JLIF

# Interim Results Presentation

September 2016

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# Summary

# Summary – six months to 30 June 2016

- Portfolio growth of £39.4m to £1,038.1 million on a rebased Portfolio Value of £998.7 million
  - Underlying portfolio growth of 3.95%
  - £3.6m ahead of growth expected from unwind of discount rate
- Completed acquisitions totalling £178.6 million in the period (further €62.5 million in July)
- Disposal of two investments for £43.4 million
  - An uplift of c.36% on their carrying value as at 31 March 2016
  - Generating an aggregate realised IRR of approximately 16%
- Net Asset Value of £1,022.2 million
  - NAV per share of 113.8 pence, up 5.0% against that as at 31 December 2015
  - In addition, dividend of 3.41 pence per share paid in May
- Declared a dividend of 3.41 pence per share, payable in October
- Some operational issues at a few UK projects

# Fund Characteristics

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| | |
|---|---|
| **Portfolio** | ▪ 60 operational assets<br>▪ Active market for third party asset purchases<br>▪ Access to buy future John Laing assets as they mature |
| **Size** | Current market cap c.£1,207.3m (8 September 2016) |
| **Dividends** | ▪ Dividend maintained at 3.41pps for H1 2016<br>▪ Dividend yield of 5.1% (8 September 2016) |
| **Limits** | ▪ Single asset limit of 25%<br>▪ UK assets to exceed 50% (72.0% as at 30 June)<br>▪ Demand based assets < 15% (7.1% as at 30 June)<br>▪ Construction assets < 30% (0% as at 30 June)<br>▪ Infrastructure assets non-PPP/PFI < 10% (0% as at 30 June) |
| **Gearing of Fund** | ▪ Up to a maximum 25% of Total Assets<br>▪ £180m revolving credit facility, matures August 2020, currently drawn by £92.5m[1]<br>▪ £150m accordion facility, matures June 2019, currently undrawn<br>▪ Margin on both facilities of 1.75% over LIBOR |
| **Management contract** | ▪ John Laing Capital Management Ltd, FCA authorised and regulated<br>▪ Base fee 1.1% up to £500m, 1.0% for £500m-£1.0bn, and 0.9% for over £1.0bn<br>▪ No acquisition fee for assets from John Laing |
| **Ongoing charges (FY15)** | 1.24% (ongoing charges AIC methodology) |
| **New investment fee** | 0.75% on new investments (excluding John Laing assets), no performance fees |
| **NAV per share** | 113.8p at 30 June 2016 |
| **Discount Rate** | 7.85% weighted average (range of 7.11-10.00%) as at 30 June 2016 |

[1] As at 12 September 2016, the facility was drawn £41.0m and €63.0m (translated at a rate of 1.223 in the £92.5m above)

# JLIF vs. FTSE All Share Total Return

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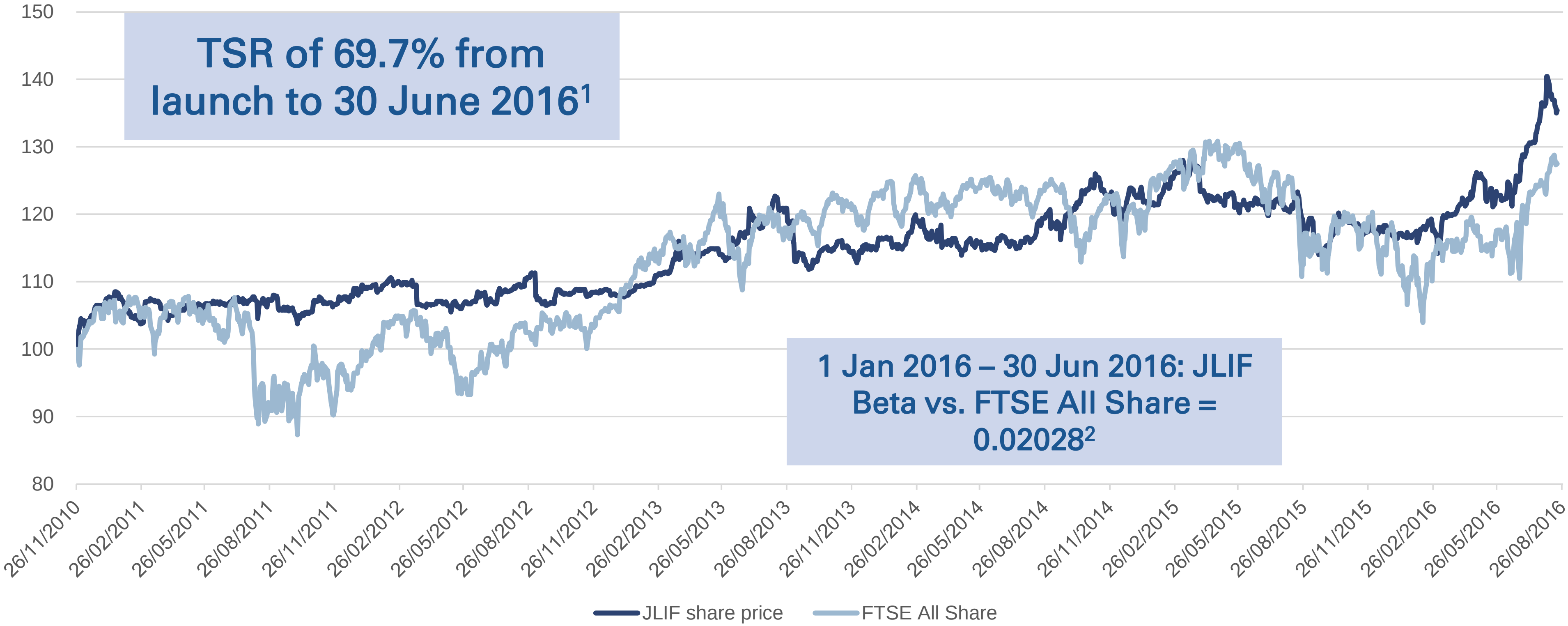
## JLIF share price total return vs. FTSE All Share total return




| | 29/11/10 | 31/12/11 | 30/06/12 | 31/12/12 | 30/06/13 | 31/12/13 | 30/06/14 | 31/12/14 | 30/06/15 | 31/12/15 | 30/06/16 | Dividends# |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Share Price** | 100.0p | 108.5p | 106.7p | 107.9p | 117.4p | 115.2p | 116.6p | 122.8p | 122.0p | 116.7p | 128.0p | 32.41pps paid since IPO |
| **NAV per share incl. cum. dividends paid** | 98.2p | 108.1p | 111.3p | 115.2p | 119.4p | 122.6p | 126.0p | 131.6p | 133.4p | 137.4p | 146.2p | |

