1 billion; c) 0.9% per annum of the Adjusted Portfolio Value of the Fund in excess of £1 billion; and ii) an Asset Origination Fee of 0.375% of the purchase price of new investment capital acquired by the Fund that is not sourced from any of John Laing Group plc, its subsidiary undertakings, or funds or holdings managed by John Laing Group plc or any of its subsidiary undertakings.

The total Investment Adviser, Operator fee and asset origination fee charged to the Income Statement for the year was £12,671,000 (2016: £12,479,000) of which £3,213,000 remained payable at year end (2016: £2,877,000).

Individual project companies make provision for the payment of fees to directors appointed by its shareholders which are accounted for in the valuation of the investments. During the year, the Investment Adviser received directors' fees of £1.1 million (2016: £1.0 million) from the Portfolio for the provision of director services provided to assets within the Portfolio.

On 1 June 2017, the Group completed the acquisition of a 50% interest in the Croydon and Lewisham Street Lighting project from John Laing Investments Limited, a member of John Laing Group plc, for a consideration of £8.2 million.

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16. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES (CONTINUED)

On 25 October 2017, the Group completed the acquisition of a 100% interest in the Coleshill Parkway project and a 100% interest in the Aylesbury Vale Parkway project (with 50% of the latter being acquired from John Laing Investments Limited, a member of John Laing Group plc, and 50% from the John Laing Pension Trust Limited).

On 26 October 2017, the Group completed the acquisition of a further 9% interest in the Intercity Express Programme Phase 1 project from John Laing Investments Limited, a member of John Laing Group plc.

On 3 November 2017, the Group completed the acquisition of a 52% interest in the City-Greenwich-Lewisham Docklands Light Railway project with 5% being acquired from John Laing Investments Limited, a member of John Laing Group plc, and 47% from the John Laing Pension Trust Limited.

The total consideration of the acquisitions completed in October and November 2017 was £129.5 million.

The Company has loans under a Profit Participating Agreement under which it received interest income from its direct subsidiary JLIF Luxco 1 S.à.r.l.

As at 31 December 2017 the Profit Participating Agreement loan balance was £1,096.2 million (31 December 2016: £933.9 million) following the interest capitalisation of £44.3 million in the year (2016: £12.4 million) and the additional loan of £118.0 million during the year.

The balance of interest receivable decreases from £44.3 million on 31 December 2016 to negative £15.1 million as at 31 December 2017. This is due to the interest earned for the year ended 31 December 2017 of £57.9 million (2016: £116.0 million), offset by the receipt of £73.0 million (2016: £71.7 million) and the interest capitalised of £44.3 million (2016: £12.4 million).

The Company accounts for the Profit Participating Agreement as part of its investment into JLIF Luxco 1 S.à.r.l. which has been fair valued.

The Directors of the Company, who are considered to be key management, received fees for their services. Further details are provided in the Report of the Directors on page 55. Total fees paid in the year were £325,630 (2016: £356,541). The Directors were paid £16,605 of expenses in the year (2016: £19,405). The interests of the Directors and their close family members in the shares of the Company as at 31 December 2017 and 31 December 2016 are detailed in the Report of Directors on pages 52 to 56.

The Directors and their close family members were paid dividends in the year of £10,636 (2016: £15,175).

All of the above transactions were undertaken on an arm's length basis.

17. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Company consists of equity comprising issued capital, share premium account, reserves and retained earnings as detailed in notes 13 to 15.

The capital structure of the Group, which comprises the Company, its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. and the intermediate holding companies, principally consists of a revolving credit facility (for which the Company is a guarantor), cash and cash equivalents and equity comprising issued capital, share premium account, reserves and retained earnings.

When required, the Company considers equity raising, mainly to finance acquisitions. Such proceeds from share issues are used to repay any bank debt drawn under the Company's indirect subsidiary's revolving credit facility.

The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments. The Group's Investment Policy is set out on pages 24 to 25 of the Annual Report.

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17. FINANCIAL INSTRUMENTS (CONTINUED)

Gearing ratio

The Group's Investment Adviser reviews the capital structure of the Company and the Group on a semi-annual basis. The Company and its subsidiaries intend to make prudent use of leverage (leverage in the context of the Group excluding senior debt in place at the PPP investment entities level) for financing acquisitions of investments and working capital purposes. Under the Company's articles, and in accordance with JLIF's Investment Policy, JLIF's outstanding borrowings, excluding intra-group borrowings and the debts of underlying PPP investments but including any financial guarantees to support subscription obligations, will be limited to 35% of JLIF's Total Assets. The Group may borrow in currencies other than Sterling as part of its currency hedging strategy.

As at the balance sheet date, the Company had no outstanding debt, however, as set out in note 2(c), the Company's indirect subsidiary, JLIF Limited Partnership benefits from a revolving credit facility of £180 million and the accordion facility of £150 million of which the Company is a guarantor. As at 31 December 2017, £186.6 million was drawn under the facilities (31 December 2016: £171.4 million).

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rate risk, interest rate risk and inflation risk), credit risk, liquidity risk, and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group and its investment entities use derivative financial instruments to hedge certain risk exposures.

For the Company and the intermediate holding companies' subsidiaries, financial risks are managed by the Investment Adviser who operates within the Board approved policies. In relation to the Group's investment in project companies, due to the nature of the investments, certain financial risks (typically interest rate and inflation risks) are hedged at the inception of a project. The various types of financial risk are managed as follows:

Financial risk management – Company only

The Company accounts for its investments in its subsidiaries at fair value. To the extent there are changes as a result of the risks set out below, these impact the fair value of the Company's investments.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises its equity only (refer to the Statement of Changes in Equity on page 65). As at 31 December 2017 the Company had no debt (2016: £nil).

Liquidity risk

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs. The Company adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its obligations. Due to the nature of its investments the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets necessary to meet these.

The Company was in a net cash position and had no outstanding debt at the balance sheet date (2016: £nil).

Market risk – foreign currency exchange rate risk

The Company accounts for its investment in JLIF Luxco 1 S.à.r.l. at fair value in Sterling. The Company's investment in JLIF Luxco 1 S.à.r.l. and its subsidiaries have a small proportion of their expenses and net assets denominated in Euros. The Company considers that the currency exposure is minimal and as such does not require currency hedging.

Financial risk management – Company and subsidiaries

The following risks impact the Company's subsidiaries and in turn may impact the fair value of investments held by the Company.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group adopts a prudent approach to liquidity management by ensuring it maintains adequate cash and available banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

Due to the nature of its investments (PPP projects) the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Group. The Group's liquidity management policy involves projecting cash flows in major currencies and assuming the level of liquid assets necessary to meet these.

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17. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk is the risk that a counterparty of the Company, its intermediate holding companies or its PPP project companies will default on the contractual obligations they entered into. Credit risk is subsumed within the overall Company's performance risk.

The Company, its 100% owned direct subsidiary and the intermediate holding companies rely on the performance of their main counterparties where credit risk arises, mainly from the Group's investments in PPP projects.

The performance risk arises from the PPP investments' inability to pay the forecast distributions as the Group relies on its project companies to perform adequately and return the expected yields.

Several factors could hinder this ability such as poor operational performance, exceptional expenditures, major maintenance overspend or an event that would affect the PPP project company's cover ratios. The Group's PPP investments are also dependent on the performance of their main operational contractors. The Group regularly monitors the contractors' concentration and financial strength.

The Directors and Investment Adviser regularly assess the returns forecast from the Portfolio through the update of cash flow forecasts and by monitoring the operational and financial performance of these investments with regular performance meetings.

The Group's project companies receive regular, long-term, index-linked revenue from government departments, public-sector or local authority clients or directly from the public via real tolls, providing a stable and low-risk income stream.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Group mitigates its risk on cash investments and derivative transactions by only transacting with banking counterparties with high credit ratings assigned by international credit rating agencies (a minimum of Standard and Poor's A-1).

The Directors believe that the Group is not significantly exposed to credit risk and that its investments' underlying risks are monitored and sufficiently mitigated for the investments to deliver the expected return to the Group.

