JLIF

John Laing Infrastructure Fund Limited

Preliminary results for the year ended 31 December 2013

Strong performance over the year ended 31 December 2013

- Dividend increase of 4.0% to 3.25 pence per share
- Full year dividend of 6.375 pence per share declared, up 4.1% on dividends declared for 2012
- Post dividend Net Asset Value ("NAV") increase to 106.8 pence per share
- NAV increased 50.8% to £818.1 million in 2013, including equity raised of £282.2 million
- New investments of £264.6 million during the period
- Total Shareholder Return (including dividends paid) of 13.5% in the year

Operational Highlights

With Portfolio performance and asset yield both above forecast, new investment in assets at an historic high and the largest single capital raise undertaken to date, JLIF has achieved strong performance on behalf of its investors during the year. A selection of the most notable achievements for the Company for the period are:

- Underlying Portfolio Value growth of £53.7 million, 13.5% ahead of forecast
- Portfolio distributions of £53.6 million, 8.2% ahead of forecast
- Acquisition of the largest portfolio since launch, of 11 operational and yielding assets from Investors in the Community LP, the most substantial acquisition made outside of the First Offer Agreements with John Laing to date
- Significant diversification of sources of asset acquisitions
- Two successful capital raisings of an additional £282.2 million, both achieved full target, were oversubscribed and at a significant premium to NAV, providing value accretion to shareholders

Commenting on today's results, Paul Lester, Chairman of JLIF, said:

"JLIF performed very well in 2013, delivering strong growth for the Portfolio. We successfully completed two further capital raisings, one of which was the largest fundraise since IPO. This further demonstrates the success of our business model and the increasing demand for infrastructure as an asset class. During the period we also acquired additional stakes in five separate assets, as a result of our position as a co-shareholder. The outlook for JLIF, and the infrastructure landscape in which we operate, remains favourable."

For further information, please contact:

John Laing Capital Management 020 7901 3326

David Marshall
Andrew Charlesworth

RLM Finsbury 020 7251 3801

Faeth Birch
Philip Walters

JLIF

JLIF is one of Europe's largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As an equity stakeholder, JLIF partners with public sector counterparties across the world to deliver key local and national infrastructure projects that provide government-backed, inflation-linked revenue streams. JLIF's success is built on a collaborative approach centred on long term relationships with its clients such that their changing infrastructure needs can be met in a timely and cost-effective manner.

PRESS RELEASE

24 March 2014

CAUTIONARY STATEMENT

Pages 2 to 37 of this Annual Report (including but not limited to the Chairman's Statement, Risks and Risk Management 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 and results. 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 Group as a whole and therefore gives greater emphasis to those matters which are significant in respect of John Laing Infrastructure Fund Limited ("JLIF" or "the Company") and its subsidiary undertakings when viewed as a whole.

ABOUT US

JLIF is one of Europe's largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As an equity stakeholder, we partner with public sector counterparties across the world to deliver key local and national infrastructure projects that provide us with government-backed, inflation-linked revenue streams. Our success is built on a collaborative approach centred on long term relationships with our clients and partners such that their changing infrastructure needs can be met in a timely and cost-effective manner.

Our purpose
Our purpose is to generate long term sustainable value through investing in and then managing high quality, low risk infrastructure projects.

Your investment
As at 31 December 2013, JLIF was valued at £882.8 million on the stock market and has delivered a total return to shareholders of 32.7% since launch in November 2010. During the period, the Portfolio grew in number of assets from 37 to 52, and by 48.1% in value through new acquisitions and enhancements made to our existing projects. JLIF holds stakes in low risk, operational, PPP infrastructure projects located in the UK, Continental Europe, also known as mainland Europe, and North America, and looks forward to continuing to grow the Portfolio in the future, both in size and geographic footprint.

Our objective
We are targeting a minimum annualised yield of 6% per annum, by reference to the issue price of £1 of the Ordinary Shares issued at the IPO, and an IRR of 7-8% over the longer term via active management to enhance the value of existing investments, and by the acquisition of further investments.

KEY FACTS

	31 December 2013	31 December 2012
Market Capitalisation	**£882.8m**	£553.6m
Ordinary shares in issues	**766,294,564**	513,109,848
Share price	**115.2p**	107.9p†
Number of assets	**52**	37
Portfolio Value	**£795.8m**	£537.4m
Net Assets	**£818.1m**	£542.4m
NAV per share	**106.8p**	105.7p
Dividend per share paid	**6.25p**	6.00p

Net Cash	**£24.3m**	£8.3m
Profit before tax	**£32.1m**	£33.5m†
Management Fee		1.1% on APV* <= £500m; 1.0% on APV* > £500m to £1bn; 0.9% on APV* > £1bn
Board		Five independent Directors chaired by Paul Lester, CBE

* Adjusted Portfolio Value
† Restated

2013 FINANCIAL AND OPERATIONAL HIGHLIGHTS

January

- Increased our stake in the E18 road project in Finland by an additional 9%, taking our total shareholding to 50%

February

- Successfully signed a new three year £150 million revolving credit facility with National Westminster Bank plc, Lloyds Bank plc and ING Bank NV
- Announced a 4.2% increase in the dividend from 6.00 pence to 6.25 pence per annum

April

- Acquired a 30% stake in Peterborough Hospital from Brookfield Infrastructure Partners LP for £26.7 million

May

- Paid increased target interim dividend of 3.125 pence per share (6.25% annualised on IPO issue price of 100.0 pence)
- Scrip Dividend Alternative taken up by 14.6% of shareholders, resulting in 2.1 million new Ordinary Shares being issued

July

- Placed an additional 30.6 million new Ordinary Shares via a shareholder tap issue raising gross proceeds of £35.0 million, used to repay debt drawn for the acquisition of Peterborough Hospital

August

- Acquired a portfolio of 11 operational and yielding assets from Investors in the Community LP for a cost of approximately £123.0 million, representing the largest acquisition since IPO
- Increased our stake in the LUL Connect (CityLink) project by 5% taking our total shareholding in the asset to 33.5%

October

- Successfully placed an additional 218.3 million new Ordinary Shares, raising gross proceeds of £242.3 million
- Acquired a 40% stake in the Barnsley BSF project, the first of a three asset portfolio from John Laing
- Repaid all debt drawn under our facility to restore the balance to zero
- Paid target dividend of 3.125 pence per share (6.25% annualised on the IPO issue price of 100.0 pence)
- Scrip Dividend Alternative taken up by 15.3% of shareholders, resulting in 2.3 million new Ordinary Shares being issued

November

- Acquired a 50% stake in the Kelowna and Vernon Hospitals P3 project, the second of a three asset portfolio from John Laing and JLIF's third investment in Canada

December

- Acquired a 75%[1] stake in the North Staffordshire Hospital project, the final asset of the three asset portfolio from John Laing
- Increased our stakes in Redcar & Cleveland and Lambeth Street Lighting projects by 15% and an additional 19% stake in the Peterborough Schools project from Bouygues E&S Infrastructure UK Limited, taking our total shareholding in each project to 100%

[1] 75% of the equity and sub-ordinated debt and 100% of the mezzanine finance

CHAIRMAN'S STATEMENT

Introduction

This past year has been one of good progress and growth for your Company, demonstrated by a record number of value enhancing acquisitions, the largest amount of capital raised by the company during a financial year to date and progression on the dividend paid. On the basis of the performance of the Portfolio and the Company during 2013, we are pleased to be able to increase again the dividend to 3.25 pence per share, 6.50 pence per annum, for the second half of 2013, an increase of 4.0% on the previous dividend of 3.125 pence, being 6.25 pence per annum per share; a growth well above UK RPI.

I would like to begin by offering my thanks to all of you who supported our capital raising activities during 2013. We raised gross total proceeds of £282.2 million during the year through a tap issue in July, a full pre-emptive capital raise in October and the remainder from those shareholders that elected for the scrip dividend alternative. The majority of these funds have been invested in assets totalling £264.6 million this year.

We have acquired 15 stakes in new PPP projects, and five additional stakes in existing projects. JLIF has further strengthened its presence and capability in the secondary market for infrastructure projects demonstrated by 62% of our acquisitions in 2013 coming from the wider secondary market, being sources other than through our first offer agreement with John Laing.

We were pleased to have delivered an increase in the dividend paid in you in May 2013, taking the dividend to 3.125 pence per share, a growth in dividend of 4.2%. This uplift is attributable to the growth in our Portfolio through enhancements the management team is delivering and the scale of the Portfolio resulting from the number of acquisitions we have made.

Deliver

We have grown the Portfolio Value by almost 50% since the end of 2012, primarily due to our acquisition activities. We are very selective in the investment opportunities we pursue to ensure we are efficient with our resources and continue to deliver a competitive total return, whilst keeping our expense ratio to a minimum.

Enhance

We have exceeded our expectations of underlying growth in the Portfolio relating to asset performance. This growth is predominantly due to assets that were already constituents of the Portfolio prior to 2013. The weighted average discount rate ("WADR") of the Portfolio as at 31 December 2013 is 8.18%. If all of the investments held at the end of the year were held for the whole year, and all distributions were received at the beginning of the year, this would be the expected percentage growth in value due to unwind of the discount rate. However, adjusting for the timing of investments made and distributions received during 2013 the expected growth rate from unwind of the discount rate is 6.38%. This compares to the actual underlying growth in value of 7.24%. This outperformance is attributable to cost efficiencies in the management of our projects, the delivery of additional value embedded within the assets and the net impact of macroeconomic factors such as inflation, interest rates and corporation tax. Further details of the components of this growth are detailed in sections 3 and 4 of the Investment Adviser Report.

Develop

We have made significant progress in developing opportunities to add to our existing investments in projects, evidenced by acquisitions from our co-shareholders and the beginnings of new relationships with global market participants. We have completed five transactions from co-shareholders during 2013, and a further two transactions from co-shareholders in February 2014. We continue to seek these opportunities where we believe them to offer accretive value for JLIF.

Corporate Governance

JLIF continues to maintain its Premium Listing on the London Stock Exchange and follow the UK Corporate Governance Code (the "Code"). The Board has a framework in place to enable the Company to comply with as many provisions of the Code as possible. To enhance shareholder confidence in the Company's corporate governance structure, JLIF is a member of the Association of Investment Companies ("AIC"). JLIF has adopted the AIC's guidance to facilitate transparency in the provision of information to shareholders for its governance and this Annual Report. JLIF's Investment Adviser, John Laing Capital Management Limited ("JLCM"), also sits on the AIC Property and Infrastructure Forum, to ensure both JLIF and JLCM can be instrumental in developing the infrastructure investment market and have access to the latest guidance and policy development.

Over the past year, Alternative Investment Fund Management Directive ("AIFMD") requirements have been clarified such that JLIF is categorised as a self-managed non-EU AIF (Alternative Investment Fund). New rules have been introduced by the UK Financial Conduct Authority ("FCA") relating to restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (referred to as "non-mainstream pooled investments"), effective from 1 January 2014. The Board has sought legal advice and received guidance from the FCA, after which we concluded that shares in JLIF are excluded from these new rules and as a result, the Board is of the view that the restrictions relating to non-mainstream pooled investments will not apply to shares in the Company. We made an announcement on the 20 January 2014 to this effect, which can be found on our website.