[1] Source: DataStream, [2] Source: Bloomberg

# Including the 3.41p paid in May 2016, excluding the 3.41p declared on 12 September 2016

# Key Events - 2016

**Jan 2016**

- Completed the acquisition of a 40% interest in Barcelona Line 9 Section II from Iridium Concesiones for approximately £85 million
- Gianluca Mazzoni joins JLCM as Deputy Investment Adviser and Head of Business Development

**Feb 2016**

- Completed the acquisition of a 100% interest in the British Transport Police project from John Laing Group plc
- Announced an increase in the dividend from 3.375pps to 3.41pps

**Mar 2016**

- Completed successful placing of 81.2 million new ordinary shares via a shareholder tap issue raising gross proceeds of £92.9 million

**May 2016**

- Completed the acquisition of a 95% interest in the Oldham Social Housing project from John Laing Group plc
- Paid a dividend of 3.41pps (6.82% annualised based on the IPO issue price of 100.0 pence)

**Jun 2016**

- Completed the disposal of JLIF's entire interests in the Newham Hospital and Barnsley BSF projects to Equitix for a combined consideration of £43.4 million
- Completed the acquisition of a 100% interest in the Connecticut Service Stations P3 project from The Carlyle Group

**Jul 2016**

- Completed the acquisition of an incremental 13.5% interest in Barcelona Line 9 Section II and a new 13.5% in Barcelona Line 9 Section IV project

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# Portfolio

# Group Investment Portfolio – June 2016

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| Health | Education | Justice & Emergency Services | Transport | Regeneration & Social Housing | Government Buildings | Street Lighting |
|---|---|---|---|---|---|---|
| Abbotsford Regional Hospital and Cancer Centre - 100% | Bexley Schools – 100% | North East Fire and Rescue – 100% | Sirhowy Way – 100% | Bentilee Hub Community Centre – 100% | Groningen Tax Office – 40% | Barnet Street Lighting – 100% |
| Forth Valley Royal Hospital - 100% | Enfield Schools – 100% | Cleveland Police Stations & HQ – 50% | E18 Road – 50% | Brockley Social Housing PPP – 100% | Kromhout Barracks PPP Project – 40% | Enfield Street Lighting – 100% |
| North Birmingham Mental Health - 100% | Highland School, Enfield – 100% | South East London Police Stations – 50% | M40 Motorway (UK) – 50% | Canning Town Social Housing PPP – 100% | MoD Main Building – 26% | Lambeth Street Lighting – 100% |
| Northampton Mental Health - 100% | Leeds Combined Secondary Schools – 100% | Avon & Somerset Courts – 40% | LUL Connect (CityLink) – 33.5% | Kirklees Social Housing – 100% | | Redcar & Cleveland Street Lighting – 100% |
| Roseberry Park Hospital - 100% | Newham Schools – 100% | Greater Manchester Police Stations – 27.1% | M6/M74 Motorway (Scotland) – 11% | Camden Social Housing – 50% | | Walsall Street Lighting – 100% |
| Vancouver Hospital - 100% | North Swindon Schools – 100% | Metropolitan Specialist Police Training Centre – 27.1% | Barcelona Metro Stations Line 9 Section II – 53.5% ▲ ▪ | Miles Platting Housing – 50% | | Manchester Street Lighting – 50% |
| North Staffordshire Hospital - 75% | Peterborough Schools – 100% | British Transport Police – 100% ▲ | Barcelona Metro Stations Line 9 Section IV – 13.5% ▪ | Islington Social Housing I – 45% | | Surrey Street Lighting – 50% |
| Kingston Hospital - 60% | Bristol BSF – 37.5% | | Connecticut Service Stations P3 – 100% ▲ | Islington Social Housing II – 45% | | Wakefield Street Lighting - 50% |
| Realise Health LIFT - 60% | Glasgow Schools – 20% | | | Oldham Social Housing – 95% ▲ | | |
| Kelowna & Vernon Hospitals - 50% | Edinburgh Schools – 20% | | | | | |
| Tunbridge Wells Hospital – 37.5% | South Lanarkshire Schools – 15% | | | | | |
| Peterborough Hospital – 30% | ~~Barnsley BSF – 40%~~ | | | | | |
| Queen Elizabeth Hospital, Greenwich – 27.5% | | | | | | |
| Newcastle Hospital – 15% | | | | | | |
| ~~Newham Hospital – 50%~~ | | | | | | |

**Key:**

▲ Acquired in H1 2016
▪ 13.5% interest in both projects acquired after the balance sheet date

# Connecticut Service Stations P3

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## USA


- JLIF's first US acquisition
- Sterling-equivalent consideration of approximately £76.6 million
- The renovation (completed in Aug 2015), operation and maintenance of 23 highway service stations, located between New York and Boston
- Exclusive 35-year concession, with potential 10-year extension
- 100% interest acquired out of fund managed by The Carlyle Group on a bilateral-basis
- Concession ends Dec 2044. Long term tenancy agreements (15-35 years) with major food and fuel providers
- Just over half the US Dollars purchased pre-EU referendum vote
- Demand-related revenues c.37% of total forecast revenues over the concession[1]
- Debt refinanced at acquisition on 7-year term

[1] NPV basis

# Barcelona Metro Stations

## Spain

- Initial 40% interest in Line 9 Section II acquired from Iridium in Jan 2016
- Accretive acquisitions made from co-shareholder  Acsa, Obras e Infraestructuras post balance sheet date
  - Acquisition of additional 13.5% in Line 9 Section II
  - Acquisition of a new 13.5% interest in the Line 9 Section IV project (which is a separate concession)
- Consideration of approximately €62.5 million
- Section IV concession runs to Sep 2040 and is receiving full availability payments for each of the 13 stations
- Very similar contract terms as Section II