The Directors have considered the above factors and the discount rate sensitivities disclosed in note 9 and does not consider it appropriate to present a separate analysis of credit risk.

Market risk – inflation risk

Each of the Group's PPP investments will typically have part of its revenue and costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk. However, in a minority of cases where the investment has index-linked cash flows that fall outside of this natural hedge, the inflation risk is hedged using RPI inflation swaps. For a sensitivity analysis of investments at fair value through profit or loss, refer to note 9.

Market risk – foreign currency exchange rate risk

The Company has one investment in its direct subsidiary, JLIF Luxco 1 S.à.r.l., which has exposure to foreign currency exchange rate risk through holding Euro cash balances and contracting with service providers paid in Euros. The level of these balances and expenditures are marginal and do not pose a significant risk to the value recognised in the Company's Statement of Financial Position.

As at 31 December 2017, the fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. includes nine (2016: nine) overseas investments. The Company and its subsidiaries' foreign currency exchange rate risk policy is not to hedge automatically on an individual project basis but to determine the total Group exposure to individual currencies.

At 31 December 2017, the Company's investment at fair value through profit or loss includes any foreign exchange forward contracts with a fair value of £0.3 million (31 December 2016: £nil).

The Company and its subsidiaries are mainly exposed to fluctuations in the Euro, US Dollar and Canadian Dollar exchange rates. The amount of the Company's investment's fair value foreign currency denominated assets at the reporting date was as follows:

	31 December 2017 £'000s	31 December 2016 £'000s
Canadian Dollar	**87,926**	91,651
Euro	**211,617**	211,357
US Dollar	**86,711**	91,617
	386,254	394,625

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17. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the Company's sensitivity to a 10% increase or decrease in Sterling against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items fair valued within the Company's investment in JLIF Luxco 1 S.à.r.l. and reflects a 10% change in foreign currency exchange rates. A positive number below indicates an increase in profit from operations where the relevant currency strengthens by 10% against Sterling. For a 10% weakening of the relevant currency against Sterling, there would be an approximately equal and opposite impact on profit from operations, and the positive balances below would be negative.

Effect on operating profit and investments at fair value of relevant currency strengthening by 10% against Sterling:	**31 December 2017 Profit before tax £'000s**	**31 December 2017 Investments at fair value £'000s**
Canadian Dollar	**8,793**	**8,793**
Euro	**21,162**	**21,162**
US Dollar	**8,671**	**8,671**
	38,626	**38,626**

Effect on operating profit and investments at fair value of relevant currency strengthening by 10% against Sterling:	31 December 2016 Profit before tax £'000s	31 December 2016 Investments at fair value £'000s
Canadian Dollar	9,164	9,164
Euro	21,135	21,135
US Dollar	9,162	9,162
	39,461	39,461

While JLIF's stated policy since launch in November 2010 has been not to hedge the balance sheet value of its non-Sterling assets, JLIF does make prudent use of foreign exchange hedging instruments to hedge non-Sterling cash flows. Furthermore, JLIF's investment policy requires that at least 50% of the Portfolio be UK-based at any time. JLIF is also able to draw on its revolving credit facility in the local currency and repay borrowings in the same currency from its portfolio of assets denominated in the same currency, thereby creating a natural hedge.

Market risk – interest rate risk

The Group's interest rate risk arises on the credit facility borrowings and floating rate deposits. Borrowings issued at variable rates expose the Group to variability of interest payment cash flows.

Each PPP investment hedges its interest rate risk at the inception of a project. This will either be done by issuing a fixed rate bond or, if the project is bank financed, with fixed rate bank debt or variable rate debt which will be swapped into fixed rate by the use of interest rate swaps.

The fluctuations in interest rates impact the return from floating rate deposits and hence the income from investments at fair value through profit or loss. A 1% increase or decrease represents the Directors' assessment of a reasonable possible change in interest rates.

At 31 December 2017, the Group was in a positive cash position of £40.4 million and had outstanding debt of £186.6 million at the balance sheet date (31 December 2016: cash position of £32.7 million, £171.4 million outstanding debt). The interest rate sensitivity of the Group's assets and liabilities does not have a material impact.

For a sensitivity analysis of investments at fair value through profit or loss, refer to note 9.

The Company held the following financial instruments at fair value at 31 December 2017. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

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for the year ended 31 December 2017

17. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

31 December 2017	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL* £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	**1**	**1**	**3**	**1**	
Non-current assets					
Investments at fair value through profit or loss	**–**	**–**	**1,236,788**	**–**	**1,236,788**
Current assets					
Trade and other receivables	**–**	**135**	**–**	**–**	**135**
Cash and cash equivalents	**1,865**	**–**	**–**	**–**	**1,865**
Total financial assets	**1,865**	**135**	**1,236,788**	**–**	**1,238,788**
Current liabilities					
Trade and other payables	**–**	**–**	**–**	**(3,953)**	**(3,953)**
Total financial liabilities	**–**	**–**	**–**	**(3,953)**	**(3,953)**
Net financial instruments	**1,865**	**135**	**1,236,788**	**(3,953)**	**1,234,835**

31 December 2016	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL* £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss	–	–	1,078,175	–	1,078,175
Current assets					
Trade and other receivables	–	163	–	–	163
Cash and cash equivalents	5,511	–	–	–	5,511
Total financial assets	5,511	163	1,078,175	–	1,083,849
Current liabilities					
Trade and other payables	–	–	–	(3,281)	(3,281)
Total financial liabilities	–	–	–	(3,281)	(3,281)
Net financial instruments	5,511	163	1,078,175	(3,281)	1,080,568

* FVTPL = Fair value through profit or loss

The above table provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

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

There were no Level 1 or 2 assets or liabilities during the year (2016: none). There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the year (2016: none).

In the table above, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

Notes to the Financial Statements

for the year ended 31 December 2017

17. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 9.

The investments at fair value through profit or loss, whose fair values include the use of Level 3 inputs, include the fair value of the Company's 100% owned subsidiary JLIF Luxco 1 S.à.r.l., the intermediate holding companies and the Group's Portfolio.

The fair value of the Company's direct subsidiary and the intermediate holding companies mainly comprises cash and working capital and an outstanding loan balance of £186.6 million. The fair values of these companies are equivalent to their Net Assets.

The Group's Portfolio is valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate. The basis of each discount rate, which is a weighted average cost of capital, is the long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of the project (e.g. steady-state operations, early stage operations or in construction) and counterparty credit risk, amongst other factors. The weighted average discount rate applied was 7.74% (31 December 2016: 7.87%). The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss. An absolute increase of 1% in the discount rate would cause a decrease in fair value of the Portfolio of £114.6 million (31 December 2016: £96.7 million). An absolute decrease of 1% could cause an increase in fair value of the Portfolio of £134.2 million (31 December 2016: £111.7 million).

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to note 9.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

Foreign currency and interest rate profile of financial liabilities

The Company's financial liabilities at 31 December 2017 were £4.0 million (2016: £3.3 million). These principally comprise accruals.

		31 December 2017 Financial liabilities			
	Currency	**Floating rate £'000s**	**Fixed rate £'000s**	**Non-interest bearing £'000s**	**Total £'000s**
Trade and other payables < 1 year	Sterling	**–**	**–**	**3,953**	**3,953**
Total		**–**	**–**	**3,953**	**3,953**

		31 December 2016 Financial liabilities			
	Currency	Floating rate £'000s	Fixed rate £'000s	Non-interest bearing £'000s	Total £'000s
Trade and other payables < 1 year	Sterling	–	–	3,281	3,281
Total		–	–	3,281	3,281

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18. GUARANTEES AND OTHER COMMITMENTS

The Company has provided a guarantee under the JLIF Limited Partnership's £180 million multicurrency revolving credit facility which expires in August 2020, and under the accordion facility of £150 million which expires in June 2019. As at 31 December 2017, £186.6 million was drawn across the facilities. The fair value of the guarantee is considered to be immaterial to the Company accounts as the probability of the guarantee being called upon is considered to be extremely unlikely. In making this assessment, consideration has been given to the proximity of the current and forecast metrics to default.