Board Changes

I am pleased to announce that Helen Green has agreed to join the Board. Helen is a Guernsey resident and a chartered accountant with significant relevant experience that will complement the Board, and she holds a number of other non-executive directorships in listed companies.

Outlook

There are a number of opportunities in the UK and Continental Europe for us to consider over both the short and medium term. We will continue to be highly selective of which assets we bid for, so as to minimise costs and maximise return to JLIF. We anticipate that a number of acquisitions in 2014 are likely to be in the UK, although the international market continues to grow and will become an increasing focus in the coming years.

We continue to expand our horizons, seeking to capitalise on our experience of bidding in the Canadian and Australian markets in 2013. Canada is an important market to us, representing over 10% of our Portfolio. It has strong support for PPP projects at both national and provincial levels and robust participants with proven deliverability credentials. JLIF successfully acquired another hospital in British Columbia during 2013 and, as the secondary market develops, we will be ready to invest further in Canada.

Australia has risen in significance to JLIF and we are currently investigating potential opportunities that are within JLIF's investment parameters and have potential to generate accretive value to our shareholders. The same can be said for the United States of America, where we have held a watching brief for the past few years. While we are now actively engaging in the USA, we anticipate the secondary market pipeline to take a few years to develop.

We have recently received shareholder approval by way of an EGM to make two changes to our investment policy: to increase the amount of assets we hold in their construction phase from 15% to 30% and to have the ability to invest up to 10% of our Portfolio in infrastructure projects that are not strictly PPP projects but that offer similar risk profiles and characteristics. This affords us greater flexibility to select the most appropriate opportunities for JLIF, whilst maintaining the overall risk-reward profile that we have all as shareholders bought in to.

This has been a successful year for JLIF, with both capital raises, a shareholder tap issue in July and a full placing in October, receiving a good level of demand. There have been successes of capital raising activities across the listed infrastructure space, demonstrating the continued popularity of the asset class.

We are very much looking forward to building on last year's successes with another exciting year ahead.

Paul Lester CBE Chairman
24 March 2014

STRATEGIC REPORT

Objective: Our aim is to generate long term sustainable value through quality investments in and management of low risk infrastructure projects.

STRATEGY

We invest predominantly in equity and subordinated debt interests in respect of PPP projects, whose revenues are backed by governments in fiscally strong countries.

We also consider investments in non-PPP projects that display similar risk characteristics to those above.

- **Sectors**
  We continue to invest in the traditional core PPP sectors in which we currently own projects and we intend to broaden our sector diversity to include rail projects. Governments are placing greater emphasis on economic infrastructure, compared to social infrastructure, than we have seen historically, and JLIF is ensuring it is well positioned to take advantage of future opportunities.

- **Geographies**
  Our geographic spread reflects the concentration of PPP transactions to date and the maturity and support of the PPP markets. The Portfolio predominantly resides in the UK, followed by Canada and Continental Europe. We hope to further diversify our exposure to new markets, particularly Australia and the United States of America.

We have recently expanded JLIF's Investment Policy to have the ability to invest up to 30% of our Portfolio in assets still in their construction phase (increased from 15%) and up to 10% of the Portfolio to be invested in projects that are not classified as PPP projects but which exhibit a substantially similar risk profile and characteristics. Full details of the Investment Policy are set out on pages 16 and 17 of this Annual Report.

MARKET OUTLOOK

Our investments are located in the UK, Canada, Finland and the Netherlands. The Portfolio is concentrated in infrastructure markets that support PPP as a method of procurement at a national level, and where a pipeline of secondary market transactions is highly likely. JLIF's Investment Policy states that at least 50% of the Portfolio must remain in the UK.

The UK represents a significant portion of the Portfolio, which broadly corresponds to global PPP concentration. We aim to increase the geographic diversification of the Portfolio over the medium term as the map below demonstrates.

Both Canada and Continental Europe have mature secondary PPP markets with a large number of transactions and a material pipeline of activity to follow over the coming years. These markets have strong political support for PPP and a diversified participant base with robust credentials.

Australia and the United States of America (USA) are developing their secondary markets as the drive to invest in infrastructure increases. Both have large-scale infrastructure projects that require significant amounts of private sector investment and we anticipate these markets to grow substantially over the next five years.

BUSINESS MODEL

JLIF has a three-step approach to its business model: deliver, enhance, develop. This approach allows us to concentrate our efforts to deliver income to investors, thus enhancing the Portfolio so that Key Performance Indicators are achieved and developing new opportunities to allow us to continue to improve the longevity and value of the company.

- **Deliver**
  We aim to ensure the Portfolio is performing in line with our original expectations. This means working closely with each project to deliver the returns expected at acquisition of the asset. This delivers the base yield to return to shareholders.

- **Enhance**
  As well as seeking to deliver the base yield from the assets, we aim to secure additional growth to that originally anticipated, through the creation of efficiencies at both individual project and portfolio level. Our large portfolio affords benefits such as economies of scale and knowledge-share across the projects.

- **Develop**
  We focus on creating new sources of shareholder value through acquisition opportunities both within the Portfolio and in the market through creation of non-competitive bidding opportunities via our network of relationships and first offer arrangements.

OUTCOMES AND KEY PERFORMANCE INDICATORS ("KPIs")

There are two categories of KPIs against which we are measured:

- **performance** of the investment; and
- accuracy of the investments made against the investment **policy**.

Performance based KPIs:

KPI	2013	2012
Yield		
Objective: A dividend yield of **6%** on IPO Issue Price of £1.	Annual dividend paid: **6.25pps**	Annual Dividend paid: 6.00pps
Measurement: A ratio of the total annual dividend yield against the year-end share price	Status: **6.25%** on issue price, being 5.4% yield on share price as at 31 December 2013	Status: 6.0% on issue price being 5.6% yield on share price as at 31 December 2013.
	Share price @ 31/12/13: **115.2p**	Share price @ 31/12/12: 107.9p
Comment	The yield has decreased marginally due to the increase in the comparative share price.	
IRR[1]		
Objective: To target an IRR of **7-8%** over the longer term.	IRR since launch: **8.20%**	IRR since launch: 8.71%
Measurement: This is by reference to the IPO Issue Price of £1.		
Comment	The IRR has marginally decreased compared to 2012 due to the large capital raise towards the end of 2013. The IRR continues to be above the targeted range.	

[1] Internal Rate of Return.

The policy based KPIs can be found on page 17.

RISKS AND RISK MANAGEMENT

Risk is the potential for events to occur that can create either threats to success or opportunities for benefit.

Threats to the success of the business could adversely impact the Group’s business model, reputation or financial standing. Alternatively, under a well-formed risk management framework, potential risks can be identified in advance and converted into opportunities.

The Prospectus details all the potential risks that could occur in a PPP project. In the normal course of business, each asset will have a rigorous risk management framework with a comprehensive risk register that is reviewed and updated regularly and approved by its board.

The purpose of JLIF's risk management policies and procedures is not to eliminate risk completely, as this is not possible; rather it is to reduce the likelihood of occurrence and to ensure that we are adequately prepared to deal with risks so as to minimise their impact should they materialise.

Risk identification and monitoring

JLIF has a comprehensive risk management framework and risk register that assesses a) the probability of each identified risk materialising; and b) the impact it may have on JLIF. This is captured in a rating system assigning a 1, 2 or 3 to the probability and a 1, 2 or 3 to the magnitude of the impact (with 1 being the least probable/smallest impact and 3 being the most probable/greatest impact).

These values representing likelihood and impact are multiplied together and used to determine the overall severity of the risk. The following red-amber-green system is used to prioritise and focus JLIF's risk management policies and procedures:

- Red (score 6 – 9) very likely to occur or has occurred in the recent past; significant potential impact on the firm's stakeholders, reputation and/or profits if the risk occurred.
- Amber (score 3 – 5) likely to occur, with a medium reputational and/or financial impact if the risk did occur.
- Green (score 1 – 2) unlikely to occur and only minor impact should the risk materialise.

Mitigation controls and management factors have been developed with respect to each risk identified so as first to reduce the likelihood such risk occurring and secondly to minimize the severity of its impact in the case that it does occur.

The risk register is a 'live' document that is reviewed and updated regularly as new risks emerge and existing risks change. The risk register is presented to the Board at each Board meeting for consideration and approval.

Each of the underlying projects are overseen by experienced general managers who report to their individual SPV boards. The general managers are based on site and maintain strong relationships between clients, sub-contractors and other partners. This ensures effective management of potential risks.

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

1. **Strategic, Economic and External;**
2. **Operational, Business, Processes and Resourcing;**
3. **Financial and Accounting;**
4. **Compliance and legal; and**

5. Asset Specific risk.

Each of these areas are summarised in the table below, followed by a detailed discussion of the risks.

	Risk	Post-Mitigation Risk
Strategic, Economic and External	Currency	Green
	Inflation and interest rates	Green
	Acquisitions and pipeline	Green
	Funding of acquisitions and future equity raising	Green
	Competitors	Green
	Future of UK capital spending	Green
Operational, Business, Processes and Resourcing	Operational obligations	Green
Financial and Accounting	Financial	Green
	Gilt rates and discount rates	Amber
	New accounting standards	Green
Compliance and Legal	Regulatory	Green
Information Technology	Cyber risk	Green
Asset Specific	Investment risk	Green

STRATEGIC, ECONOMIC AND EXTERNAL

Currency Risk

JLIF's Portfolio currently comprises five assets that are located outside of the UK and are therefore exposed to currency risk (i.e. movements in exchange rates). As at 31 December 2013 these assets represented 15.0% of the Portfolio Value and by currency as follows:

- 10.4% Canadian Dollar
- 4.6% Euro

While this mix of currencies provides JLIF with diversification benefits, the Net Asset Value ("NAV") of these assets will vary in Sterling terms due to fluctuations in current exchange rates being applied to all future years of income from those currency denominated projects. Over the long term, the intention is not to hedge this exposure on the Balance Sheet. However, over the short term, cash distributions arising from these assets will be monitored and hedged if appropriate. Furthermore, JLIF's multi-currency revolving credit facility affords the possibility of borrowing in a foreign currency, thereby acting as a partial hedge.

Inflation and Interest Rate Risk
The underlying assets in the Portfolio have some exposure to inflation. Each asset receives a Unitary Payment ("UP") from a public sector client. This is paid every year from the end of construction until the end of the concession period (which is typically around 25 years).

The UP is calculated to cover the following costs incurred by the SPV in delivering the contract:

- Financing costs (bank debt or bond finance is used to meet the costs of construction and is then repaid over the course of the concession period once the project is operational);
- Operational costs (for maintaining the asset including soft services, such as cleaning and catering, and hard services, such as the replacement of roofs, lifts, flooring etc.); and
- Cost of equity (i.e. the expected return of the SPV shareholders).

The UP is used by the SPV to pay for operational costs first, then to service senior debt and finally for equity.
Finance costs are fixed at the time of the contract being signed (through the use of interest rate swaps and fixed rate loans) thereby eradicating an interest rate risk in this respect[4]. Given finance costs are fixed, it is normal therefore for the portion of the UP related to these costs not to be linked to an inflation index but rather to also be fixed.