Consolidation of JLIF's entry into the Spanish PPP market from earlier in 2016

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# Interim Results

# Portfolio Valuation Movements – six months to 30 June 2016

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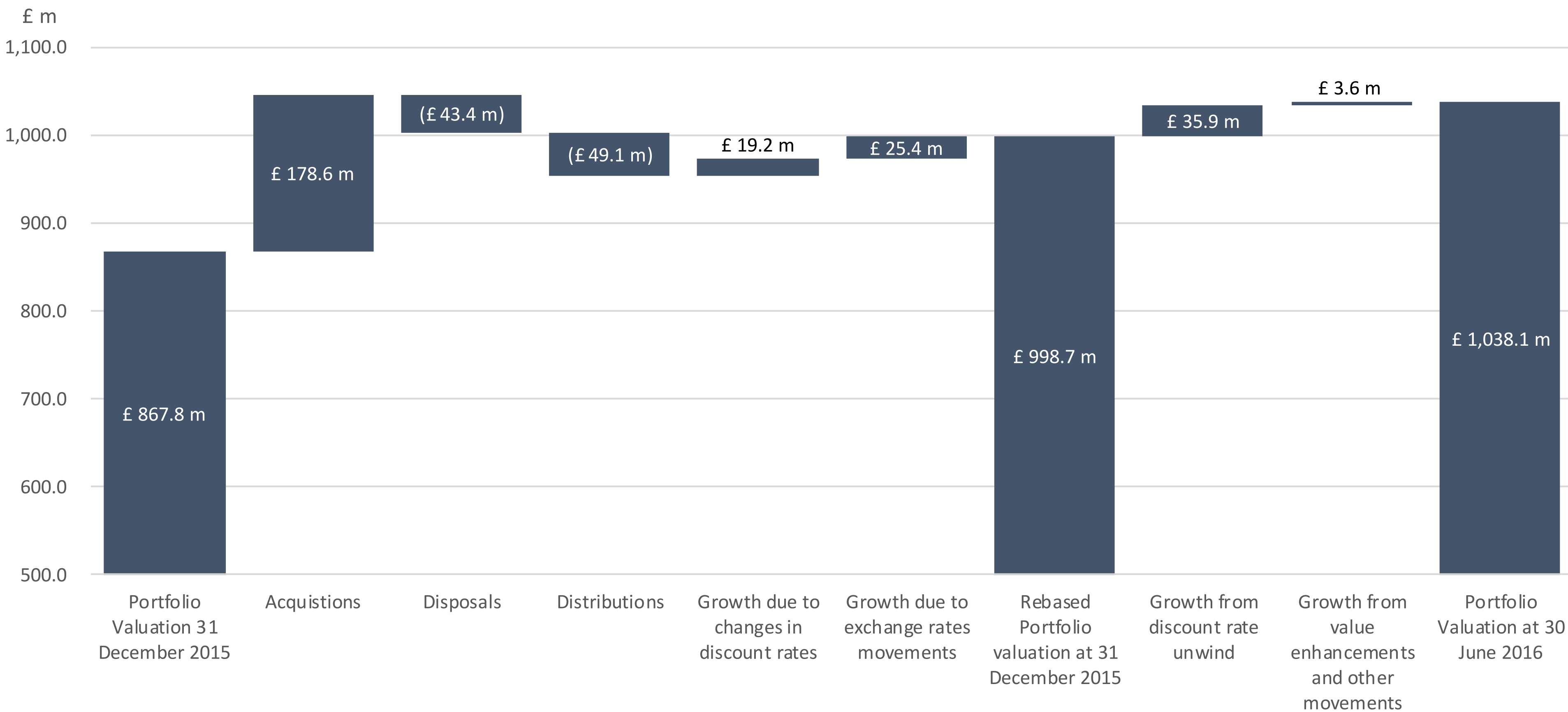

# Portfolio Value – Underlying Growth

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| | | £m | % |
|---|---|---|---|
| Unwinding of discount rate (adjusted for timing of acquisitions in period, disposals and distributions) | | 35.9 | 3.59% |
| Value enhancements | 11.1 | | 1.12% |
| Actual inflation | (4.1) | | (0.41%) |
| Reduced UK long term deposit rates | (3.5) | | (0.35%) |
| **Growth ahead of expectations** | | **3.6** | **0.36%** |
| **Underlying growth achieved** | | **39.4** | **3.95%** |

Value enhancements represent the net result of:

i. profits from disposals;

ii. project re-financings; and

iii. reductions in management services and insurance costs; **offset by**

iv. addition of cost provisions on projects with ongoing operational issues.

# Statement of Financial Position

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| Balance Sheet (£m) | June 2016 (£m) |
|---|---|
| Valuation of the Portfolio | 1,038.1 |
| Value of intermediate holding companies | (15.4)[1] |
| **Fair value of investments through P&L** | **1,022.7** |
| Cash | 2.9 |
| Net Debtors/(Creditors) | (3.5) |
| Net Assets | 1,022.2 |
| Number of shares outstanding | 898.3m |
| NAV per share | 113.8p |

| Facility drawn at 31 Dec 2015 | £17.0m |
|---|---|
| Repayments | (£123.4m) |
| Further amounts drawn | £147.4m |
| **Drawn at 30 June 2016** | **£41.0m** |
| Post balance sheet drawings | £52.5m[2] |
| **Current facility drawn** | **£92.5m** |

[1]Cash - £25.4m, tax provision – (£1.5m), bank debt drawn – (£41.0m), other working capital - £1.7m
[2]Sterling equivalent of Euro drawing. Exchange rate of 1.223 used for translation purposes above.