19. EVENTS AFTER BALANCE SHEET DATE

In January 2018, Carillion plc announced its compulsory liquidation. As was announced by JLIF at the time, it had nine operational PPP projects where Carillion was the facilities management provider, including four education projects, one road project and four justice and emergency services projects. Together these projects represented 8.5% of the Portfolio Value as at 31 December 2017. The Investment Adviser had been aware of the issues facing Carillion plc for some time and therefore had in place contingency plans to ensure minimal service disruption and minimal additional cost to the affected projects. In addition, JLIF has one project where Carillion was the construction contractor where it remained liable for any latent construction defects (and where cost allowances for rectification had not already been made). With the construction phases having completed over ten years ago, a recently completed routine defects survey did not identify any significant areas of concern. The latest status regarding the nine projects at which Carillion plc provided facilities management services can be found in the Investment Adviser Report.

20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS

The Group holds investments in 65 service concession arrangements in the Health, Education, Justice and Emergency Services, Government Buildings, Regeneration and Social Housing, Transport and Street Lighting sectors. The concessions vary on the obligations required, but typically require the construction and operation of an asset during the concession period. The concession may require the acquisition or replacement of an existing asset or the construction of a new asset. The operation of the asset may include the provision of facilities management services such as cleaning, catering, caretaking, and major maintenance. As at 31 December 2017, for all but four (2016: all but four) of the Company's investments, the residual interest will be transferred to the relevant government/public authorities at the end of each concession term. For these four (2016: four) concessions the head lease will be retained by the concession provider at the end of the concession period. The value of these head leases is not considered to be material. As at 31 December 2017 all of the service concessions apart from one (Intercity Express Programme Phase 1) were fully operational (31 December 2016: all apart from one).

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the public-sector client to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the public-sector client to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

In the event of voluntary termination, equity investors benefit from compensation provisions that, in the majority of cases, ensure that market value is received. As at 31 December 2017, JLIF estimates it would receive approximately 87% of its UK portfolio value in the extreme event that all of its UK projects were voluntarily terminated. JLIF's UK portfolio comprises 56 projects spread across seven sectors and approximately 50 different public sector counterparties. Each of JLIF's UK acute hospital projects benefit from contracts where the voluntary termination provisions dictate market value be paid to investors.

Any voluntary termination of a project by the public-sector client would also require the repayment of senior debt (as well as the cost of the 'make whole' or 'Spens' clauses attached to the senior debt). The approximate par value of the senior debt across JLIF's UK portfolio at 31 December 2017 was £4.7 billion.

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20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Sector	Project name	Company name	% owned	Short description of concession arrangement	Period of concession Start date	End date	No. years	Project capex
Health								
	Abbotsford Regional Hospital and Cancer Centre	AHA Access Health Abbotsford Limited	100%	Design, build, finance and operate new hospital in Abbotsford, British Columbia, Canada.	07-Dec-2004	06-May-2038	33	Construction of hospital costing CAN$355 million.
	Forth Valley Royal Hospital	Forth Health Limited	100%	Design, build, finance and operate new hospital in Larbert.	04-May-2007	31-Mar-2042	35	Construction of hospital costing £293 million.
	Kingston Hospital	Prime Care Solutions (Kingston) Limited	60%	Design, build, finance and operate extension to Kingston Hospital.	23-Nov-2004	22-Jul-2036	32	Construction of extension and temporary car park costing £29 million.
	Kelowna & Vernon Hospitals	Infusion Health KVH General Partnership	50%	Design, build, finance and operate three new healthcare premises in Kelowna and Vernon, Canada.	31-Aug-2008	31-Aug-2042	35	Construction of two hospitals costing CAN$342 million.
	Northampton Mental Health	IIC Northampton Limited	100%	Design, build, finance and operate a mental health facility in Northampton.	31-Oct-2007	31-Oct-2037	30	Construction of hospital costing £39 million.
	North Staffordshire Hospital	Healthcare Support (North Staffs) Limited	90%	Design, build, finance and operate new acute hospital at the City General site and a new community hospital in Stoke-on-Trent.	30-Jun-2007	31-Aug-2044	37	Construction of two hospitals costing £306 million.
	North Birmingham Mental Health	Healthcare Support (Erdington) Limited	100%	Design, build, finance and operate a 128 bed mental health facility for the North Birmingham Mental Health Trust.	22-Mar-2002	22-Mar-2037	35	Construction comprised a mix of new build and refurbishment of existing Trust estates costing £16.5 million.
	Newcastle Hospital	Healthcare Support (Newcastle) Limited	15%	Design, build, finance and operate hospitals in Newcastle.	04-May-2005	03-May-2043	38	Refurbishment and construction at the Freeman Hospital and Royal Victoria Infirmary and construction of a multi-storey car park for the Freeman Hospital, costing £295 million.
	Peterborough Hospital	Peterborough (Progress Health) plc	30%	Design, build, finance and operate three healthcare premises in Peterborough.	31-Jan-2007	31-Oct-2042	36	Construction of three hospitals costing £347 million.
	Realise Health LIFT (Colchester)	IIC (C&T) Limited)	60%	Design, build, finance and operate a primary care centre in Colchester and a medical centre in Harwich.	31-Jul-2004	30-Apr-2031	27	Construction of two medical buildings costing £39 million.
	Tunbridge Wells Hospital	Kent and East Sussex Weald Hospital Limited	37.5%	Finance, constriction, operation and maintenance of District General hospital in Tunbridge Wells.	01-Mar-2008	25-Sep-2042	35	Construction of hospital costing £232 million.
	Queen Elizabeth Hospital, Greenwich	Meridian Hospital	27.5%	Design, build, finance and operate new hospital in Greenwich, London.	08-Jul-1998	31-Oct-2031	33	Construction of hospital costing £96 million.
	Vancouver General Hospital	AHV Access Health Vancouver Limited	100%	Design, build, finance and operate new outpatient facility in Vancouver, British Columbia, Canada.	2-Sep-2004	18-Aug-2036	32	Construction of outpatient facility Costing CAN$95 million.

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20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Sector	Project name	Company name	% owned	Short description of concession arrangement	Period of concession: Start date	Period of concession: End date	Period of concession: No. years	Project capex
Education								
	Bexley Schools	Investors in the Community (Bexley Schools) Limited	100%	Design, build, finance and operate two new secondary schools in Bexley, Kent.	20-Apr-2004	31-Oct-2030	27	New schools construction costing £33 million.
	Bristol BSF	Bristol PFI Limited	37.5%	Design, build, finance and operate four new secondary schools in Bristol.	31-Jul-2006	31-Aug-2034	28	New schools construction costing £132 million.
	Edinburgh Schools	The Edinburgh School Partnership Limited	20%	Design, build, finance and operate 17 schools in total, ten new primaries, two new secondary schools, three refurbished secondary schools and two special schools.	15-Nov-2001	30-Sep-2033	32	Refurbishment of three secondary schools and one special school – £25 million. New build of ten primary schools, two secondary and one special school – £82 million.
	Enfield Schools	Education Support (Enfield 2) Limited	100%	Design, build, finance and operate three schools in Enfield, two primary and one secondary.	24-Sep-2003	31-Aug-2029	26	Construction costing £27 million.
	Glasgow Schools	3ED Glasgow Limited	20%	Design, build, finance and operate 29 secondary schools and one primary school in Glasgow.	26-Jul-2000	30-Jun-2030	30	Major refurbishment and extension of 18 schools – £135 million. Construction of 11 new secondary schools and one new primary school – £90 million.
	Highlands School, Enfield	Education Support (Enfield) Limited	100%	Design, build, finance and operate one secondary school in Enfield.	25-Feb-1999	31-Aug-2025	27	Construction costing £17 million.
	Leeds Combined Secondary Schools	IIC (Leeds Schools) Limited	100%	Design, build, finance and operate six new secondary schools in Leeds.	30-Apr-2005	31-Jul-2033	28	Construction of six new secondary schools costing £115 million.
	North Swindon Schools	Education Support (Swindon) Limited	100%	Design, build, finance and operate seven new schools in Swindon.	01-Apr-2005	30-Jun-2032	27	Construction costing £70 million.
	Newham Schools	Education Support (Newham) Limited	100%	Design, build, finance and operate one secondary school in Newham.	24-Sep-2003	31-Aug-2029	26	Construction costing £22 million.
	Peterborough Schools	IIC By Education (Peterborough Schools)	100%	Design, build, finance and operate three new secondary schools in Peterborough.	31-Jul-2006	30-Sep-2037	31	Construction of three new secondary schools costing £55 million.
	South Lanarkshire Schools	InspirED Education (South Lanarkshire) plc	15%	Design, build, finance and operate 15 new secondary schools and two refurbishments in the South Lanarkshire area.	28-Jun-2006	30-Sep-2039	34	Construction and refurbishment costing £320 million.