Operational costs on the other hand are affected by inflation and this is reflected in the UP received from the client. A proportionate amount of the UP corresponding to these costs is index-linked meaning the amount received increases/decreases in line with inflation. This results in a 'natural hedge', removing the need for use of derivatives to mitigate inflation risk. In a minority of cases where the SPV has index-linked cash flows that fall outside of the 'natural hedge', the inflation risk is hedged using inflation swaps.

For UK projects linked to RPI or RPIX, the assumed level of inflation used by JLIF in its valuation of its Portfolio is 2.75%. This is regularly reviewed to ensure that it remains reasonable and provides JLIF with relative protection against inflation.

The Company has some interest rate exposure, through its own cash deposits and those cash deposits in the projects. JLIF's own cash deposits are generally minimal given JLIF's raises capital to invest and therefore has very little cash drag. The deposits within the project companies are much more sizeable and we work with the lending institutions to ensure the best available rates are achieved.

Acquisitions and Pipeline
JLIF's intention is to grow the Portfolio by identifying value enhancement opportunities within our existing assets and by the acquisition of further assets. However, there is a risk that a pipeline of acquisitions does not materialise. In this respect, JLIF benefits from two first offer agreements with John Laing giving it the right of first offer to a pipeline of infrastructure projects, valued by John Laing at approximately £400 million over the next six years. These are assets that have already reached financial close or preferred bidder status or have recently become operational and are considered suitable by JLCM for addition to JLIF's Portfolio. The original First Offer Agreement, signed at IPO, with John Laing was recently amended, further details of which can be found on pages 16 and 17 of this Annual Report. Furthermore, JLIF is already seeking opportunities for the longer term, three to five years, both in the UK and overseas.

There is a risk that John Laing will be sold and that this impacts the manager. If John Laing is sold it is expected to be sold as a going concern and therefore the first offer agreements will transfer to a new owner.

JLIF actively reviews its acquisition strategy and seeks to engage in acquisitions from both John Laing and the wider market. The increasing number of third party acquisitions has seen JLIF's credibility as a buyer and track record increase and has further broadened its diversification of co-shareholders, contractors, clients, sectors and geographical markets.

It is JLIF's experience in 2013 that the secondary PPP market, both in the UK and elsewhere, was very active and this is expected to continue in the short to medium term. Please refer to the Outlook section of the Investment Adviser Report for further information on expectations regarding future market activity.

[4] Some interest rate risk is retained by the SPV in relation to deposit rates on bank accounts.

Funding of Acquisitions and Future Equity Raising
There is a risk that JLIF is unable to achieve its stated ambition of growing the Portfolio by acquiring new assets due to a lack of funding, both corporate debt and equity capital from investors.

JLIF has a three year £150 million revolving credit facility. This provides JLIF with available short term finance than can be accessed very quickly to pursue acquisitions. The facility expires in February 2016 and JLIF will seek to refinance prior to this to meet going concern requirements. JLIF uses this facility to finance acquisitions prior to raising capital, thus mitigating the risk of not having adequate funding for growth.

Investors have been supportive of JLIF's capital raising activities to date, with the most recent capital raise once again being oversubscribed and at the top of the pricing range. This demonstrates the attractiveness of JLIF's strategy of raising equity to match an acquisition programme. This, as well as successful capital raises by other listed infrastructure funds, confirms the appetite investors have for infrastructure as an asset class.

Competitors
JLIF, in pursuing investment opportunities and in seeking to raise further capital, competes against a number of other listed and private infrastructure funds. JLIF differentiates itself from its peer group in a number of ways including its low cost of operation, the operational experience and dedicated nature of the Investment Adviser, its aim to only raise capital against committed investments and having two offer agreements with John Laing.

In early 2014, JLIF amended its Investment Policy to include a category comprising up to 10% of Total Assets (calculated at the time of investment) for infrastructure assets that are not necessarily government-backed or classified as PPP assets but that generally have the same risk profile and characteristics as PPP assets.

Should JLIF wish to expand its overseas investments there is a risk, in being a non-domiciled investor, that it may be at a competitive disadvantage when bidding for assets, particularly from a tax perspective. This could potentially limit JLIF's ability to increase the geographic diversification of its Portfolio. JLIF will procure specialist tax advice with respect to acquisition structuring such that any competitive disadvantage is either minimised or eradicated entirely. There is a risk of John Laing launching another fund, which is a competitor to JLIF. To mitigate the impact of this risk, the current management team is dedicated to JLIF through a written commitment and has a set of rules and procedures in place to manage any potential conflicts that may arise.

UK Future of Capital Spending

Under its Investment Policy, JLIF is required to hold at least 50% of its Portfolio by value in UK assets. JLIF therefore has a significant interest in the future of UK infrastructure spending. There is a risk that spending is either reduced or stopped altogether or that the model used to procure infrastructure offers a risk allocation that would not allow JLIF to invest under its investment policy.

Should either of the above risks materialise, the immediate impact on JLIF and the secondary PPP market would be small as there is sufficient deal flow in the UK market to sustain this space in the short term, as primary participants seek to recycle equity to reinvest in new infrastructure projects.

Furthermore, a growing source of UK deal flow is infrastructure funds with finite lives reaching maturity and seeking to realise an exit for investors. Given the proliferation of this type of fund in the mid-2000s and their typical investment horizon, JLIF anticipates several portfolios coming to market over the next few years.

The medium to long term impact on the secondary market is less clear. However, there are a growing number of overseas jurisdictions in which infrastructure is procured using a PPP model similar to that used in the UK lending themselves to natural diversification by UK dominated infrastructure funds. Indeed, the secondary market in many of these jurisdictions is much less developed than that in the UK presenting less competition thereby offering attractive investment opportunities.

Operational, Business, Processing and Resourcing

JLIF invests in projects in which much of the risk is either retained by the public sector counterparty or passed down to sub-contractors. However, in all cases, some risk is retained by the SPV as identified in the Prospectus. JLIF outsourcing the management of the project SPVs to third party operators who provide experienced professionals who, in many cases, have worked on the project for many years. Such professionals have excellent relationships with clients and co-shareholders and are often based on site. Risks can be mitigated such that the projects are minimally affected, if at all.

In the event that a single project should suffer from a material issue, the diversity represented by JLIF’s Portfolio of 52 assets means that the impact on the Portfolio as a whole is minimised.

All of the projects in the Portfolio have obligations to provide operations and maintenance services to maintain the infrastructure for the length of the concession period. The project SPVs, in which JLIF invests, outsources the provision of these services to experienced facilities management and management services companies. JLIF ensures that a diverse range of providers are used to supply these services to its projects such that failure of any single service provider has a minimal impact on the Portfolio as a whole.

Financial

JLCM is responsible for preparation of a fair market valuation of the Portfolio. To provide assurance to both the Board and JLIF’s shareholders, an independent verification exercise is performed by a leading accountancy firm and an opinion provided to the Directors.

The discount rate used to value the Portfolio is based on underlying average gilt rates plus a market premium to ensure the overall WADR is consistent with a fair market value. An increase in underlying gilt rates may lead to an increase in discount rates applied by the market and a consequential decrease in the Portfolio Value. There has not historically been a direct correlation between market discount rates and gilt rates. Infrastructure funds tend to value their portfolios at ‘through cycle’ discount rates that reflect the anticipated risks and rewards of their investments. In effect, the market premium applied provides a buffer against increases in gilt rates. Management also considers relevant market transactions.

In November 2013 the EU endorsed the revised investment entities standard that JLIF has early adopted for application in its 2013 annual accounts. Given this is a new standard there is a risk that it is applied incorrectly. Management ensures it remains up to date with the latest accounting developments and any IFRIC opinions on interpretation of accounting standards.

Compliance and Legal

JLIF is required to comply with certain London Stock Exchange and Guernsey regulatory requirements. JLCM, as Investment Adviser, is regulated and authorised by the Financial Conduct Authority (“FCA”). There is a risk that failure to comply with any of the relevant rules could result in a negative reputational or financial impact on the Company.

JLIF therefore ensures that it remains well informed as to the legislation and guidance relevant to both the Company itself as well as the Project Entities in which it invests. This is achieved by seeking legal counsel where appropriate and by ensuring training is provided as necessary to the Investment Adviser and to the Board. For example, both the Board and JLCM undertake regular training to remain current on the requirements of the Bribery Act and its implications for the operation and management of JLIF’s business activities.

With regard to the Alternative Investment Fund Managers Directives (“AIFMD”) the position was clarified in late 2013.

JLIF is a non-EU Alternative Investment Fund (AIF) and JLIF is “self-managed,” meaning that the AIFM (“Alternative Investment Fund Manager”) and AIF are the same entity. The Board “performs the functions” under the directive, complying with the transparency requirements in terms of disclosures in financial statements and regular reporting to the regulator. As a result, JLIF registered with the FCA in August 2013 as a non-EU AIF following legal advice procured by the Board.

The Foreign Account Tax Compliance Act (“FATCA”) requires financial institutions to obtain information about every holder of every account across all of their affiliated entities, in order to comply with verification and due diligence procedures, to identify US accounts and to report annually with respect to any US account. JLIF has already applied for registration for FATCA Model 1 Intergovernmental Agreement for Foreign Financial Institutions (“FFIs”) to enable JLIF to be included in the first IRS Foreign Financial Institution (FFI) List which is planned to be published on 2 June 2014.

The Board of the Company has noted the rules of the UK FCA relating to restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (referred to as “non-mainstream pooled investments or NMPI”), effective from 1 January 2014. The Board has sought legal advice and received guidance from the FCA, after which it has concluded that shares in the Company are excluded from these new NPMI rules as the investment returns received in connection with shares in the Company are wholly or predominantly linked to, contingent on, highly sensitive to or dependent on, the performance of or changes in the value of shares, debentures or government and public securities which are not themselves issued by special purpose vehicles. As a result, the Board is of the view that the restrictions relating to non-mainstream pooled investments will not apply to shares in the Company.

Information Technology
There exists an increasing threat of cyber-attack in which a hacker or computer virus may attempt to access the JLIF website or JLIF's secure data and attempt to either destroy or use this data for malicious purposes. While The Board thinks it unlikely that JLIF would 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's IT providers have procedures in place to deter cyber-attacks and JLIF's data is separately stored on multiple servers which is backed up regularly.

Asset Specific
There is a risk to shareholders that the equity invested in JLIF is not itself quickly invested by JLIF in new assets, thus sitting as uninvested cash on JLIF's Balance Sheet. To mitigate this risk, JLIF only seeks to raise new funds in the equity markets either:

- To repay debt drawn on the revolving credit facility to finance an acquisition; or
- Once a specific investment opportunity with a strong chance of completing has been identified. In this regard, JLIF ensures that any consents or approvals required are under project documentation are sought at an early stage of the sale process to avoid unnecessary delays.

Typically JLIF uses its revolving credit facility to finance acquisitions that originate outside of its first offer agreements, then repays this with a capital raise to offer an efficient investment for shareholders. Those acquisitions from first offer arrangements, are usually a lot more certain so a capital raise can be timed such that the assets are acquired very shortly afterwards.