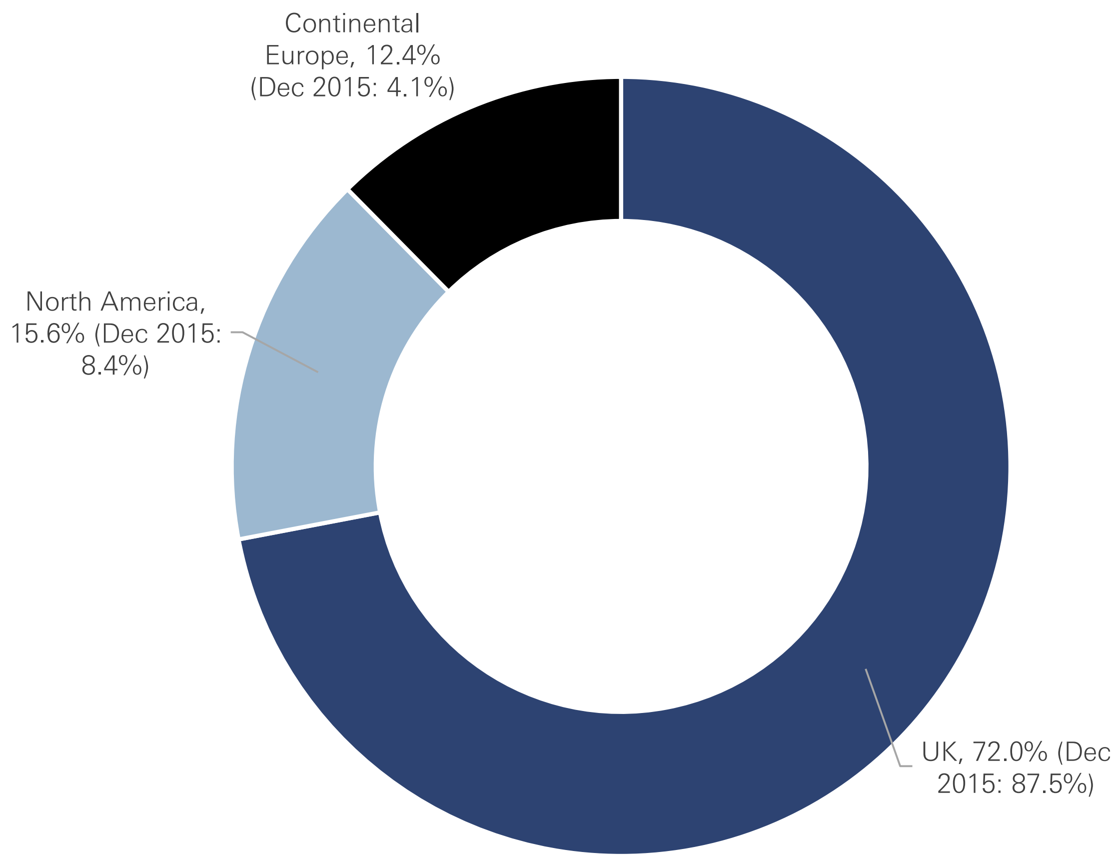
# JLIF Group Cash Flow Summary

| | £m |
|---|---|
| **Cash at 1 January 2016** | **33.8** |
| Capital raising | 92.9 |
| Listing / share issue costs | (1.1) |
| Acquisition of projects | (178.6) |
| Acquisition costs | (1.9) |
| Proceeds from divestments | 43.4 |
| Cash received from projects (net of withholding tax) | 49.1 |
| Administrative and other expenses | (6.8) |
| Borrowings | 24.0 |
| Financing costs (net of interest income) | (1.7) |
| Exchange rate gain on non-Sterling cash | 0.2 |
| Dividends paid to shareholders | (25.0) |
| **Cash at 30 June 2016** | **28.3** |

# Portfolio Analysis

# Geographic Breakdown

## As at 30 June 2016



# Sector Breakdown

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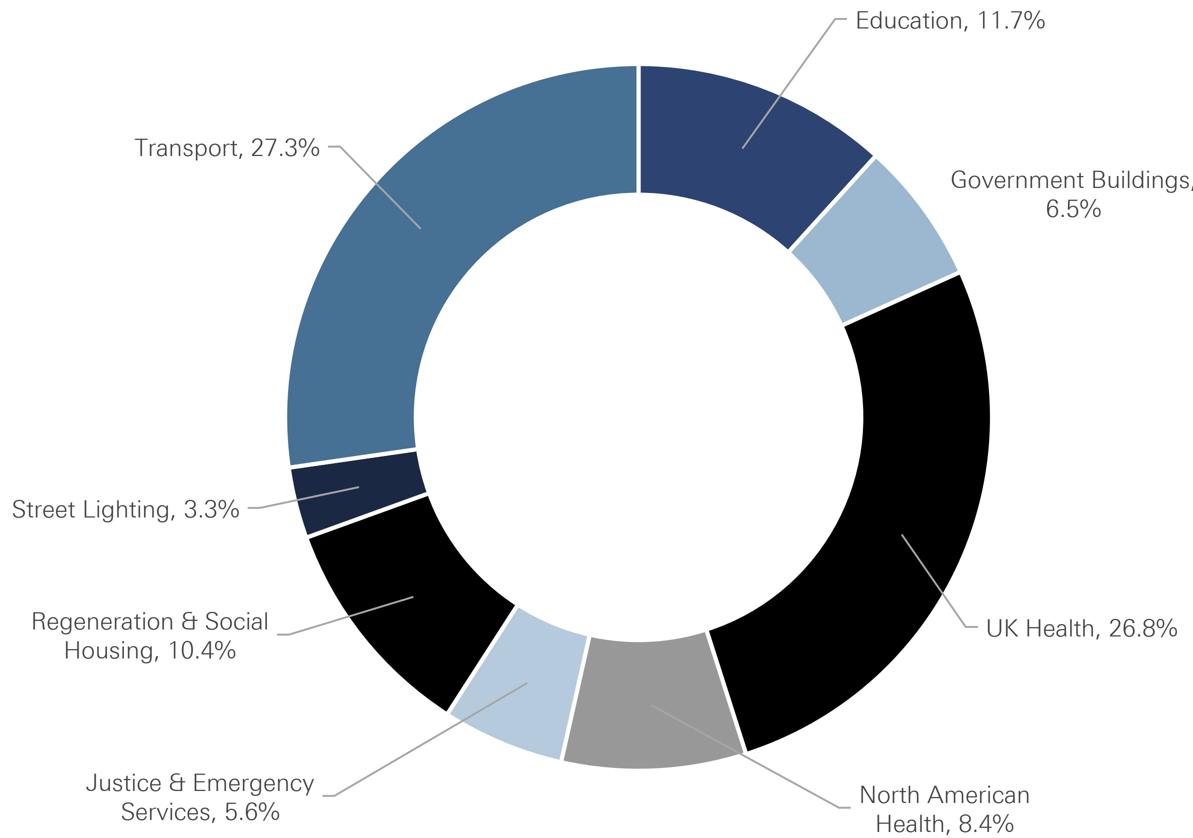
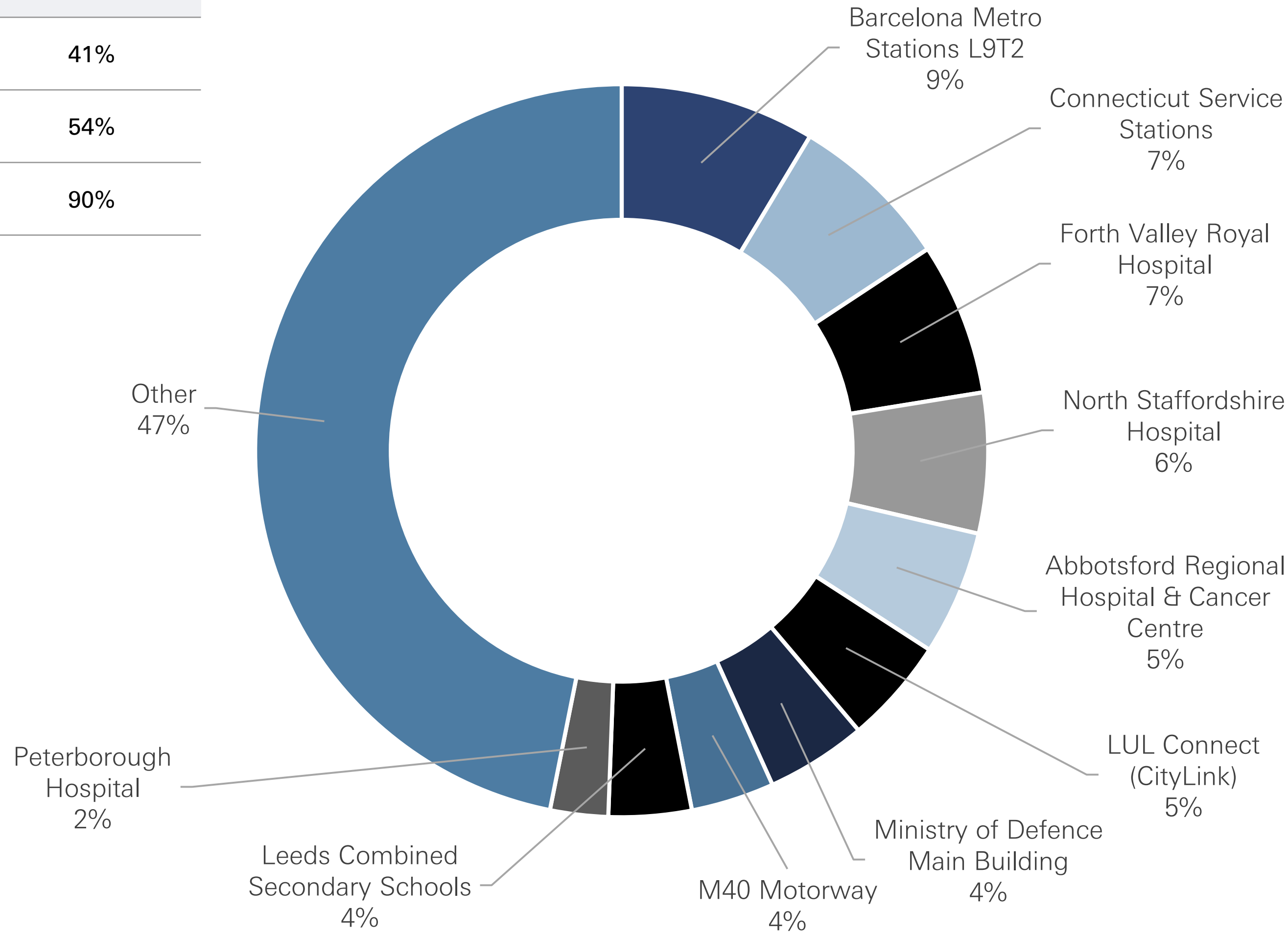
## As at 30 June 2016