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20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

					Period of concession			
Sector	Project name	Company name	% owned	Short description of concession arrangement	Start date	End date	No. years	Project capex
Justice and Emergency Services								
	Avon & Somerset Courts	Service Support (Avon & Somerset) Limited	40%	Design, build, finance and operate two new courts in Worle and Bristol, offices, a podium and a bus station.	23-Aug-2004	26-Oct-2034	30	Construction costing £43 million.
	Cleveland Police Stations	Cleveland FM Services Limited	50%	Design, build, finance and operate five police stations.	31-Mar-2005	31-Jan-2032	27	Construction costing £26 million.
	Greater Manchester Police Stations	Services Support (Manchester) Limited	27.1%	Design, build, finance and operate 16 new police stations in Manchester.	04-Dec-2002	31-Mar-2030	27	Construction costing £82 million.
	Metropolitan Specialist Police Training Centre	Services Support (Gravesend) Limited	27.1%	Design, build, finance and operate firearms training facility in Gravesend.	20-Apr-2001	10-Feb-2028	27	New training facility and refurbishment of accommodation costing £40 million.
	North East Fire & Rescue	Collaborative Services Support NE Limited	100%	Design, construction, finance and operation of five community fire stations in North East England.	26-Jun-2009	16-May-2035	26	Construction costing £27 million.
	South East London Police Stations	Services Support (SEL) Limited	50%	Design, build, finance and operate four police stations.	20-Oct-2001	30-Jan-2029	27	Construction costing £80 million.
	British Transport Police	Services Support (BTP) Limited	100%	Design, build, finance and operate two police stations, and operate and maintain five existing stations.	29-Mar-1999	28-Feb-2022	23	Construction costing £4 million.
Government Buildings								
	Groningen Tax Office	Duo2 BV	40%	Design, build, finance and operate the Information Management and Tax Authority Office.	26-Jun-2008	28-Feb-2031	23	Total Expenditure of €135 million.
	Kromhout Barracks	Komfort BV	40%	Design, build, finance and operate Dutch Ministry of Defence HQ in Utrecht.	01-Jul-2008	30-Sep-2035	27	Total expenditure of €205 million.
	MoD Main Building	Modus Services Limited	26%	Design, build, finance and operate Ministry of Defence offices in Whitehall.	04-May-2000	03-May-2030	30	Refurbishment of existing buildings costing £416 million.

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for the year ended 31 December 2017

20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Sector	Project name	Company name	% owned	Short description of concession arrangement	Period of concession: Start date	Period of concession: End date	Period of concession: No. years	Project capex
Regeneration and Social Housing								
	Brockley Social Housing PPP	Regenter B3 Limited	100%	Refurbish, finance and operate council housing in Brockley.	04-Jun-2007	30-Apr-2027	20	Refurbishment of existing buildings costing £74 million.
	Bentilee Hub Community Centre	Regenter Bentilee District Centre Limited	100%	Design, build, finance and operate joint services community facility.	01-Feb-2005	31-Jan-2032	27	Construction costing £8 million.
	Canning Town Social Housing	Regenter LCEP Limited	100%	Refurbish, finance and operate council housing in Newham.	03-Jun-2005	31-May-2035	30	Refurbishment of existing buildings costing £20 million.
	Camden Social Housing	Partners for Improvement in Camden Limited	50%	Refurbish, finance and maintain council housing in five tower blocks in Camden.	02-May-2006	02-May-2021	15	Construction Costing £69 million.
	Islington Social Housing I	Partners for Improvement in Islington Limited	45%	Refurbish, finance and maintain in excess of 2300 council housing properties in Islington.	12-May-2003	31-Mar-2033	30	Construction costing £39 million.
	Islington Social Housing II	Partners for Improvement in Islington 2 Limited	45%	Refurbish, finance and maintain in excess of 4000 council housing properties in Islington.	15-Sep-2006	07-Jul-2022	16	Construction costing £151 million.
	Kirklees Social Housing	JLW Excellent Homes for Life Limited	100%	Design, build, finance and operate 466 social housing units.	20-Dec-2011	30-Jun-2034	23	Construction costing £70 million.
	Miles Platting Social Housing	Renaissance Miles Platting Limited	50%	Refurbish, maintain and manage in excess of 1500 social housing properties in Manchester.	31-May-2007	31-Mar-2037	30	Refurbishment of existing buildings costing £89 million in Manchester.
	Oldham Social Housing	Inspiral Oldham Limited	95%	Design, regenerate, finance and operate 633 social housing units.	30-Nov-2011	30-Nov-2036	25	Construction costing £70 million.
Transport								
	A55 Holyhead to Liandegai DBFO	UK Highways A55 Limited	100%	Design, construction, operation and maintenance of a 31km section of the A55, O&M of 9km of local roads and maintenance of two historic bridges on the Isle of Anglesey crossing the Menai Strait.	16-Dec-2008	23-Dec-2028	30	Construction costing £101 million.
	Aylesbury Vale Parkway	Aylesbury Vale Parkway Limited	100%	Design, build and operate Aylesbury Vale Parkway station under the Public Service Concession Contract.	1-Apr- 2008	13-Dec-2028	20	Construction costing £11 million.
	Barcelona Metro Stations L9T2	L. Linia Nou Tram Dos S.A	53.5%	Design, build, finance, operate and maintain 15 metro stations along Section II of the Line 9 metro system in Barcelona, Spain.	26-Nov-2010	15-Oct-2042	32	Upgrade and maintain 15 metro stations costing €734 million.

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20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Sector	Project name	Company name	% owned	Short description of concession arrangement	Period of concession: Start date	End date	No. years	Project capex
Transport (continued)								
	Barcelona Metro Stations L9T4	Linia Nou Manteniment S	13.5%	Design, construction, operation and maintenance of 13 metro stations along Line 9, Section IV of the Barcelona Metro system.	15-Dec-2008	30-Sept-2040	32	Upgrade and maintain 13 metro stations costing €605 million.
	Coleshill Parkway	Coleshill Parkway Limited	100%	Design, build and operate Coleshill Parkway station under the Public Service Concession Contract.	17-Aug 2007	18-Aug-2027	20	Construction costing £9 million.
	Connecticut Service Stations	Project Service LLC	100%	Renovation (completed in August 2015, operation and maintenance of 23 highway service areas.	7-Dec-2009	16-Dec-2044	35	Upgrade and maintain 23 highway service areas costing $150 million.
	City – Greenwich – Lewisham DLR	City Greenwich Lewisham Rail Link Plc	52%	Design, build, finance and maintain an extension to the Docklands Light Railway (DLR) from the Isle of Dogs to Lewisham.	31-Oct 1996	31-Nov-2021	25	Construction costing £73 million.
	E18 Road	Tiehytio Ykkostie Oy	50%	Design, build, finance and operate the E18 Muurla-Lohja Motorway Project in Finland.	27-Oct-2005	15-Nov-2029	24	Upgrade and maintain existing road at a cost of €327 million.
	Intercity Express Programme Phase 1	Agility Trains West Limited	15%	Design, manufacture and maintenance of high speed trains and associated despot for the Great West Mainline route between Paddington and Swansea.	24-Jul-2012	30-Nov-2044	28	Construction costing £265 million.
	LUL Connect (Citylink)	Citylink Telecommunica tions Limited	33.5%	Upgrade of London Underground's existing radio and telecommunications systems and implementing and operating a new system.	21-Nov-1999	21-Nov-2019	20	Maintain the existing radio and communications systems and replace at a cost of £198 million.
	M40 Motorway (UK)	UK Highways M40 Limited	50%	Design, build, finance and operate the M40 Motorway.	08-Oct-1996	07-Dec-2026	30	Upgrade and maintain existing motorway at a cost of £90 million.
	M6/M74 Motorway (Scotland)	Autolink Concessionaires (M6) plc	11%	Design, build, finance and operate project to maintain 90 km of the M6 and M74 (from Gretna, on the Scottish border to Millbank, 30 miles south of Glasgow). Project includes the upgrade of the A74 to a 29 km stretch of dual three lane motorway.	24-Apr-1997	29-Jul-2027	30	Upgrade and maintain existing motorway costing £95 million.
	Sirhowy Way	Sirhowy Enterprise Way Limited	100%	Design, build, finance and operate improvements to the A4048/A472 Strategic Highway Network between the north of Blackwood and the east of Ponllanfraith, South Wales.	21-Jan-2004	20-Jan-2034	30	Upgrade and maintain part of existing road and build new carriageway at a cost of £44 million.