BOARD OF DIRECTORS

Paul Lester CBE, Chairman
Paul Lester, a resident of the United Kingdom, was appointed as non-executive Chairman of five organisations: Greenergy International Ltd on 1 October 2010, Survitec Group in August 2011, Peverel in April 2012, Paribas in October 2012 and Signia Wealth Ltd in January 2014. Mr Lester was chief executive of VT Group plc, the support services company, from July 2002 until its acquisition by Babcock International in July 2010.

Mr Lester was group managing director of Balfour Beatty plc, the international engineering, construction and services group, from 1997 to 2002, and chief executive of Graseby plc from 1990 to 1997. Mr Lester has also held senior management positions at Schlumberger and the Dowty Group plc.

Mr Lester is a former president of the Society of Maritime Industries, and the Engineering Employees Federation (EEF). Mr Lester recently stepped down as non-executive Director of Invensys plc.

David MacLellan, Deputy Chairman
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 chairman of Havelock Europa plc and a non-executive director of Maven Income and Growth VCT 2 plc. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

Christopher Spencer
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 sits on the board of Directors of Real Estate Credit Investments Limited, Tamar European Industrial Fund Limited, JP Morgan Private Equity Limited, Dexion Trading Limited and Ruffer Investment Company Limited, each of which is listed on the London Stock Exchange.

Talmai Morgan
Talmai Morgan, a resident of Guernsey, qualified as a barrister in the United Kingdom in 1976. He moved to Guernsey in 1988 where he worked for Barings as general counsel and then for the Bank of Bermuda as Managing Director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, Mr Morgan was Director of Fiduciary Services and Enforcement at the 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. Mr Morgan was also involved in working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, Mr Morgan served as Chief Executive of Guernsey Finance, which is the official body for the promotion of the Guernsey finance industry. Mr Morgan is now the chairman or a non-executive director of a number of investment companies including companies listed on the London Stock Exchange's Main Market for listed securities. He is Chairman of the Listed Hedge Fund Forum of the Association of Investment Companies and holds an M.A. in economics and law from the University of Cambridge.

Guido Van Berkel
Guido Van Berkel, a resident of Luxembourg, started his career in the financial industry nearly 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 independent director in a number of Luxembourg, British, Channel Islands and Dutch investment fund ranges and from the beginning of 2012 he is chairman of BlackRock Luxembourg SA and BlackRock Fund Management Sàrl in Luxembourg as well as chairman of Blackrock Fund Managers Limited.

GROUP INVESTMENT PORTFOLIO
JLIF's portfolio expanded in 2013 from 37 to 52 assets with acquisitions made across the health, education, transport and street lighting sectors. This included the acquisition of stakes in 15 new assets and five additional stakes in existing assets.

Health	Education	Justice & Emergency Services	Transport	Regeneration & Social Housing	Government Buildings	Street Lighting
Kingston Hospital 60%	Glasgow Schools 20%	Greater Manchester Police Stations 27.1%	E18 Road 50%	Brockley Social Housing PPP 100%	MoD Main Building 26%	Manchester Street Lighting 50%
Newham Hospital 50%	South Lanarkshire Schools 15%	Metropolitan Specialist Police Training Centre 27.1%	M40 Motorway (UK) 50%	Bentilee Hub Community Centre 100%	Kromhout Barracks PPP Project 40%	Walsall Street Lighting 100%
Forth Valley Royal Hospital 100%	Edinburgh Schools 20%	North East Fire and Rescue 100%	Sirhowy Way 100%	Camden Social Housing 50%		Wakefield Street Lighting 50%
Queen Elizabeth Hospital, Greenwich 27.50%	North Swindon Schools 100%	Avon & Somerset Courts 40%	M6/M74 Motorway (Scotland) 11%	Islington Social Housing I 45%		Barnet Street Lighting 100%[5]
Abbotsford Regional Hospital and Cancer Centre 100%	Highland School, Enfield 100%	Cleveland Police Station and HQ 50%	LUL Connect (CityLink) 33.5%	Islington Social Housing II 45%		Enfield Street Lighting 100%[5]
Vancouver General Hospital 100%	Newham Schools 100%			Miles Platting Social Housing 33%		Lambeth Street Lighting 100%
Roseberry Park Hospital 100%	Enfield Schools 100%			Canning Town Social Housing 100%		Redcar and Cleveland Street Lighting 100%
Tunbridge Wells Hospital 37.5%	Leeds Combined Secondary Schools 100%					
Newcastle Hospital 15%	Bexley Schools 100%					

Peterborough Hospital 30%	Bristol BSF 37.5%					
Realise Health LIFT (Colchester) 60%	Peterborough Schools 100%					
Northampton Mental Health 100%	Barnsley BSF 40%					
North Staffordshire Hospital 75%						
Kelowna and Vernon Hospitals 50%						

[5] Additional stake acquired in February 2014.

INVESTMENT POLICY

The Investment Policy has been recently amended through an EGM held on 7 February 2014. These amendments were the subject of a separate communication to shareholders which is available on our website (www.jlif.com). The changes have been designed to ensure that we are able to capitalise on changes in the global infrastructure market and to allow us to take advantage of attractive investment opportunities in portfolios of projects which become visible and would otherwise be missed. The changes will give us greater flexibility in investment decisions and to create further value for shareholders.

We would like shareholders to be aware that we have not identified any immediate opportunities arising from these changes in investment policy and we are not pro-actively seeking in-construction or non-PPP assets. Rather, we believe that with these changes we are better positioned to continue to capture carefully selected opportunities and to meet our investment objective over the longer term.

The following describes our investment policy as amended.

General

JLIF'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 Company predominantly invests in projects that have completed construction and that are in their operational phase. Investment capital in projects that are under construction will be limited to 30% of the Total Assets of the Fund (calculated at the time of investment).

JLIF predominantly invests in projects whose revenue streams:

- are public sector or government-backed;
- 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 made of the project assets). A project is availability-based or demand-based for these purposes if the Investment Adviser deems that 75% or more of payments received by the relevant Project Entity does or does not, as appropriate, 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 whose revenue streams are predominantly 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 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

We 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 may, therefore, make investments in the European Union, other European countries, Canada, the United States of America and the Asia Pacific region.

The Company will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where JLCM advises that contract structures and their enforceability are reliable, where (to the extent applicable) JLCM advises that public sector or government-backed obligations carry a satisfactory credit rating and where financial markets are relatively mature. JLIF will ensure that over 50% of the Company's Total Assets, measured by value, will be in respect of projects that are 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 immediately post acquisition. In selecting new investments to acquire, JLIF will seek to ensure that the Portfolio of projects in which JLIF invests has 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 (leverage in the context of JLIF excluding senior debt in place at Project Entity level) for financing acquisitions of investments and working capital purposes. Under the company 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 25% of JLIF's Total Assets. JLIF may borrow in currencies other than Sterling as part of its currency hedging strategy.

Origination of investments
All of the investments in the Portfolio have similar characteristics to those set out above and further investment opportunities will only be pursued if they generally satisfy these criteria. It is expected that further investments will include investments that have been originated and developed by members of the John Laing Group and may be acquired from them.

We have established procedures to deal with any potential conflicts of interest that may arise from individuals at John Laing who may act for the "sell side" (for any member of the John Laing Group) in relation to any acquisition of assets from the 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 for JLIF, and for a report on the Fair Market Value of the Investment Capital to be obtained from an independent expert; and
- JLIF Limited board approval prior to submitting an offer to John Laing and prior to execution of the Sale and Purchase Agreement.

JLIF will seek to acquire further investments going forward both from John Laing and from the wider market. In selecting the assets to acquire, JLCM will ensure that these projects have similar characteristics to the projects in the Portfolio and meet JLIF's investment criteria.

Any proposed acquisition of assets by JLIF from the John Laing Group that fall within the overall investment parameters set by JLIF, including in relation to funding, will be subject to approval by the Directors, who are independent of John Laing.

The relationship between JLIF and John Laing is governed by the Rules, as defined in the Prospectus. These require that any arrangements between a Relevant Person (as defined in the Rules) and JLIF are at least as favourable to JLIF as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the Relevant Person and an independent party.

JLIF has a 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 roads and rail projects of which the John Laing Group wishes to dispose and that are consistent with our Investment Policy. It is envisaged that the John Laing Group 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, we will seek to acquire those projects that fit our Investment Policy.

We will also seek out and review acquisition opportunities from outside the John Laing Group that arise and will, where appropriate, carry out the necessary due diligence. If, in the opinion of JLCM, as Operator of JLIF Limited Partnership (the Partnership), the risk characteristics, valuation and price of the Investment Capital in the project or portfolio of projects for sale
is acceptable and is consistent with our Investment Policy, then (subject to JLIF having funds) an offer will be made (without seeking the prior approval of the Board) and, if successful, the Investment Capital in the relevant project or portfolio of projects will be acquired by JLIF, following approval by the Board.

Potential disposals of investments
Whilst the Directors may elect to retain Investment Capital in the Portfolio projects which JLIF acquires and any other further investments made by JLIF over the long term, JLCM 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 JLCM) they consider that appropriate value can be realised for JLIF or where they otherwise believe that it is appropriate to do so. 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 and Euros. 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.

Policy based KPI's:

KPI	2013	2012
Any single investment shall **not be greater than 25%** of total assets[1]	Max. single asset: 8.20%	Max single asset: 11.1%
Borrowings of the JLIF group shall **not exceed 25%** of total assets	Max. debt drawn during the year: 21.6%	Max. debt drawn during the year: 2.2%
Investments in construction shall **not exceed 15%**[2] of total assets	Nil	Nil
Investments receiving demand based payments shall **not exceed 15%** of total assets	Nil	Nil
Investments in non-PPP infrastructure assets shall **not exceed 10%** of total assets	Nil	Nil

[1] Total assets of the Group
[2] This restriction was increased to 30% after being approved by shareholders in February 2014.

THE INVESTMENT ADVISER

David Marshall

David is a Director of JLCM, responsible for delivering the fund's performance targets. His extensive experience across infrastructure investment and M&A has played a key part in his helping take JLIF from a market capitalisation of £270.0 million at launch to a market capitalisation of £882.8 million in just over three years. He has helped raise new equity in the market of over £525 million since launch and has overseen JLIF's portfolio expand from an initial 19 assets to more than 50 assets over the same period.

Prior to his current role, David was Chairman of the John Laing Investment Committee as well as Group Treasurer and was instrumental in the major corporate transactions that transformed the John Laing Group from a construction company to a leading PPP player.

Prior to joining John Laing, David was group treasurer of two FTSE 100 companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Association of Corporate Treasurers and a member of the Association of Investment Companies Infrastructure and Property Forum.

Andrew Charlesworth

Andrew is a Director of JLCM, responsible for delivering the fund's performance targets. He has been able to draw on 19 years of experience in infrastructure development and finance to help JLIF grow from a Portfolio Value of £259.0 million at launch to a Portfolio Value of £795.8 million, overseeing JLIF's entry into the FTSE 250 index within just 11 months of its IPO. Andrew's broad experience of the PPP market, having acted as advisor to authorities in procuring PPP projects and to senior lenders in funding them has ensured that the investments JLIF has made have been accretive to shareholder value, delivering above forecast returns.

Prior to his current role, Andrew led significant parts of the primary investment business within John Laing, initially as CEO of Regenter (a John Laing social housing PPP joint venture), then as Local Authority PPP Director and lastly as the Financial and Commercial Director for the global John Laing Investments business. Andrew holds the CFA UK's Investment Management Certificate.