# Top 10 Assets

| | % third party acquisitions by value |
|---|---|
| Since launch (incl. IPO) | 41% |
| Since launch (excl. IPO) | 54% |
| 2016 YTD | 90% |

## As at 30 June 2016




Average asset size as at 30 June 2016 - £17.5 million

# Asset Breakdown

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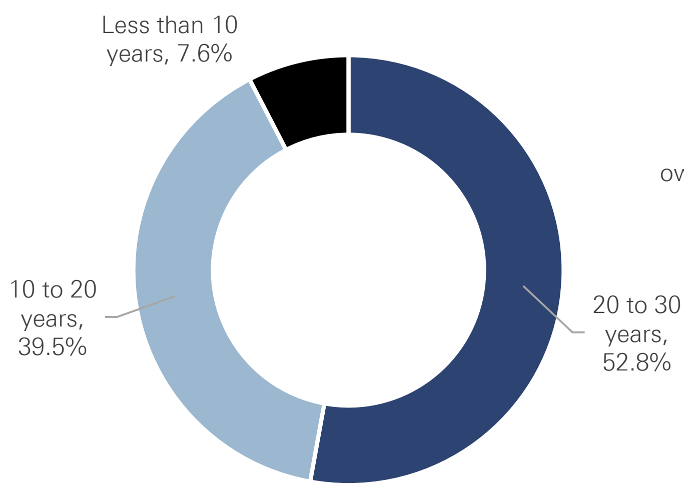
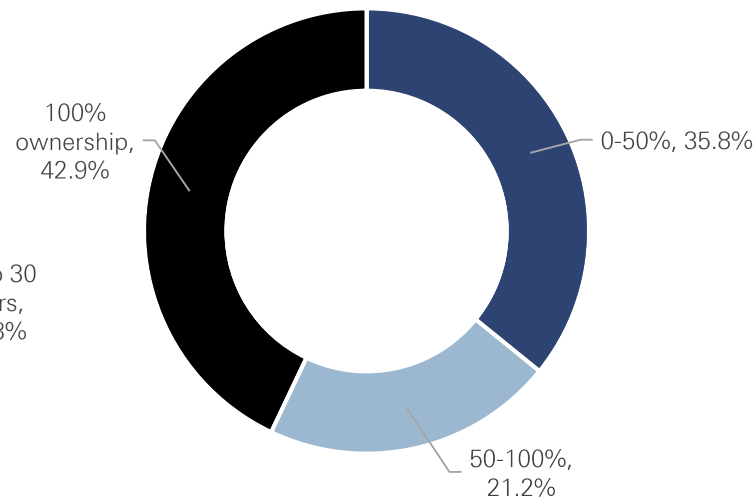
## Remaining Concession Length

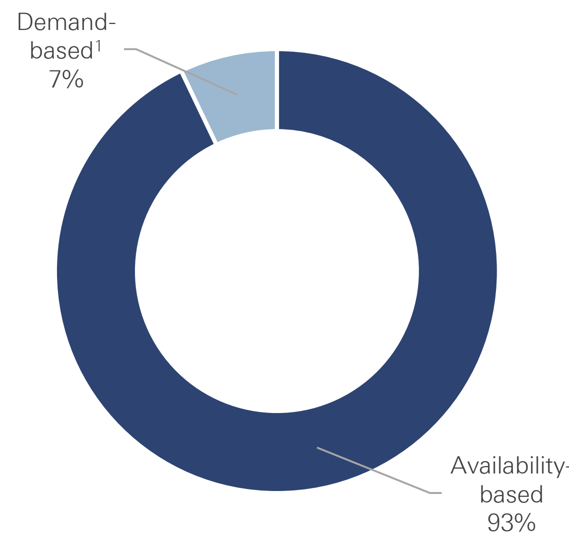



**Average life as at 30 June 2016 19.5 years**

## Shareholding




## Payment Basis




**JLIF's Portfolio is 100% operational**

[1] A proportion of the income received by the SPV for the Connecticut Service Stations P3 project is variable, relating to retail and fuel sales. This project is therefore classified as being demand-based.
[2] The Shadow toll mechanisms for the investments in the M40 and M6/M74 motorway projects are not regarded as carrying demand risk due to their relative insensitivity to traffic movement

# Outlook

# Outlook for JLIF

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## Existing portfolio

- Contractual operations and income
- Public sector counterparties continuing to look for ways to cut costs of PPP contracts