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20. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

					Period of concession			
Sector	Project name	Company name	% owned	Short description of concession arrangement	Start date	End date	No. years	Project capex
Street Lighting								
	Barnet Street Lighting	Barnet Lighting Services Limited	100%	Installation and maintenance of street lighting.	30-Aug-2011	31-July-2031	25	Replacement column programme costing £26 million.
	Croydon and Lewisham Street Lighting	Croydon and Lewisham Street Lighting Services Limited	50%	Installation and maintenance of street lighting.	1-Apr-2006	30-Apr-2036	25	Replacement column programme costing £74 million.
	Enfield Street Lighting	Enfield Lighting Services	100%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £27 million.
	Lambeth Street Lighting	Lambeth Lighting Services Limited	100%	Installation and maintenance of street lighting.	30-Nov-2005	31-Dec-2029	24	Replacement column programme costing £16 million.
	Manchester Street Lighting	Amey Highways Lighting (Manchester) Limited	50%	Installation and maintenance of street lighting.	31-Mar-2004	30-Jun-2029	25	Replacement column programme costing £33 million.
	Redcar & Cleveland Street Lighting	Redcar & Cleveland Lighting Services	100%	Installation and maintenance of street lighting.	31-Aug-2007	31-Dec-2029	22	Replacement column programme costing £22 million.
	Surrey Street Lighting	Surrey Lighting Services Limited	50%	Installation and maintenance of street lighting.	27-Nov-2009	28-Feb-2035	25	Replacement column programme costing £79 million.
	Wakefield Street Lighting	Amey Highways Lighting (Wakefield) Limited Lighting	50%	Installation and maintenance of street lighting.	23-Dec-2003	02-Feb-2029	25	Replacement column programme costing £26 million.
	Walsall Street Lighting	Walsall Public Lighting Limited	100%	Installation and maintenance of street lighting.	28-Mar-2002	31-Mar-2028	26	Replacement column programme costing £16 million.

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21. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name	Category	Place of Incorporation	Registered Office	Proportion of ownership interest	Proportion of voting power held
JLIF Luxco 1 S.à.r.l.	Intermediate holding	Luxembourg	A	100%	100%
JLIF Luxco 2 S.à.r.l.	Intermediate holding	Luxembourg	A	100%	100%
JLIF Pyrenees S.à.r.l.	Intermediate holding	Luxembourg	B	100%	100%
JLIF Pyrenees (GP) S.à.r.l.	Intermediate holding	Luxembourg	B	100%	100%
JLIF Limited Partnership[22]	Intermediate holding	United Kingdom	C	100%	100%
JLIF (GP) Limited[23]	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 1) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 2) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 3) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 5) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 6) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 7) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 8) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 9) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 10) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 11) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 12) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 13) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 14) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 15) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 16) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 17) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 18) Limited	Intermediate holding	United Kingdom	C	100%	100%
Palio (No 19) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (AVP&C) Limited	Intermediate holding	United Kingdom	C	100%	100%
Aylesbury Vale Parkway Limited	Operating Subsidiary	United Kingdom	C	100%	100%
John Laing Rail Infrastructure	Operating Subsidiary	United Kingdom	E	100%	100%
JLIF Holdings (CGL) Limited	Intermediate holding	United Kingdom	C	100%	100%
City Greenwich Lewisham Rail Link Plc	Operating Subsidiary	United Kingdom	E	52%	52%
JLIF Holdings (Lambeth Social Housing) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Croydon and Lewisham Street Lighting) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Pembury Hospital) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Investments Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Justice and Emergency Services) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Regeneration and Social Housing) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Street Lighting) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Peterborough Hospital) Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Project Service) UK Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (Project Service) US Inc	Operating Subsidiary	USA	F	100%	100%
Project Service LLC	Operating Subsidiary	USA	G	100%	100%
JLIF Holdings (Barcelona Metro) Limited	Intermediate holding	United Kingdom	C	100%	100%
Servicios, Transportes y Equipamientos Públicos Dos, S.L	Operating Subsidiary	Spain	H	80%	80%
Linea Nou Tram Dos S.A,.	Operating Subsidiary	Spain	H	53.5%	53.5%
Linea Nou Tram Quatre S.A,.	Operating Subsidiary	Spain	H	13.5%	13.5%
Linea Nou Mainteniment S.L,	Operating Subsidiary	Spain	H	53.5%	53.5%
JLIF (Holdings) A55 Limited	Intermediate holding	United Kingdom	C	100%	100%
UK Highways A55 (Holdings) Limited	Operating Subsidiary	United Kingdom	C	100%	100%
UK Highways A55 Limited	Operating Subsidiary	United Kingdom	C	100%	100%
Louise Co Limited	Intermediate holding	United Kingdom	C	100%	100%
JLIF Holdings (ATW) Limited	Intermediate holding	United Kingdom	C	100%	100%
AHA Access Health Abbotsford Limited	Operating Subsidiary	Canada	I	100%	100%
AHA Holdings Abbotsford Limited	Operating Subsidiary	Canada	I	100%	100%

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21. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Category	Place of Incorporation	Registered Office	Proportion of ownership interest	Proportion of voting power held
AHV Access Health Vancouver Limited	Operating Subsidiary	Canada	I	100%	100%
AHV Holdings Vancouver Limited	Operating Subsidiary	Canada	I	100%	100%
Barnet Lighting Services Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Collaborative Services Support (NE) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Collaborative Services Support NE Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Enfield 2) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Enfield 2) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Enfield) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Enfield) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Newham) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Newham) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Swindon) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Education Support (Swindon) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Enfield Lighting Services Limited**	Operating Subsidiary	United Kingdom	D	100%	100%
Forth Health Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Forth Health Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Healthcare Support (Erdington) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Healthcare Support (Erdington) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Healthcare Support (Newcastle) Holdings Limited	Operating Subsidiary	United Kingdom	D	15%	15%
Healthcare Support (Newcastle) Limited	Operating Subsidiary	United Kingdom	D	15%	15%
Healthcare Support (Newcastle) Finance plc	Operating Subsidiary	United Kingdom	D	15%	15%
Equion Health (Newcastle) Limited	Operating Subsidiary	United Kingdom	D	18.8%	18.8%
Healthcare Support (North Staffs) Holdings Limited	Operating Subsidiary	United Kingdom	D	90%	75%
Healthcare Support (North Staffs) Finance Plc	Operating Subsidiary	United Kingdom	D	90%	75%
Healthcare Support (North Staffs) Limited	Operating Subsidiary	United Kingdom	D	90%	75%
Support Services (BTP) Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Support Services (BTP) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
IIC (C&T) Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC (Leeds Schools) Fund Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC (Leeds Schools) Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Barnet Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Barnet Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Barnet Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Bristol Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Bristol Infrastructure Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Bristol Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Bristol PFI Development Ltd**	Operating Subsidiary	United Kingdom	K	37.5%	37.5%
Bristol PFI Ltd**	Operating Subsidiary	United Kingdom	K	37.5%	37.5%
IIC By Education (Peterborough Schools) Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Enfield Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Enfield Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Enfield Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Lambeth Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Lambeth Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Lambeth Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Miles Platting Equity Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Miles Platting Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Miles Platting Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Renaissance Miles Platting Holding Company Limited**	Operating Subsidiary	United Kingdom	K	50%	50%
Renaissance Miles Platting Limited**	Operating Subsidiary	United Kingdom	K	50%	50%
IIC Northampton (Pendereds) Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Northampton Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Northampton Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Northampton Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Northampton Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Peterborough Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Peterborough Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%