Joanne Gibbins
Joanne is Director of Investments for JLCM, responsible for the sourcing, valuation and execution of acquisitions, development of JLIF's business into new PPP markets, and for shareholder and board reporting. Joanne has over 10 years' experience in infrastructure investments and serves as a director at both asset and corporate levels. She led the process that saw JLIF sign a £150 million revolving credit facility in early 2013 and was responsible for £266 million of acquisitions during the year.

Prior to joining JLCM, Joanne led the finance and commercial elements of multiple PPP projects across most sectors of the infrastructure market, both in the UK and internationally, and raised and invested project finance of approximately €500 million. Previously, Joanne worked at Carillion, a construction-to-services company, and gained significant experience in financial modelling for bidding and advising consortia on their investments. Joanne holds the ACSI designation.

Jamie Pritchard
Jamie is Director of Asset Management for JLCM. His primary focus is on ensuring that forecast returns from JLIF's portfolio are delivered and on identification and management of value enhancements. In his role, Jamie serves as a director on the board of a number of the project companies in which JLIF is a shareholder. With over 12 years' experience in infrastructure investments gained across both the primary and secondary markets, Jamie's extensive portfolio management experience helped deliver value enhancements that underpinned underlying growth in 2013 of £53.7 million and ensured that distributions received from the underlying assets were £8.6 million ahead of budget. Jamie also provides support for JLIF's bidding activities with specific focus on valuation, identifying value enhancements and portfolio structuring.

Prior to joining JLCM, Jamie worked at Serco leading the commercial and financial structuring of bids, prior to which he worked at Balfour Beatty Investments. He is a member of the Institute of Chartered Accountants in England and Wales.

INVESTMENT ADVISER REPORT

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 the Partnership. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and is authorised and regulated in the UK by the Financial Conduct Authority. 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 Analysis

JLIF's share price has steadily risen over the year, increasing from 107.9 pence at the end of 2012, peaking at 122.7 pence (cumulative of dividend) in August 2013 and finishing the year at 115.2 pence. In theory, as investors in JLIF assess the shares against gilts, when gilt yields rise, JLIF's share price might be expected to fall. This pattern is evident in the early part of the year but towards the latter part of the year this theory was unproven.

As the Company pays dividends semi-annually, the share price, as expected, decreased on both 27 March and 4 September following the shares trading ex-dividend (for the dividends announced of 3.125 pence for both of the six month periods ended 31 December 2012 and 30 June 2013 respectively).

On 27 August 2013, following the completion of the acquisition of the IIC portfolio, JLIF announced its intention to undertake a capital raise that caused a short-term drop in share price. This was further accentuated when JLIF formally announced the terms of the capital raise to repay the debt drawn to finance the acquisition of the IIC portfolio, which represented 40.0% of the Company's share capital at the time. The issue closed in October, raising gross proceeds of £242.3 million through the slightly over-subscribed issue of 218.3 million new shares at the top of the price range at 111.0 pence. The shares have traded above that level since then. This was JLIF's largest capital raise since IPO in 2010.

Set against the wider market, JLIF's share price has again remained relatively stable and the Company continues to pay a level of income welcomed by investors. From launch in November 2010 to the end of December 2013, JLIF has delivered total shareholder returns of 32.7%, and an annualised return of 9.6%.

2.2 Ongoing Charges

Ongoing Charges is a measure of the drag on fund performance resulting from the day to day costs of managing JLIF. It is expressed in terms of the percentage reduction in shareholder returns assuming that markets remain static and that the Portfolio is not traded. Although it is a historical figure, it is a reasonable proxy for the likely costs of managing the fund in the future. JLIF's Ongoing Charges ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology which excludes acquisition fees from the calculation. JLIF's Ongoing Charges ratio for 2013 was 1.16%, down from 1.23% in 2012. This reduction is primarily attributable to the material increase in the Net Asset Value ("NAV"), such that fixed costs are spread over a larger base of assets. JLCM believes this figure to be competitive and demonstrative of the low cost base and efficient manner in which the fund is managed.

As noted, the AIC's recommended methodology for calculating the Ongoing Charges ratio excludes acquisition fees. JLCM earns acquisition fees on acquisitions not generated through its first offer agreements. In accordance with the AIC's recommended disclosure we have presented below the impact of these acquisition fees.

	2013	2012
Ongoing Charges (using AIC recommended methodology)	**1.16%**	1.23%
Acquisition fees	**0.19%**	0.08%
Ongoing Charges plus acquisition fees	**1.35%**	1.31%

Acquisition fees increased in 2013 due to a notable increase in the volume of transactions originated outside of first offer arrangements in 2013 from £69.5 million in 2012 to £162.8 million in 2013.

3. VALUATION

3.1 Portfolio Value

JLCM is responsible for the preparation of a fair market valuation of the Portfolio, which is presented to the Directors. To provide additional assurance to both the Board and JLIF's investors with respect to the valuation, an independent verification exercise is performed by a leading accountancy firm and an opinion provided to the Directors. Subsequently, the Board approves the valuation of the Portfolio for the year ended 31 December 2013.

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

The valuation of the Portfolio at 31 December 2013 at was £795.8 million, an increase of 48.1% compared to the valuation of £537.4 million as at 31 December 2012. A reconciliation of the factors contributing to the growth during the year is shown in the table below, as well as a comparative table for 2012.

	£'000s	% growth
Opening value at 31 December 2012	**537,359**	
Acquisitions(1)	264,648	
Loan note subscriptions	–	
Cash received from investments	(53,647)	
Discount Rate Movements	(184)	
Exchange rate movements	(6,100)	
Opening value rebased at 31 December 2012	**742,112**	
Growth in value	53,737	7.24%
Value at 31 December 2013	**795,849**	

(1) Including £314k Tunbridge Wells Hospital price adjustment.

	£'000s	% growth
Opening value at 31 December 2011	**380,439**	
Acquisitions[1]	140,841	
Loan note subscriptions	14,757	
Cash received from investments	(40,496)	
Discount Rate Movements	1,376	
Exchange rate movements	(1,562)	
Opening value rebased at 31 December 2011	**495,355**	
Growth in value	42,040	8.49%
Value at 31 December 2012	**537,395**	

After adjusting for acquisitions during the year, cash income from investments, changes to the underlying discount rates and foreign exchange rate movements, JLIF's rebased valuation as at 31 December 2012 was £742.1 million, implying underlying growth in the Portfolio of 7.24% to 31 December 2013. As detailed in section 3.2 the weighted average discount rate ("WADR") of the Portfolio as at 31 December 2013 is 8.18%. If all of the investments held at the end of the year were held for the whole year and all distributions were received at the beginning of the year this would be the expected percentage growth in value due to unwind of the discount rate. However, adjusting for the timing of investments made and distributions received during 2013 the expected growth rate from unwind of the discount rate is 6.38%. This compares to the actual underlying growth in value of 7.24%, which is 0.86% ahead of the growth forecast from unwind of the discount rate. The underlying drivers of this growth are discussed further in section 4 Portfolio Performance.

3.2 VALUATION ASSUMPTIONS

3.2.1 Discount Rate

The methodology used by JLCM in determining the appropriate discount rate to value each asset in the Portfolio is based on underlying gilt rates associated with each project, aggregated with specific premiums to reflect both the project risks and to ensure the resultant rate is reflective of the wider market. This approach has been consistently applied each year since JLIF launched in 2010. Since the discount rate is considered a key driver of value by the market the discount rates used are assessed by an independent consultancy firm with a track record of PPP valuation as part of their overall review of the Portfolio Valuation. An opinion is provided to the Directors in order to provide additional assurance as to the appropriateness of the valuation as a whole and the discount rates used.

The discount rate applied to each asset is based on historical five year rolling average gilt rates with a maturity matching the remaining concession length of each project. Various premia and/or discounts are added to this risk free rate to reflect the underlying characteristics of each asset, including any project specific risks.

The table below illustrates the range of discount rates used across the Portfolio compared with that at 31 December 2012 together with the sensitivity of the Portfolio to movements in the discount rate.

Year	**2013**	2012
Weighted average gilt rate	**3.46%**	3.68%
Weighted average risk premium	**4.72%**	4.61%
WADR at 31 December	**8.18%**	8.29%
Range of asset discount rates	**7.50%-8.85%**	7.95%-8.86%
Number of assets	**52**	37
Sensitivity of the Portfolio Valuation to movements in the discount rate		
+1%(9.18%) for 2013	**Decreases by 7.69% (£61.2m)**	Decreases by 7.39% (£39.7m)
-1%(7.18%) for 2013	**Increases by 8.90% (£70.8m)**	Increases by 8.48% (£45.6m)

The decrease in the WADR from 8.29% to 8.18% is the net impact of a reduction in the Portfolio weighted average gilt rate and an increase in the weighted average risk premium applied. This reduction is consistent with our experience of the secondary market for PPP assets, particularly in the UK, which has remained buoyant throughout 2013 and seen a few new entrants attempting to enter the market.

3.2.2 Interest rates

All of the projects in the Portfolio are effectively funded with fixed rate financing either through the use of interest rate swaps or via fixed rate or index-linked bond finance. Increases in interest rates will therefore have very little impact on the finance costs of the projects and therefore the returns received by JLIF are largely insulated from movements in underlying rates.

Long-term gilt yields in the UK, Continental Europe and Canada have remained at historically low levels and therefore there is a risk that they will increase over time. Historically there appears to have been little or no correlation between movements in gilt rates and discount rates used to value PPP projects. The current Portfolio weighted average discount rate of 8.18% is significantly higher than the weighted average gilt yields for the Portfolio, a differential that remains at an historic high since launch.

3.2.3 Cash deposit rates

Whilst the underlying projects' funding costs are largely insensitive to movements in interest rates, each asset in the Portfolio holds cash deposits (usually six month term) in reserve accounts, typically a requirement of the senior debt providers. As a result, investment income from the Portfolio can vary depending on the interest earned on these deposits. The valuation of the Portfolio assumes deposit rates in the UK (the majority of the Portfolio) of 1.0% during 2014 and 2015, which is broadly in line with current six month market rates being offered by banks. The long term deposit rate is assumed from 2018 onwards and is 3.5%. The Euro and Canadian deposit rate assumptions follow a similar trend, Euro deposit rates being assumed to increase from 0.5% in 2014 to a long-term rate of 2.5% from 2017 and

Canadian deposit rates assumed to increase from 2.0% in 2014 to 3.0% from 2017 onwards. The impact on the Portfolio Value of a change to these deposit rate assumptions for the remaining life of the projects is shown in the table below.

	Portfolio Value Impact 2013	Portfolio Value Impact 2012
Increase by 1% (Long term deposit rate = 4.75%)	**Increases by 2.10% (£16.7m)**	Increases by 1.74% (£9.3m)
Decrease by 1% (Long term deposit rate = 2.75%)	**Decreases by 2.03% (£16.2m)**	Decreases by 1.75% (£9.4m)

If deposit rates are assumed at the levels shown in the table above for only a few years rather than the whole remaining life of the Portfolio (average life of the Portfolio is 20.2 years), any potential impact would be substantially reduced.