## Visible pipeline – 3 years

- First Offer Agreements with John Laing Group plc remain in place
  - Access to a pipeline valued by John Laing at approximately £393 million[1]
  - Approximately £312 million of which are rail assets[2]
- Some co-shareholder opportunities
- Tertiary and later sales
- £130 million of assets in advanced discussions announced mid-May 2016 delayed indefinitely

## Longer term growth

- Active/growing markets with similar regimes in Australia, Canada and Continental Europe and USA
- A presence established in the USA
- Important global procurement method by which governments deliver improvements to infrastructure
- Opportunities being monitored in younger PPP markets such as Chile
- Infrastructure requirements driven by population growth, urbanisation and wealth increase

[1] Figures provided by John Laing Group plc in February 2016
[2] Under second agreement formed in Q1 2014

# Conclusion

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- Solid growth in Portfolio value
  - Six new investments[1], all acquired on bilateral-basis
- Underlying growth ahead of discount rate unwind
  - Supported by value enhancements and asset disposals
  - Some ongoing operational issues
- Cash flows from the Portfolio ahead of project forecast
  - Dividend well covered
- Disciplined approach to acquisitions, seeking out value adding opportunities
- Experienced and incentivised management team
- Dividend maintained following February increase
- Low risk portfolio with good yield and inflation protection

Solid low risk cash yield with potential upside value

[1] Including post-balance sheet investments in Barcelona Metro Stations projects

# Q&A

# Appendices

## Additional Information

# Summary

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## London Stock Exchange Listed

- Low Risk
  - Fully seeded with mature PPP assets
  - Contracted revenues up to 30 years
  - Government-backed revenue streams
  - Diversified portfolio
- Strong predictable dividend yield
- Inflation-linked returns
- Steady growth with low volatility
- PPP & infrastructure experience and dedicated management team
- Potential for value growth

Solid low risk cash yield
with potential upside value

# Structure

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- Listed on the main board of the London Stock Exchange – premium segment
- Member of FTSE 250 since 2011
- Current market capitalisation – c.£1,207.3m as at 8 September 2016
- Guernsey resident company
- Liquidity and spread:
  - Average daily volume of 1,455,632 shares over H1 2016
  - Average bid/offer spread on the London Stock Exchange over the same period is 0.26%

# Movement in NAV

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| | | | | | |
|---|---|---|---|---|---|
| **NAV per share 31 December 2015** | | **108.4p** | **NAV at 31 December 2015** | | **£883.1m** |
| Dividend to shareholders | | (3.4p) | Dividend to shareholders | | (£27.8m) |
| Uplift from net proceeds issued at a premium to NAV | | 0.5p | Capital raised | | £91.9m |
| **Portfolio Growth** | | | **Portfolio Growth** | | |
| Expected NAV growth | 4.0p | | Expected NAV growth | £35.9m | |
| Project outperformance | 0.4p | | Project outperformance | £3.6m | |
| Discount rate movements | 2.1p | | Discount rate movements | £19.2m | |
| Exchange rate movements | 2.8p | | Exchange rate movements | £25.4m | |
| | | **9.3p** | | | **£84.1m** |
| Other movements (fund costs, creditors, debtors, scrip dividend election) | (1.0p) | | Other movements (fund costs, creditors, debtors, scrip dividend saving) | | (£9.1m) |
| | | **(1.0p)** | | | |
| **NAV per share 30 June 2016** | | **113.8p** | **NAV 30 June 2016** | | **£1,022.2m** |

# Fund Objectives

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| | |
|---|---|
| **Return*** | ▪ Targeted dividend at least 6.0 pence per annum (dividend paid semi-annually)<br>▪ Target IRR of 7 to 8% |
| **Assets** | ▪ Low risk PPP projects<br>▪ Operational<br>▪ Predominantly availability-based<br>▪ Inflation-linked<br>▪ Upside potential |
| **Markets** | ▪ Fiscally strong countries<br>▪ Committed to PPP<br>▪ Currently UK, Canada, USA, Spain, the Netherlands and Finland |

* These are targets only and not profit forecasts. There can be no assurances that these targets are met or that the Company will make any distributions at all.

# Cash Yield

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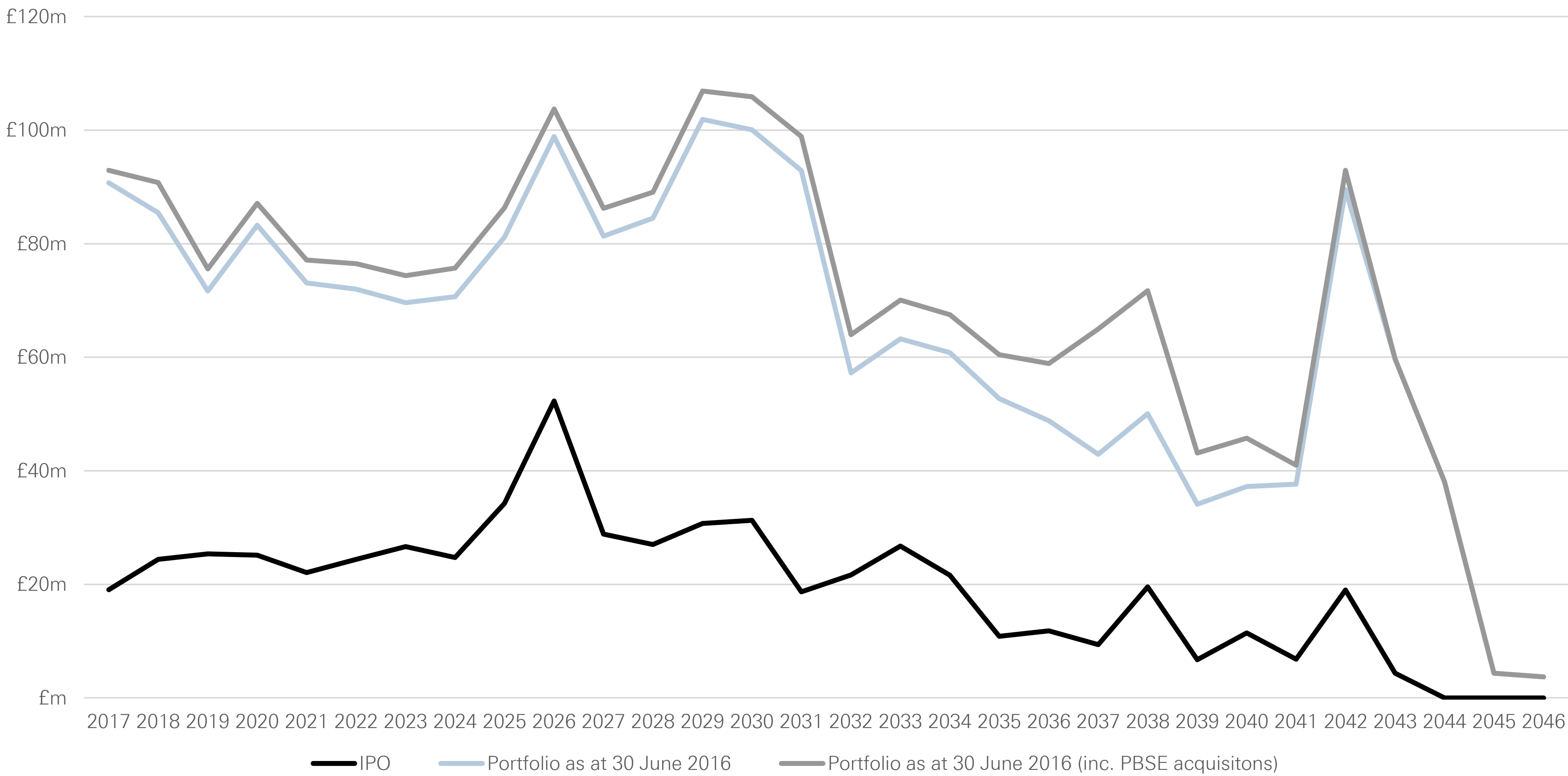
## Illustrative cash flows from projects over remaining life (30 June 2016)