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21. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Category	Place of Incorporation	Registered Office	Proportion of ownership interest	Proportion of voting power held
IIC Peterborough Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Redcar & Cleveland Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Redcar and Cleveland Funding Investment Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
IIC Redcar and Cleveland Subdebt Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Investors in the Community (Bexley Schools) Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Investors in the Community (Leeds Schools) Holding Company Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Investors in the Community (Leeds Schools) Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
John Laing Investments KVH Holdings Limited	Operating Subsidiary	Canada	L	100%	100%
John Laing Investments KVH Limited	Operating Subsidiary	Canada	L	100%	100%
Infusion Health KVH General Partnership	Operating Subsidiary	Canada	L	50%	50%
JLW Excellent Homes for Life Holdings Company Limited	Operating Subsidiary	United Kingdom	D	100%	100%
JLW Excellent Homes for Life Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Lambeth Lighting Services Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Redcar and Cleveland Lighting Services Limited**	Operating Subsidiary	United Kingdom	K	100%	100%
Regenter B3 Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Regenter B3 (Holdco) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Regenter LCEP (Holdco) Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Regenter LCEP Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Regenter Bentilee District Centre Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Regenter Bentilee District Centre Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Realise Health Limited	Operating Subsidiary	United Kingdom	D	60%	60%
Investors in Health (C&T) Holdings Limited	Operating Subsidiary	United Kingdom	K	60%	60%
Investors in Health (C&T 1) Limited	Operating Subsidiary	United Kingdom	K	60%	60%
Investors in Health (C&T 2) Limited	Operating Subsidiary	United Kingdom	K	60%	60%
Services Support (Gravesend) Holdings Limited	Operating Subsidiary	United Kingdom	D	27.1%	27.1%
Services Support (Gravesend) Limited	Operating Subsidiary	United Kingdom	D	27.1%	27.1%
Services Support (Manchester) Holdings Limited	Operating Subsidiary	United Kingdom	D	27.1%	27.1%
Services Support (Manchester) Limited	Operating Subsidiary	United Kingdom	D	27.1%	27.1%
Modus Services Holdings Limited	Operating Subsidiary	United Kingdom	O	26%	26%
Modus Services Limited	Operating Subsidiary	United Kingdom	O	26%	26%
Prime Care Solutions (Kingston) Holdings Limited	Operating Subsidiary	United Kingdom	D	60%	60%
Prime Care Solutions (Kingston) Limited	Operating Subsidiary	United Kingdom	D	60%	60%
UK Highways M40 (Holdings) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
UK Highways M40 Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Partners For Improvement In Islington Limited	Operating Subsidiary	United Kingdom	P	45%	45%
PFI Islington (Holdings) Limited	Operating Subsidiary	United Kingdom	P	45%	45%
Partners For Improvement In Islington 2 Limited	Operating Subsidiary	United Kingdom	P	45%	45%
PFI Islington 2 (Holdings) Limited	Operating Subsidiary	United Kingdom	P	45%	45%
PFI Camden Holdings Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Partners for Improvement In Camden Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Cleveland FM Services (Holdings) Limited	Operating Subsidiary	United Kingdom	K	50%	50%
Cleveland FM Services Limited	Operating Subsidiary	United Kingdom	K	50%	50%
CityLink Telecommunications Holdings Limited	Operating Subsidiary	United Kingdom	Q	33.5%	33.5%
CityLink Telecommunications Limited	Operating Subsidiary	United Kingdom	Q	33.5%	33.5%
Autolink Concessionaires (M6) Plc	Operating Subsidiary	United Kingdom	R	11%	11%
Autolink Holdings (M6) Limited	Operating Subsidiary	United Kingdom	R	11%	11%
The Edinburgh Schools Partnership Limited	Operating Subsidiary	United Kingdom	S	20%	20%
ESP (Holdings) Limited	Operating Subsidiary	United Kingdom	S	20%	20%
John Laing Health Pembury Limited	Operating Subsidiary	United Kingdom	C	50%	50%
Kent And East Sussex Weald Hospital Holdings Limited	Operating Subsidiary	United Kingdom	T	37.5%	37.5%
Kent And East Sussex Weald Hospital Limited	Operating Subsidiary	United Kingdom	T	37.5%	37.5%
Regenter Myatts Field North Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Regenter Myatts Field North Holdings Limited	Operating Subsidiary	United Kingdom	D	50%	50%
SLS Holding Company Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Surrey Lighting Services Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Peterborough (Progress Health) Holdings Limited	Operating Subsidiary	United Kingdom	D	30%	30%

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21. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Category	Place of Incorporation	Registered Office	Proportion of ownership interest	Proportion of voting power held
Peterborough (Progress Health) Nominee Limited	Operating Subsidiary	United Kingdom	D	30%	30%
Peterborough (Progress Health) Plc	Operating Subsidiary	United Kingdom	D	30%	30%
Amey Highways Lighting (Manchester) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
AHL Holdings (Manchester) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Amey Highways Lighting (Wakefield) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
AHL Holdings (Wakefield) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Services Support (Avon & Somerset) Holdings Limited	Operating Subsidiary	United Kingdom	K	40%	40%
Services Support (Avon & Somerset) Limited	Operating Subsidiary	United Kingdom	K	40%	40%
Inspired Education (South Lanarkshire) Holdings Limited	Operating Subsidiary	United Kingdom	K	15%	15%
Inspired Education (South Lanarkshire) Plc	Operating Subsidiary	United Kingdom	K	15%	15%
Meridian Hospital Company (Holdings) Limited	Operating Subsidiary	United Kingdom	D	27.5%	27.5%
Meridian Hospital Company Plc	Operating Subsidiary	United Kingdom	D	27.5%	27.5%
3ED Holdings Limited	Operating Subsidiary	United Kingdom	U	20%	20%
3ED Holdings 2 Limited	Operating Subsidiary	United Kingdom	U	20%	20%
3ED Glasgow Limited	Operating Subsidiary	United Kingdom	U	20%	20%
3ED Sisterco Limited	Operating Subsidiary	United Kingdom	U	20%	20%
Croydon & Lewisham Lighting Services (Holdings) Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Croydon & Lewisham Lighting Services Limited	Operating Subsidiary	United Kingdom	D	50%	50%
Agility Trains West (Midco) Limited	Operating Subsidiary	United Kingdom	V	15%	15%
Agility Trains West Limited	Operating Subsidiary	United Kingdom	V	15%	15%
Agility Trains West (Holdings) Limited	Operating Subsidiary	United Kingdom	V	15%	15%
Rail Investments (Great Western) Limited	Operating Subsidiary	United Kingdom	C	50%	50%
Duo2 Holdings B.V.	Operating Subsidiary	Netherlands	W	40%	40%
Duo2 B.V.	Operating Subsidiary	Netherlands	W	40%	40%
Komfort Holding B.V.	Operating Subsidiary	Netherlands	W	40%	40%
Komfort B.V.	Operating Subsidiary	Netherlands	W	40%	40%
Tieyhtiö Ykköstie Oy	Operating Subsidiary	Finland	X	50%	50%
Inspiral Oldham Holdings Company Limited	Operating Subsidiary	United Kingdom	D	95%	95%
Inspiral Oldham Limited	Operating Subsidiary	United Kingdom	D	95%	95%
Sirhowy Enterprise Way Holdings Limited*	Operating Subsidiary	United Kingdom	D	100%	100%
Sirhowy Enterprise Way Limited*	Operating Subsidiary	United Kingdom	D	100%	100%
Walsall Public Lighting Holdings Limited	Operating Subsidiary	United Kingdom	D	100%	100%
Walsall Public Lighting Limited	Operating Subsidiary	United Kingdom	D	100%	100%

All the above subsidiaries are not consolidated.

Except where indicated, all companies have 31 December year ends.