3.2.4 Foreign Exchange

As at 31 December 2013 the Portfolio included five projects that have exposure to foreign exchange cash flows being the Canadian Dollar ("CAD") and the Euro. These projects with non-Sterling denominated cash flows represented 15.0% of the Portfolio Value at 31 December 2013 (compared to 20.4% at 31 December 2012). The reduced exposure in the Portfolio to foreign currency is principally due to the change in Portfolio composition resulting from acquisitions during the year, together with some movements in each assets respective valuation.

The table below illustrates the impact on the Sterling value of the Portfolio as a result of a change in the Sterling/Euro and Sterling/Canadian Dollar exchange rates of 5%.

Scenario	**Euro:Sterling at 31 December 2013**	**CAD:Sterling at 31 December 2013**	**Portfolio Valuation at 31 December 2013**	**Impact**
Portfolio Valuation	1.199	1.759	£795.8m	–
Euro & CAD appreciate by 5% versus Sterling	1.139	1.671	£802.1m	+ £6.3m (+0.8%)
Euro & CAD depreciate by 5% versus Sterling	1.259	1.846	£790.1m	- £5.7m (-0.7%)

Non-Sterling denominated income from JLIF's assets is considered relative to the foreign exchange market to determine whether the potential volatility is material enough to enter in to a forward contract to hedge against currency movements. During 2013, JLIF hedged 100% of its Euro cash flows and used all of its Canadian Dollar income to fund the acquisition of a 50% stake in the Kelowna & Vernon Hospitals project in the latter part of 2013. JLIF also considers natural hedging of costs and revenue items as a way of minimising the volatility of exchange rate movements on the Portfolio. In line with JLIF's policy since launch, the Balance Sheet value of its Canadian Dollar and Euro denominated assets is not hedged.

3.2.5 Inflation

Each project in the Portfolio receives a revenue stream from its government or public-sector counterparty client, which is partially or, in some cases, wholly linked to inflation. The weighted average assumption used for inflation for the Portfolio is 2.66%. For projects in the UK revenues are typically linked to RPI or RPIx, whilst each of JLIF's assets in Canada has revenues linked to Canadian CPI. In Continental Europe, the Kromhout Barracks project has revenues linked to Dutch CPI, and in Finland, revenues relating to the E18 road project are linked to Finnish construction and engineering indices, MAKU and ELSPOT. As a result, and after taking account of the cost indexation arrangements of the projects, cash flows from the Portfolio as a whole are positively correlated to inflation. If inflation increases the value of the Portfolio increases and vice versa. Consistent with previous years the approximate correlation to inflation is 0.5; therefore, for every one percentage point increase in inflation above the assumed level, returns increase by approximately 0.5%. The effect is broadly symmetrical and so a fall in inflation would produce a similar but opposite effect.

The most significant long term indexation assumptions used to value the Portfolio at 31 December 2013 are set out below and are consistent with those used in the Portfolio Valuation at 31 December 2012.

Country	Index	Assumption
Portfolio	Weighted average	2.66%
United Kingdom	RPI / RPIx	2.75%
Canada	CPI	2.1%
Netherlands	CPI	1.9%
Finland	MAKU / Elspot	3.0% / 2.5%

Sensitivity analysis has been performed to demonstrate the impact of inflation on the Portfolio Value. The results of this is presented below.

	Portfolio Value Impact 2013	Portfolio Value Impact 2012
Increase by 1%	**Increases by 4.10% (£34.0m)**	Increases by 3.82% (£21.3m)
Decrease by 1%	**Decreases by 3.99% (£30.5m)**	Decreases by 3.33% (£17.3m)

3.2.6 Corporation tax

The taxable profits of each of the project companies in the Portfolio are subject to corporation tax in their respective jurisdictions and over their lifetimes each project is likely to pay significant amounts of tax.

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.

The long term corporation tax assumptions used in generating the Portfolio Value as at 31 December 2013 are summarised in the table below.

Country	Corporation tax rate
United Kingdom	21%
Canada	26%
Netherlands	20%-25%
Finland	24.5%

Whilst the UK corporation tax rate reduction to 20% from April 2015 was substantively enacted on 2 July 2013, the long-term UK corporation tax rate assumed in the Portfolio Valuation is 21%. If a UK corporation tax rate of 20% was assumed this would increase the Portfolio Value by circa £4 million.

4. PORTFOLIO PERFORMANCE

4.1 Acquisitions

JLIF has been very active in the market in 2013 making acquisitions with a total acquisition value of £264.6 million6. This included adding a further 15 assets to the Portfolio (taking the total number of assets to 52) and increasing stakes in five existing assets by acquiring those of co-shareholders.

In January, JLIF acquired an additional 9% stake in the E18 road project from co-shareholder Lemminkäinen for €3.1 million (£2.6 million). This took JLIF's total shareholding in the project to 50%.

In April, JLIF acquired a 30% interest in a new asset, Peterborough Hospital, for £26.7 million from Brookfield Infrastructure Partners LP, taking the number of assets in the Portfolio to 38.

In August, JLIF completed the acquisition of a portfolio of 11 operational, yielding social infrastructure assets from Investors in the Community LP (the "IIC portfolio") for a total cost of approximately £123 million. The portfolio comprised quality social infrastructure projects in the education, health, street lighting and regeneration and social housing sectors and includes three assets with 100% ownership and a further five with significant holdings (over 75%). This acquisition represents JLIF's single largest transaction since acquiring the seed portfolio at launch in November 2010.The portfolio has been fully operational since July 2012 and all of the projects are managed by Mill Asset Management Group ("MAMG"), one of the largest independent asset and SPV managers of PPP infrastructure projects in the UK. Following this transaction, the Portfolio increased from 38 to 49 assets.

JLIF completed the acquisition of an additional 5% stake in the LUL Connect (CityLink) project taking its total shareholding to 33.5% from co-shareholder Motorola Solutions UK Limited.

In October, JLIF acquired a 40% stake in the Barnsley BSF project, the first of a three asset portfolio from John Laing. This was followed in November by completion of the second asset, a 50% stake in the Kelowna and Vernon Hospitals P3 project. This is JLIF's third investment in the Canadian P3 market. The final asset of the portfolio, a 75%7 stake in the North Staffordshire Hospital project, was acquired in December. The total consideration paid for these three assets was approximately £102 million, and the Portfolio stood at 52 assets.

Also in December, JLIF acquired the remaining stakes in three assets from Bouygues UK, resulting in 100% ownership of each asset. The initial stakes in the assets were acquired as part of the IIC portfolio in August. JLIF acquired an additional 15% stake in the Lambeth and Redcar & Cleveland street lighting projects and an additional 19% stake in the Peterborough Schools project.

In 2013, 62% of all investments (by value) were acquired from the wider secondary market, up from 41% in 2012, demonstrating JLIF's increasing presence in the market as both a credible and deliverable buyer.

In February 2014, JLIF completed the acquisition of an additional 15% stake (equity only) in the Barnet and Enfield Street Lighting projects from co-shareholder Bouygues E&S Infrastructure UK Limited. This takes JLIF's shareholding in each project to 100%. JLIF's initial stake in both projects were acquired as part of the IIC portfolio acquisition in August 2013.

4.2 Income from investments

JLIF received income from its Portfolio, principally in the form of dividends, and interest and repayment of principal on shareholder loans, totalling £53.6 million during the 12 month period ended 31 December 2013. This represents a robust performance and these strong cash flows were in excess of the yield anticipated from the Portfolio at the start of the year (and after accounting for acquisitions made during the year). These distributions received from the underlying asset companies naturally reduce the value of the Portfolio since the cash flows have been realised and are no longer contained within the forecast income.

4.3 Exchange rate impact

As noted in section 3.2.4, JLIF's policy is not to hedge the Balance Sheet value of its non-Sterling denominated assets. As a result, the values of JLIF's overseas assets can vary depending on movements in the Canadian Dollar and Euro exchange rates relative to Sterling. During 2013 the Canadian Dollar depreciated by 10.9% from an exchange rate of 1.610 to 1.759 and the Euro appreciated by 2.0% from an exchange rate of 1.222 to 1.199. The net impact of these movements was a reduction in the Portfolio Value of £6.1 million.

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

	As at 31 December 2013	As at 31 December 2012
	Net Asset Value per share	Net Asset Value per share
Including exchange variations	**106.8p**	105.7p

Excluding exchange variations	**107.6p**	105.6p

After having taken account of acquisitions, cash received from investments and changes in discount rates and exchange rates during the year, the rebased Portfolio Value at 31 December 2013 is £742.1 million. This, combined with the underlying growth in value of the Portfolio of £53.7 million (7.24% of the rebased Portfolio Value), results in a Portfolio Value at 31 December 2013 of £795.8 million.

4.4 Portfolio growth

The weighted average discount rate ("WADR") of the Portfolio as at 31 December 2013 was 8.18%. If all investments were held throughout the entire year, and all cash income from investments received at the beginning of the year this would be the percentage growth forecast due to the natural unwinding of the discount rate. However, certain acquisitions were made during the year and cash income from investments was received throughout the year. When adjusting for the time weighting of these factors the forecast growth rate from the unwinding of the discount rate can be calculated as approximately 6.4% or £47.3 million.

JLIF delivered Portfolio growth that was higher than the forecast level by £6.4 million in 2013. This is the result of several factors:

- The impact of cost efficiencies from managing our projects;
- Other value enhancement activities within the assets;
- Achieving and delivering additional value that is embedded within the assets that JLIF has acquired; and
- Actual inflation being greater than JLIF's long term forecast.

JLIF has consistently delivered Portfolio growth higher than the forecast discount rate unwind since it launched in November 2010.

As at 31 December 2013 the Portfolio contains investments in 52 assets. As described above overall the growth in Portfolio Value has exceeded that forecast from the unwind of the discount rate. However, as with any portfolio there is a degree of variability in the valuation growth exhibited by each individual asset, some growing by more than forecast and others by less.

Those projects for which growth exceeded expectations included the Brockley and Islington II social housing projects, the Glasgow schools project, the Forth Valley Royal Hospital project and the MOD main building project in Whitehall. The increases in value largely resulted from value enhancement activities undertaken during the year, including cost efficiencies and additional revenue generation and corrective actions against previous underperformance. In addition, growth exceeded expectations on a number of acquisitions completed during 2013, including the E18 road project in Finland and LUL Connect (CityLink) project, as a result of improved cash flow timing compared to the acquisition assumptions. Those projects for which growth was below expectations included the Peterborough Hospital project where increases in cash flow anticipated at acquisition have yet to be realised, and the Newham Hospital project where forecasts of the contractual sharing of cost savings with the public sector client over the remaining concession life have been revised. Performance on the remaining assets in the Portfolio was generally in line with expectations.

During February 2014, Monitor, the regulator for health services in England, published its most recent quarterly review of the performance of NHS Foundation trusts. The Peterborough and Stamford Hospitals NHS Foundation Trust, the public sector client in respect of the

Peterborough Hospital project, was noted as one of the trusts in financial difficulty. The financial position of the trust has had limited impact on the performance of the investment in this project and we, together with the other stakeholders in the project, are continuing to support the Trust as it develops its plans to reduce its deficit. The project benefits from a Deed of Safeguard which provides that in the event that the Trust was unable to meet its financial obligations the Secretary of State for Health would step in and meet its liabilities.