This illustration represents a target only and not a profit forecast. There can be no assurance that this target will be met.
Source: John Laing Capital Management Limited

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# What is PPP?

# Structure of PPP Contracts

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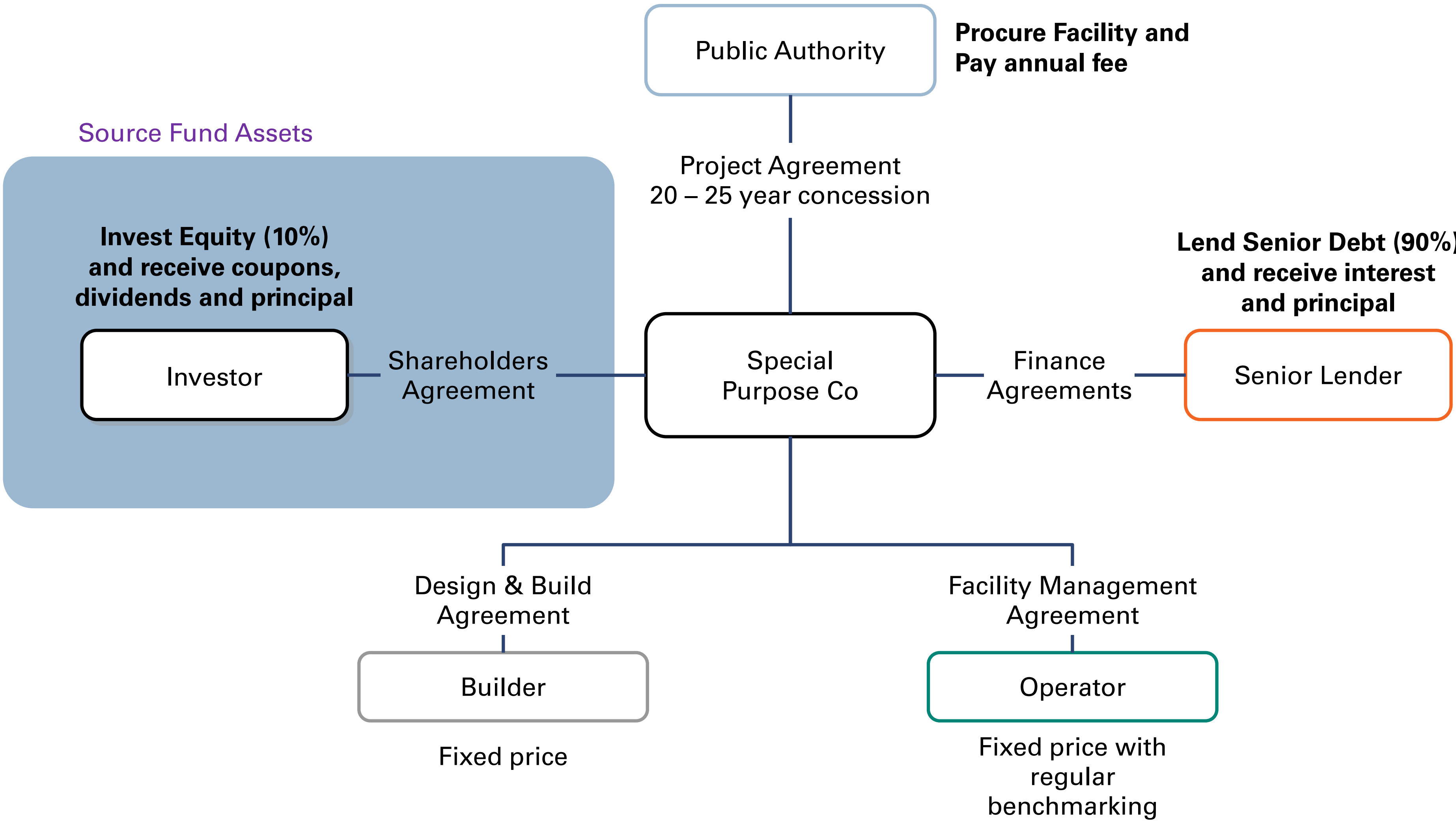
## Example