* Reporting date 31 March

** Reporting date 30 June

The “Operating subsidiaries” and all the “Intermediate Holding” companies are recognised as investments at fair value through profit or loss.

JLIF retains ownership of the shares and subordinated debt issued by Three Valleys Healthcare Holdings Limited. However, as this company is in administration and JLIF is therefore unable to exercise any control over it, it and its subsidiary, Three Valleys Healthcare Limited, have not been included in the list of principal subsidiaries above.

[22] JLIF Limited Partnership (registered office: 1 Kingsway, London, WC2B 6AN) is a limited partnership formed under the Limited Partnership Act 1907. The results of JLIF Limited Partnership are included in the investments at fair value of the Company.

[23] JLIF (GP) Limited (registered office: 1 Kingsway, London, WC2B 6AN) is the General Partner of the partnership of which JLIF Limited Partnership is the limited partner. The results of JLIF (GP) Limited are also included in the investments at fair value of the Company.

Notes to the Financial Statements

for the year ended 31 December 2017

21. PRINCIPAL SUBSIDIARIES (CONTINUED)

Registered Office

A: 13-15, avenue de la Liberté L – 1931 Luxembourg
B: 5, rue Guillaume Kroll, L – 1882 Luxembourg
C: 1 Kingsway, London, WC2B 6AN
D: 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG
E: 73 Norman Road, Greenwich, London, SE10 9QF
F: 1209 Orange St, Wilmington, New Castle, Delaware 19801
G: 300 Sub Way 1st Floor Milford, CT 06461 United States
H: Calle Comte d'Urgell, 240, 3-C, 08036, Barcelona, Spain
I: 595 Burrard Street, Three Bentall Centre, Suite 2373, Vancouver, Canada
J: Victoria House Victoria Road, Chelmsford, Essex, CM1 1JR
K: Third Floor Broad Quay House, Prince Street, Bristol, United Kingdom, BS1 4DJ
L: 2800 Park Place, 666 Burrard Street, Vancouver, BC, V6C 2Z7, Canada
M: 46 Charles Street, Second Floor, Cardiff, Wales, CF10 2GE
N: 4-6 Colebrooke Place, London, N1 8HZ
O: 9-11 Grosvenor Gardens, London, SW1W 0BD
P: Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR
Q: 2nd Floor, 11 Thistle Street, Edinburgh, EH2 1DF
R: Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU
S: 1 Atlantic Quay, 1 Robertson Street, Glasgow, Scotland, G2 8JB
T: 4th Floor 4 Copthall Avenue, London, EC2R 7DA
U: Westkanaaldijk 2, 3542 DA Utrecht, Netherlands
V: Nauvontie 18, 00280 Helsinki, Finland

Glossary

		APM	2017	2016
Adjusted DRU	means the natural unwind of the discount rate, adjusted for the timing of investments and cash distributed from the Portfolio in the period. This is used as a measure of expected growth.	✓	**7.26%**	7.04%
Adjusted Portfolio Value	(a) the Fair Value of the Investment Portfolio (see Portfolio Value); plus (b) any cash owned by or held to the order of the Company (the Group); plus (c) the aggregate amount of payments made to shareholders by way of dividend in the period ending on the relevant valuation day, less (i) any borrowings and any other liabilities of the Company; and (ii) any uninvested cash. This is used to calculate the fees paid to the Investment Adviser.	✓	**£1,267.0m**	£1,108.7m
Alternative Performance Measure ("APM")	A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified under IFRS reporting framework. These are primarily used by the company to measure its performance.			
Amended Existing FOA	means the first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 21 January 2014 amending the First Offer Agreement dated 28 October 2010.			
Company	means John Laing Infrastructure Fund Limited.			
Dividend Yield	The annual dividends paid to shareholders as a percentage of share price. For the purposes of this annual report, the dividend yield has been calculated on the closing share price as at the financial year-end.	✓	**5.6%**	5.3%
First Offer Agreements	means the first offer agreements between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 29 October 2010, and 21 January 2014.			
Fund IRR	The Internal Rate of Return an investor would have achieved in having acquired a share in the Company at IPO, then having sold their share at the closing share price at the financial year-end, having received dividends on their share in the intervening period. Dividends are not assumed to be re-invested, and assumed be paid at quarter end.	✓	**8.6%**	9.8%
Group	The group of companies comprised of the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), the English Limited Partnership (JLIF Limited Partnership), the General Partner (JLIF (GP) Limited) and the 38 wholly owned subsidiaries of the English Limited Partnership that together held the investments in the 65 assets at 31 December 2017.			
HMRC	Her Majesty's Revenue and Customs.			
Initial Public Offering (IPO)	means JLIF's first sale of stock to the public on 29 November 2010.			
Investment Adviser	John Laing Capital Management Limited, acting in its capacity as Investment Adviser to John Laing Infrastructure Fund Limited pursuant to the Investment Advisory Agreement.			
Investment Advisory Agreement	The investment advisory agreement between the Investment Adviser and John Laing Infrastructure Fund Limited dated 27 October 2010, as amended on 10 September 2014.			
Investment/ Investment Capital	Partnership equity, loans, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the fund invests or in which it may invest.			
John Laing or John Laing Group plc	John Laing Group plc and all of its wholly owned subsidiaries, including John Laing Capital Management Limited.			
John Laing Capital Management Limited	Investment Adviser to the John Laing Infrastructure Fund Limited and Operator of JLIF (GP) Limited.			

Glossary (continued)

		APM	2017	2016
Net Asset Value (NAV)	Total Assets (including Portfolio Value) minus liabilities of the Group.	✓	**124.6p**	120.2p
Net Asset Value (NAV) per share	Net Asset Value (NAV) divided by the total number of Ordinary Shares in issue as at 31 December 2017.			
New FOA	means the new first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 21 January 2014.			
OECD countries	means the member countries of The Organisation for Economic Co-operation and Development.			
Ongoing Charges	A measure of the efficiency of managing a fund. Expressed in terms of percentage impact on shareholder returns.	✓	**1.17%**	1.25%
Partnership	means JLIF Limited Partnership, a limited partnership registered in England (registered number LP014109), which will hold and manage JLIF's investments.			
PPP	Public private partnerships ("PPPs") are arrangements typified by joint working between the public and private sector. In the broadest sense, PPPs can cover all types of collaboration across the interface between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP in the UK is the Private Finance Initiative ("PFI").			
Portfolio	The 65 assets in which JLIF had a shareholding as at 31 December 2017.			
Portfolio Value	The sum of all of the individual assets' net present values ("NPV"). Each asset's NPV is calculated by discounting the future cash flows entitled to be received by JLIF, as shareholder, to the 31 December 2017.			
Project Entity	means a special purpose entity (including any company, partnership or trust) formed to undertake an infrastructure project or projects or provide infrastructure services.			
Prospectus	The Prospectus dated September 2013. The Prospectus can be found at www.jlif.com.			
Rebased Portfolio Value	The prior year-end Portfolio Value, adjusted for investments in the period, disposals cash distributed from the Portfolio, discount rate movements and exchange rate movements.	✓	**£1,264.2m**	£1,125.6m
Shareholder IRR	See Fund IRR above.			
Special Purpose Vehicle (SPV)	A company that is used to facilitate a PPP contract between the public and private sector. A company is incorporated and shareholders invest equity capital and a subordinated debt into the company. The company enters into financing arrangements with senior lenders or bond providers to finance the development of the asset. The company contracts with the public-sector to design, build, finance and operate an asset. It enters into subcontracts with contractors and operating companies to carry out the required works and services.			
Total Assets of the Group	means the Fair Value of the investment in JLIF Luxco 1 S.à.r.l. (which includes the Portfolio Value and the fair value of the intermediate holding companies) + the Company's cash + the Company's debtors + other receivables of the Company.			
Total Shareholder Return	A measure of share price appreciation and dividends paid to show the total return to the shareholder, expressed either in aggregate or annualised percentage terms.	✓	**76.4% (since launch)**	76.5% (since launch)
Underlying Portfolio Growth or Underlying Growth	Growth on the Rebased Portfolio Value arising from: 1) the unwind of the discount rate (i.e. the fact that in calculating the Net Present Value of forecast Portfolio cash flows, they are discounted back to a valuation date one year into the future compared to the prior year-end valuation) and 2) adjustments to forecast Portfolio cash flows during the year (for example, as a result of cost savings or higher revenues).	✓	**9.11%**	8.18%
UK Investment Trust	means an investment trust meeting the conditions in s1158 Corporation Tax Act 2010 and approved by HMRC.			