5. GEARING

In February 2013, JLIF signed a new three year, multi-currency £150 million revolving credit facility with Lloyds Bank plc, The Royal Bank of Scotland plc, ING Bank NV plc. The margin on the facility is LIBOR plus 2.3% and is subject to variation should the loan to value ratio change significantly.

The facility was first drawn to finance the acquisition of a 30% stake in Peterborough Hospital. This was subsequently repaid using the proceeds of a shareholder tap issue in early July.

The facility was twice drawn upon in August to part-fund the acquisition of the IIC portfolio and the additional stake in the LUL Connect (CityLink) project. The outstanding debt was repaid in full using the proceeds from the October capital raise.

The facility has allowed us to be responsive to invitations to bid for assets and has ensured that JLIF is a deliverable participant who can meet challenging timetables for large portfolios in bidding processes. We have received feedback on several occasions this year that our ability to quickly complete deals has helped differentiate us from competitors. The facility was undrawn as at the 31 December 2013.

6. FINANCIAL RESULTS

The financial statements of JLIF (or “the Company”) for the year ended 31 December 2013 are on pages 42 to 80.

Basis of accounting

During the year, the Company early adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). These amendments, endorsed by the EU on 20 November 2013, are effective from 1 January 2014. As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 27, JLIF no longer consolidates on a line-by-line basis its investments in PPP assets that are subsidiaries, but instead recognises them as Investments at fair value through profit or loss. Therefore, all investments in PPP assets are now accounted for on the same consistent basis, which the Directors believe will provide more clarity to JLIF’s shareholders. In previous reporting periods, the Company had presented supplementary information which provided an analysis of the financial statements on an investment basis (referred to as “Investment Group”) consistent with the basis described above. All comparative information in this section has been restated.

The JLIF Group has both recourse and non-recourse parts. The recourse group (or “the Consolidated 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 Limited Partnership (the English Limited Partnership) and 21 (2012 – 20) wholly owned subsidiaries of the English Limited Partnership. These subsidiaries provide services that relate to the Company’s investment activities on behalf of the parent which are incidental to the management of the investment portfolio and, in accordance with Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), continue to be consolidated on a line-by-line basis.

The recourse group together holds the investments in the 52 (2012 – 37) non-recourse PPP assets. The effect of this is that any cash held by or debt in the 52 assets is without recourse to the Consolidated Group. The cash in the underlying PPP assets only becomes recourse to the Consolidated Group when the assets make distributions to their shareholders. These distributions comprise returns on investments (interest on subordinated loans and dividends on equity), which are reported in the Consolidated Income Statement, together with repayments of investments (subordinated loan repayments and equity redemptions).

Result for the year ended 31 December 2013

All amounts presented in £000s (except at noted)	**Year ended 31 December 2013**	Year ended 31 December 2012*
Net assets[1]	**818,114**	542,399
Portfolio Value[2]	**795,849**	537,395
(Loss) / Gain on Portfolio Value (including unrealised foreign exchange loss)	**(357)**	6,610
Net assets per share (pence)	**106.8**	105.7
Distributions and repayments from investments	**53,647**	40,496
Profit before tax	**32,123**	33,486

* The results for the year ended 31 December 2012 have been restated following adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

1 Also referred to as Net Asset Value or "NAV".

2 Classified as investments at fair value through profit or loss on the Consolidated Balance Sheet.

Key points to note:

- Interim dividend of 3.125 pence per share declared in August 2013 and paid in October 2013 as targeted
- 7.2% increase to £795.8 million of rebased Portfolio Value since 1 January 2013 (2012 – 8.5% increase to £537.4 million).

Net assets

The movement in net assets compared to 31 December 2012 is primarily driven by share issues in the year and a gain in the Portfolio Value offset by a loss in exchange rate movement.

Portfolio Value is the fair value of the investments in 52 (31 December 2012 – 37) PPP projects calculated using the discounted cash flow method. The Portfolio Value is rebased to reflect any amounts received from the projects and any acquisitions of investments in the period between 31 December 2012 and 31 December 2013.

The Portfolio Value increased from £537.4 million at 31 December 2012 to £795.8 million at 31 December 2013. The increase in Portfolio Value of £258.4 million during the year comprises acquisitions of £264.3 million (excluding the price adjustment for the Tunbridge Wells Hospital project acquisition of £0.3 million), the net loss on investments at fair value through profit or loss including exchange movement of £0.4 million (including the price adjustment above), together with the increase in movement in accrued interest receivable on subordinated loans of £1.1 million included in interest income in the financial statements less the subordinated debt and equity repayments of £6.6 million in the year.

The underlying growth in value of the Portfolio of £53.7 million (year ended 31 December 2013) is £6.4 million ahead of the forecast growth, being the unwind of the discount rate of £47.3 million. This was offset by higher than forecast cash distributions from investments and an unrealised foreign exchange loss of £6.1 million. As a result, the net loss on investments at fair value through profit or loss in the year ended 31 December 2013 in the Consolidated Income Statement is £0.4 million (2012 – gain £6.6 million).

Further details on the Portfolio Valuation and the reasons for the variance are provided in Section 3 of this Investment Adviser's Report.

Profit before tax

Profit before tax ("PBT") for the year ended 31 December 2013 is £32.1 million (2012 – £33.5 million). The increase in returns from investments in projects of £48.4 million (2012 – £35.2 million) reflecting the increased size of the portfolio, and the growth of the investments at fair value are offset by increased costs and unrealised foreign exchanges losses on investments and cash balances of £6.1 million (2012 – loss of £1.6 million) and £0.9 million (2012 – gain of £0.7 million) respectively. The increased costs principally reflect higher administrative expenses of £12.8 million (2012 – £8.3 million) arising from the higher acquisition costs compared to the prior year and higher management fees due to the increased value of the portfolio; and additional finance costs of £3.3 million (2012 – £1.2 million) arising from the write-off of arrangement fees relating to the previous loan facility and increased interest charges as £123.4 million of the bank facility was drawn for part of the year.

Cash flow statement

The Consolidated Group had a total cash balance at 31 December 2013 of £24.3 million (31 December 2012: £8.3 million), and no borrowings (31 December 2012: £22.7 million). The breakdown of the movements in cash is shown below.

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

	2013	2012
Cash balance at 1 January	**8.3**	48.6
Capital raising	**277.3**	91.5
Listing costs	**(4.6)**	(1.9)
Acquisition of projects*	**(264.6)**	(155.6)
Acquisition costs	**(3.7)**	(2.3)
Investment on settlement of committed obligation	**–**	14.8
Cash received from projects (gross of withholding tax)	**53.6**	40.5
Administrative expenses and other	**(9.7)**	(5.6)
Interest on deposits and recovery of Letters of Credit charges	**0.1**	0.6
Proceeds from borrowings	**123.4**	17.4
Repayment of borrowings	**(123.4)**	(17.4)
Financing costs (net of interest income)	**(4.2)**	(1.1)
Dividends paid in cash to shareholders	**(28.2)**	(21.2)
Cash balance at 31 December	**24.3**	8.3

* Includes the agreed price amendment for Tunbridge Wells Hospital project which was accrued at 31 December 2012 (£0.3 million)

During the year, the Consolidated Group received cash of £53.6 million (2012: £40.5 million) from its Investments. This is consistent with investment revenues expected by the Consolidated Group as forecast during the Portfolio Valuation process for the prior period end. The cash received from Investments in the year more than sufficiently covers the operating and administrative expenses, financing costs as well as the dividends paid to its shareholders. JLCM anticipates future revenues from Investments will continue to be in line with expectations and therefore will continue to fully cover future costs as well as planned dividends payable to its shareholders. Borrowings in the period (£123.4 million), which were drawn to fund acquisitions, were fully repaid with proceeds from the capital raise in October 2013 (further details of which are provided in section 5 of this Investment Adviser's Report).

The Company has declared a total dividend of £24.9 million (3.25 pence per share) which is an increase of 4% and is payable on 19 May 2014. JLIF continues to offers a scrip dividend alternative that is the subject of a separate shareholder communication.

7. OUTLOOK

The UK represents the most mature of PPP markets although 2013 saw little primary market activity relative to pre-financial crisis levels. In England, six deals have closed in the first half of the year from the pre-financial crisis era. However, the UK Government's Autumn Statement, while broadly positive for the medium and long term, lacked real direction for the immediate future.

Scotland saw six deals reach financial close with a further three at the preferred bidder stage. A referendum for independence is scheduled for September 2014 that could see the loss of Sterling as its currency and membership of the EU. While there may be some market concern, a consensus among investors appears to have been reached that Scotland is highly unlikely to renege on agreements should it achieve independence. This is demonstrated by deals continuing to close suggesting this uncertainty has not dissuaded bidders.

The Canadian market has continued to remain buoyant throughout 2013 and appears to be well positioned for 2014 with strong support from the P3 Canada Fund at federal level and dedicated P3 agencies at provincial level. Overall, there is a growing acceptance of the P3 model across Canada by municipalities. Ontario is the most active province in Canada and is developing a long-term infrastructure plan while also seeking to legislate that it be maintained by successive governments. Whereas in some countries, the use of PPP has become a political electioneering tool, Canada has managed to keep the procurement model and pipeline separated from this.

The Australian market continues to dominate the Asia Pacific region having enjoyed considerable success in recent years. This looks set to continue in 2014 with the recent election of the Liberal Party with a manifesto to invest heavily in infrastructure in order to boost national productivity. There is a strong pipeline across several states with the most active being New South Wales, Queensland and Victoria. While not exclusively, the pipeline appears to be strongly dominated by transport deals such as the New Generation Rolling Stock project which recently reached financial close.

The Continental European market over the last two years has been largely supported by the Netherlands and Belgium. The Netherlands saw four deals close in 2013 with a further nine deals in the procurement pipeline. Belgium has a pipeline of 16 projects with two currently at preferred bidder stage. In France, the current government appears relatively indifferent toward PPP, however, with decentralised decision-making the market was kept active in 2013 with seven deals reaching financial close. There are currently 41 deals in procurement in France of which seven are at preferred bidder stage providing a number of opportunities for participants active in the French market.

The US represents a potentially vast infrastructure market with figures of US$2.2 trillion quoted as the level of infrastructure required over the next five years. The US market is generally considered to be not one homogenous market, but a collection of 50 individual markets with individual legislative and budgetary systems. As at August 2012, 33 states had enacted PPP enabling legislation in the transportation sector alone, while several others have some form of legislation in the pipeline. In those states that have not enacted PPP enabling legislation, some have broad municipal authority to procure PPPs on their own. The primary market is certainly gathering pace and we expect a secondary market to develop over the coming years.

CORPORATE SOCIAL RESPONSIBILITY AND GREENHOUSE GAS EMISSIONS

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

We recognise the environmental, social and economic needs of the communities in which we work and look for suitable opportunities to engage and support communities, by using our skills, time and financial support.

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 that 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 2013 are detailed in the section below.

Community Engagement

JLIF is supporting teachers at two schools from the North Swindon Schools project (Isambard Community School and Nova Herod School) through sponsored membership of the Prince’s Teaching Institute (“PTI”) Schools and Schools Leadership Programmes. This is an inspirational programme providing Head Teachers and subject leaders with access to a national network of peers who are committed to improving and enriching their pupils’ experience and understanding. Teachers attend PTI conferences and workshops that aim to re-ignite their enthusiasm for their subject, and which have been proven to deliver improved learning outcomes for member schools.