# PPP Value Generator

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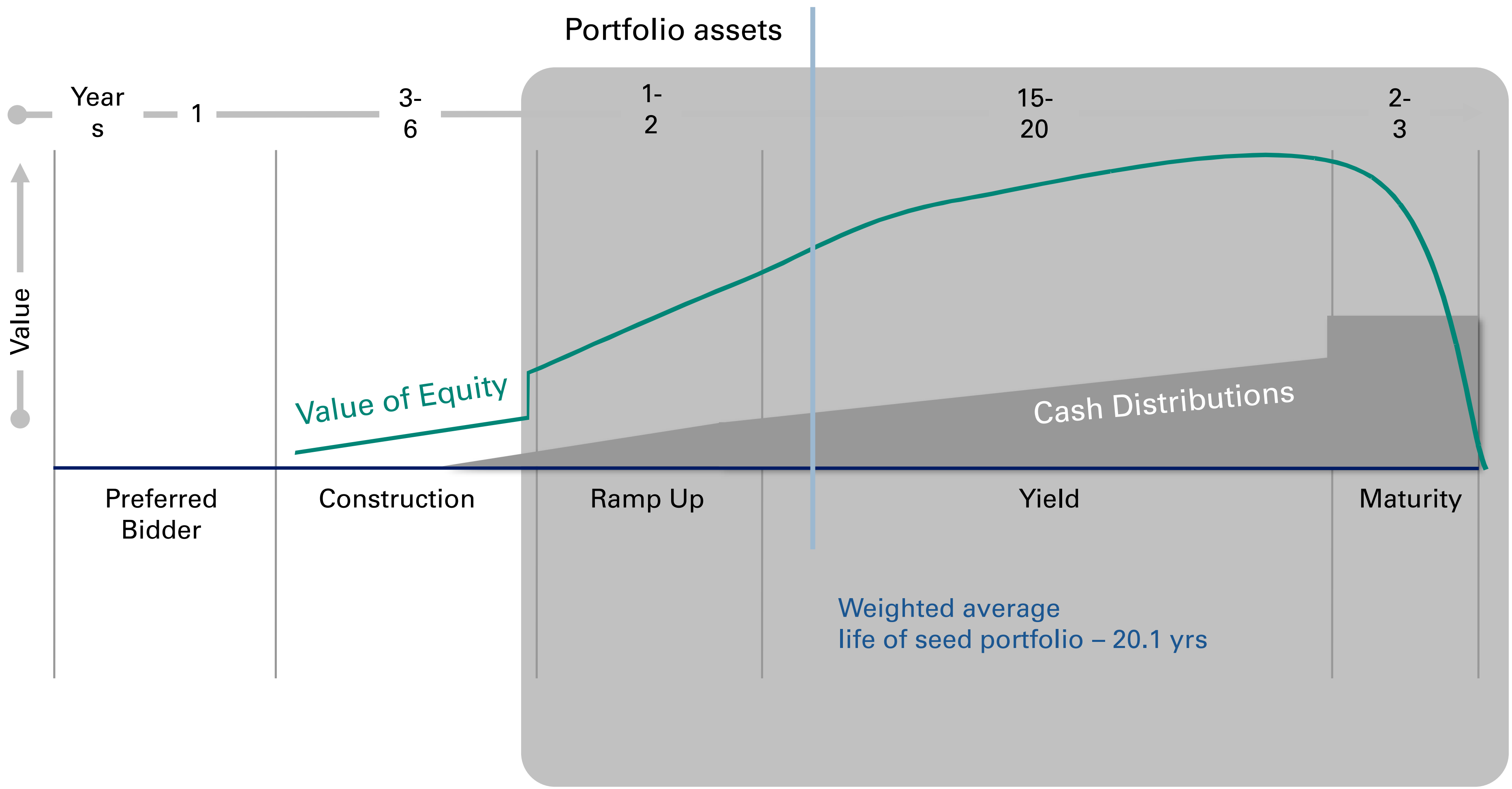
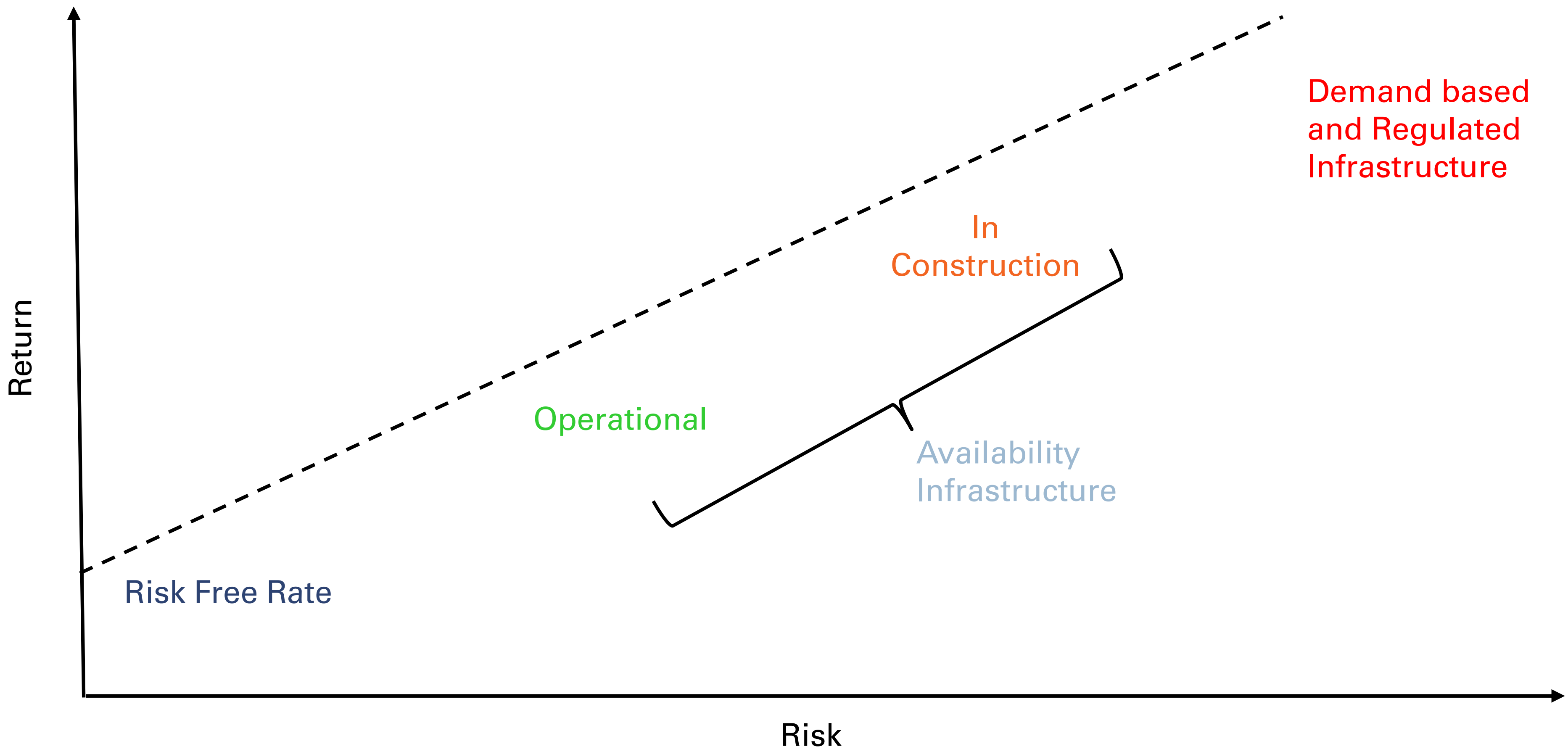
## Example



# Infrastructure Assets

## Indicative Risk / Return Profile



# Value Enhancement Opportunities

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## Strong Track Record of Delivering Enhanced Value