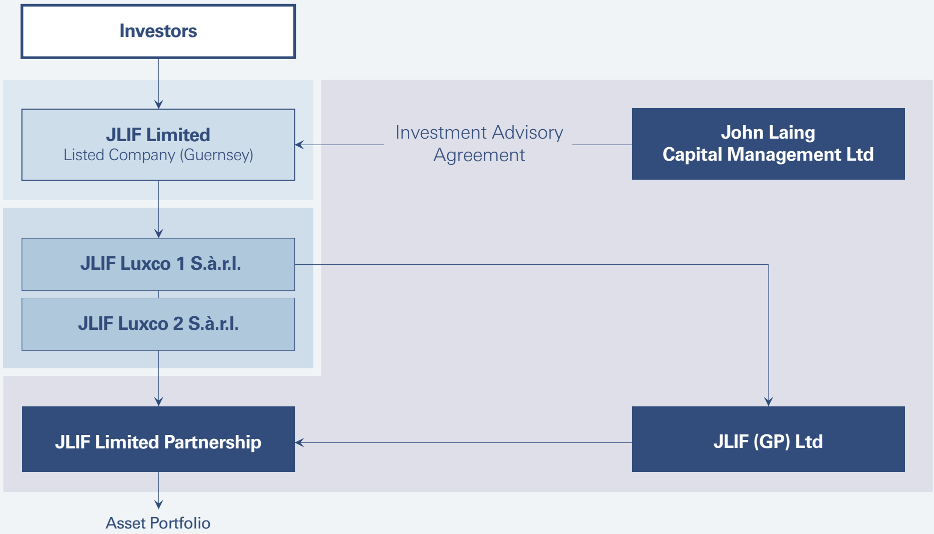
Group Structure

JLIF has invested in its current Portfolio and will continue to invest in further infrastructure investments indirectly via a series of holding entities, as follows:

- The Company invests in equity and profit participation instruments of JLIF Luxco 1 S.à.r.l. ('Luxco 1'), a société à responsabilité limitée ('S.à.r.l.') established in Luxembourg, which in turn invests in equity and debt of a similar entity, JLIF Luxco 2 S.à.r.l. ('Luxco 2'). Both Luxco 1 and Luxco 2 (together 'the Luxcos') are wholly owned subsidiaries of the Company (direct and indirect respectively, with Luxco 2 being wholly owned by Luxco 1).
- Luxco 2 is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle as its general partner, JLIF (GP) Limited (the 'General Partner'). The General Partner is a wholly owned subsidiary of Luxco 1. The General Partner, on behalf of the Partnership, has appointed JLCM as Operator of the Partnership.
- Luxco 2 primarily invests the contributions it receives from Luxco 1 in capital contributions and partner loans to the Partnership, which acquires and holds infrastructure investments directly or indirectly through intermediate wholly owned companies and/or other entities.

The Company's infrastructure investments are registered in the name of the General Partner, the Partnership, subsidiaries of the Partnership or their respective nominees.

Estera International Fund Managers (Guernsey) Limited is the Administrator and Company Secretary to JLIF Limited.



Direct Holdings

Abbotsford Hospital, Canada
Avon and Somerset Courts
Bentilee Hub Community Centre
E18 Road, Finland
Glasgow Schools
Highland Schools, Enfield
Kromhout Barracks, Netherlands
Manchester Street Lighting
QEH, Greenwich
South Lanarkshire Schools
Sirhowy Way, Wales
Vancouver General Hospital
Wakefield Street Lighting
Walsall Street Lighting

Via Holding Companies

Greater Manchester Police Stations
Forth Valley Royal Hospital
MoD Main Building
LUL Connect (CityLink)
Kingston Hospital
M6/M74 motorway, Scotland
North East Fire and Rescue Authority
Brockley Social Housing
Newcastle Hospital
Canning Town Social Housing
North Swindon Schools
M40 Motorway
Enfield Schools
Camden Social Housing
Newham Schools
Cleveland Police Station
Edinburgh Schools
Tunbridge Wells Hospital
Met. Specialist Police Training Centre
Islington I Social Housing
Islington II Social Housing
Groningen Tax Office
Kirklees Social Housing
South East London Police Stations
Surrey Street Lighting
Peterborough Hospital
Miles Platting Social Housing
Barnet Street Lighting
Northampton Mental Health
Bexley Schools
Realise Health (LIFT), Colchester
Bristol BSF
Redcar & Cleveland Street Lighting
Enfield Street Lighting
Lambeth Street Lighting
Kelowna & Vernon Hospitals
Leeds Combined Secondary Schools
North Staffordshire Hospital
Peterborough Schools
North Birmingham Mental Health Unit
Barcelona Metro Stations L9T2
British Transport Police PPP
Oldham Social Housing
A55 Holyhead to Llandegai DBFO
Barcelona Metro Stations L9T4
Intercity Express Programme Phase 1
Connecticut Service Stations
Barcelona Line 9 Section IV Metro Stations
Barcelona Line 9 Section II Metro Stations
Croydon & Lewisham Street Lighting
Aylesbury Vale Parkway
Coleshill Parkway
City-Greenwich-Lewisham DLR

Intertrust (Luxembourg) S.à.r.l (formerly ATC Corporate Services (Luxembourg) S.A) is the Administrator and Company Secretary to the Luxembourg entities.

PricewaterhouseCoopers LLP, in Luxembourg, is supplying the accounting and tax functions to those companies.

JLIF Limited Partnership has an Operator Agreement with JLCM to provide all necessary management functions.

Directors, Agents and Advisers

DIRECTORS (ALL NON-EXECUTIVE)

David MacLellan (Chairman)
Theresa Grant
Helen Green
Talmai Morgan
Christopher Spencer
Guido Van Berkel

INVESTMENT ADVISER AND OPERATOR

John Laing Capital Management Limited

1 Kingsway
London WC2B 6AN
United Kingdom

ADMINISTRATOR TO COMPANY, COMPANY SECRETARY AND REGISTERED OFFICE

Estera International Fund Managers (Guernsey) Limited
(formerly Heritage International Fund Managers Limited)

P.O. Box 225, Heritage Hall
Le Marchant Street
St Peter Port
Guernsey GY1 4HY
Channel Islands

REGISTRAR

Link Market Services (Guernsey) Limited
(formerly Capita Registrars (Guernsey) Limited)

Longue Hougue House
St Sampson
Guernsey GY2 4JN
Channel Islands

UK TRANSFER AGENT

Link Market Services Limited
(formerly Capita Registrars Limited)

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

CORPORATE BROKER

J.P. Morgan Securities Limited

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

AUDITOR

Deloitte LLP, Recognised Auditors

Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW
Channel Islands

PUBLIC RELATIONS

Finsbury

Adelphi
1-11 John Adam Street
London WC2N 6HT
United Kingdom

CORPORATE BANKERS

Royal Bank of Scotland International

PO Box 55
35 High Street
St Peter Port
Guernsey GY1 4BE

Cautionary statement

Pages 4 to 43 of this Annual Report (including but not limited to the Chairman's Statement, Risk Committee Report and the Investment Adviser Report, together 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 all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, opportunities and distribution policy of the Company and the markets in which it invests.

These forward-looking statements reflect current expectations regarding future events and performance and speak only as at the date of this Annual Report.

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 or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Annual Report.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser 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 Annual Report has been prepared for the JLIF Group as a whole and therefore gives greater emphasis to those matters that are significant to John Laing Infrastructure Fund Limited and its subsidiary undertakings when viewed as a whole.

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John Laing Infrastructure Fund Limited

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Guernsey, GY1 4HY
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JLIF

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GIIN Number: K2UFLF.99999.SL.831

Further copies of this statement are available by visiting the Company's website or at the address above.

www.jlif.com

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