At the Leeds Combined Secondary Schools project, JLIF sponsors Ahead Partnerships, which provides funding for the ‘Make the Grade’ initiative at four of the schools. This is an innovative model which provides a structured programme of business support, such as interview training and mentoring, tailored to meet the educational and vocational needs of each school. The programme was developed in Leeds and is now gathering momentum with roll-out across other parts of the country. The number of pupils who have benefitted from JLIF sponsored schools since ‘Make the Grade’ began is in excess of 2,770.

The project’s approach to partnership working and corporate responsibility has been recognised by the schools and Leeds City Council, the Council's PFI Contract Manager commenting, ”We feel the PFI partners bring added value to the schools through events such as the Make the Grade programme. This shows a true commitment to ensure fantastic opportunities are afforded to our pupils. It is refreshing to work with private sector partners who are trustworthy, professional and committed to great service delivery.”

This commitment is shared by MAMG, the management services provider, and MITIE, the project’s FM provider, who have implemented a number of value-added initiatives including:

- The development of an FM apprenticeship, a fully accredited course, leading to NVQ qualifications, which has been introduced at the Cooperative Academy.
- The organisation of a ‘One Leeds’ event, sponsored by JLIF and organized by MAMG, which took place at the West Yorkshire Playhouse. This event gives groups of pupils from each of the schools the opportunity to perform on the stage of one of the region’s leading theatres in front of an enthusiastic audience of parents and peers.
- MITIE has supported the Cooperative Academy in the refurbishment of an offsite community cafe project.

In addition to supporting the activities outlined above, JLCM staff also dedicate their time and skills to act as mentors to sixth form pupils helping them develop skills such as interviewing, writing CVs and cover letters, presenting and applying for university or employment. JLCM staff have also been involved with a mock interview day organised by the Westminster Academy giving Year 10 pupils the opportunity to practice important skills and behaviours expected by an interviewee and to develop confidence in this area. Staff from JLIF’s partner organisations, including JLCM, also dedicate their time to other CSR activities such as assisting vulnerable tenants of the Islington social housing projects with maintenance of their gardens and refurbishment of community facilities as well as taking part in local charity projects such as sponsored cycling and running events.

Project Awards
In June 2013, the Leeds Combined Secondary Schools project won the Best Operational PPP project award at the annual Partnerships Awards reflecting the partnership ethos that is fostered by the project teams and the City Council.

Also in June 2013 Carillion Integrated Services ("CIS") (formerly John Laing Integrated Services) won the Best Facilities Management Provider award at the annual Partnerships Awards. CIS provides facilities management services to nine projects in the JLIF investment portfolio.

In November 2013 Serco, the facilities management provider at Forth Valley Royal Hospital was awarded the Gold Award for the Best Cleaned Healthcare Establishment (More than 250 Beds) in the United Kingdom. A testament to the hard work and dedication of all the teams engaged in managing and operating the project.

Greenhouse Gas Emissions Statement
JLIF is an investment company and as such holds equity 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 is 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 the public sector end-users. As such JLIF has limited ability to influence or reduce the energy consumption of the facilities.

During 2013 JLIF assessed its carbon footprint in line with the Greenhouse Gas Protocol, the results of which are detailed in the table below. JLIF reported its GHG emissions to the CDP (formerly the Carbon Disclosure Project) and has subjected its data submission to verification by the Carbon Trust. 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[8]	2013 (tCO_2e)	2013 ($tCO_2e/£m$)[9]
Scope 1	20,870	429.3
Scope 2	77,597	1,596.4
Total	**98,467**	**2,025.7**

Approval of the Strategic Report

Paul Lester CBE Chairman

24 March 2014

[8] 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 2012 to 30 June 2013. As such these are not consistent with the time period of the rest of the financial statements being 1 January 2013 to 31 December 2013. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

[9] CO_2 tonnes per £m of turnover.

CORPORATE GOVERNANCE

The Board of JLIF (or "the Company") has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to JLIF.

Procedures have been put in place to ensure compliance with the new edition of the UK Corporate Governance Code which was published in September 2012 and which applies to reporting periods beginning on or after 1 October 2012.

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

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

The Combined Code includes provisions relating to:
- the role of the chief executive
- executive Directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of JLIF, being an externally managed investment company. The company has therefore not reported further in respect of these provisions.

THE BOARD

The Board consists of five 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 Corporate Governance 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 12 and 13 which set out the range of investment, financial and business skills and experience represented. The Chairman is an independent Non-Executive Director and, as all other Directors are similarly independent and Non-Executive, the Board considers it unnecessary to appoint such a senior independent 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, some 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.

The Company intends for all Directors to be subject to annual re-election at the Annual General Meeting of the Company. The Board intends to consider the tenure of each Director after six years. 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.

The terms and conditions of appointment of Non-Executive Directors are available for inspection from the Company’s registered office.

Performance and Evaluation

The JLIF board has adopted a process to review its performance on a regular basis and such reviews are expected to be carried out internally on an annual basis and through external facilitation every three years. The Board completed its first evaluation in May 2012. This annual evaluation of the Board, the Audit Committee and individual Directors took the form of questionnaires and discussion to determine effectiveness and performance in various areas.

In November 2012, the Board engaged Optimus Group Limited (“Optimus”), a Guernsey based independent consultancy, to carry out the first external evaluation. This involved meeting with the JLIF Board as well as with representatives from JLCM and Heritage International Fund Managers (the fund administrator), reviewing key Board documentation, and evaluating Board and committee structures. Optimus reported its findings at the first scheduled Board meeting in 2013, concluding that the JLIF Board has a high standard of Corporate Governance and is broadly compliant with the Codes (being the FRC UK Corporate Governance Code and the Association of Investment Companies Code).

Any new Directors will receive an induction from the Investment Adviser as part of the vetting process of candidates. All Directors will receive other 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 which set out the particular duties of the Board. Such reserved powers include decisions relating to the determination of 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 is responsible to the Board for ensuring that Board procedures are followed and that it complies with Guernsey Law and applicable rules and regulations of the Guernsey Financial Services

Commission 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.

Committees of the Board

The Board has not deemed it necessary to appoint a remuneration committee as, being comprised of five 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 C Spencer which operates within clearly-defined terms of reference and comprises three Non-Executive Directors: Mr Spencer, Mr MacLellan and Mr Morgan, whose qualifications and experience are noted on pages 12 and 13. The Audit Committee meets at least three times a year at times appropriate to the financial reporting calendar.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual Report and Financial Statements; the Interim Report and Financial Statements; the system of internal controls; and the terms of appointment of the Auditor, together with their remuneration. It is also the forum through which the Auditor reports to the Board. The Audit Committee also reviews the objectivity of the auditor along with the terms under which the external auditor is engaged to perform non-audit services. The provisions in place to maintain the independence and objectivity of the auditor include the requirement to replace the lead audit partner every five years, and restrictions on the delivery of non-audit services to the Company with such services and the terms under which these are to be provided, considered by the Audit Committee on a case by case basis. Notwithstanding such services the Audit Committee considers Deloitte LLP to be independent of the Company and that the provision of such non-audit service is not a threat to the objectivity and independence of the conduct of the audit.

The Audit Committee, having reviewed the performance of the Auditor, has recommended to the Board that the Auditor be offered for re-appointment at the Annual General meeting of the Company.

The Company has also established a Nomination Committee appointed in 2013. This is chaired by Mr D MacLellan and comprises three Non-Executive Directors: Mr MacLellan, Mr Spencer and Mr Morgan.

The duties of the Nomination Committee include regularly reviewing the structure, size and composition of the Board, keeping under review the leadership needs of the Company, leading the process for Board appointments and identifying suitable candidates.

The Board believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The search for Board candidates is conducted, and appointments made, on merit, against objective selection criteria having due regard, amongst other things, to the benefits of diversity of the Board, including gender.

	Board Meeting	Scheduled Audit Committee
	max 4	max 3
Paul Lester, CBE	4	n/a
David MacLellan	4	3
Guido Van Berkel	4	n/a
Talmai Morgan	4	3
Christopher Spencer	4	3

Meeting attendance

A total of six other unscheduled Board meetings and 12 other unscheduled Committee meetings were held during the year for specific purposes which were attended by some but not all of the Directors.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, and the Board has, therefore, 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 for the year ended 31 December 2013 and up until the date of this Report.

The process is based on a risk-based approach to internal control through a matrix which identifies 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.

Investment Advisory services are provided to the Company by John Laing Capital Management Limited. 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 Heritage International Fund Managers Limited but retains accountability for all functions it delegates.

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 and have attended analyst presentations and shareholder meetings during the year.

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. 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 from the Non-Executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance 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 references is available upon request from the Company Secretary.

The main role and responsibilities of the Audit Committee are:

- 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 and unless expressly addressed by the Board itself, the Group's internal control and risk management systems;

- monitoring and reviewing the effectiveness of the Group's internal audit function;

- 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 and whether the report is fair, balanced and understandable and provides the information necessary for users to assess the Company's performance, business model and strategy; and

- 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.

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)
David MacLellan
Talmai Morgan

See pages 12 and 13 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.

SIGNIFICANT ACCOUNTING RISKS

The Audit Committee considered the following significant issues in relation to the financial statements:

a) Adoption of the Investment Entity Standards

During the year the Group has decided to adopt early the amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Consolidated and Separate Financial Statements. Under the revised standards, the Directors concluded that JLIF meets the definition of an investment entity.

As an investment entity, JLIF now holds its investments in its subsidiaries at fair value, taking changes in the fair value through the Income Statement, rather than being consolidated on a line by line basis in the Group accounts. This treatment is aligned with the joint venture projects and is consistent with the accounting that was previously applied to reach the “Investment Group” column in the year end accounts in prior years.

The change in accounting standards applied, the key judgements and restated comparatives have been disclosed in this annual report. As the primary purpose of an investment entity is to generate returns from its investments, investment income has been presented as Revenue in the financial statements. Further, investment income and fair value movements on the investments have been presented separately on the Income Statement. Given the significant change in accounting the full revised accounting policies have been presented.

The Audit committee is satisfied that

- the management has assessed the appropriateness of the adoption of the amendments to IFRS 10, IFRS 12 and IAS 27,
- the external auditor has challenged the correct application of all new standards consulting where appropriate with technical specialists in formulating that challenge,
- the management have checked comparative information for consistency with prior year information,
- the disclosures in the financial statements have been assessed for compliance with the new standards,
- the management has prepared and submitted in the year a comprehensive review to the Audit Committee on the adoption and application of the amended standards.

The Audit committee believe that the treatment of consolidation adopted in these accounts is the most appropriate to the group's circumstances as the transactions of both the Company and the Group are relevant to investors.

b) Fair value of investments

JLIF is required to calculate 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 risks, mainly in relation to the assumptions and factors such as:

- the determination of the appropriate macroeconomic assumptions underlying the forecast investment cash flows,

- the impact of project specific matters to the forecast cash flows for each investments,
- the determination of the appropriate discount rate for each investments that is reflective of the current market conditions,
- 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 and
- the updates performed on the underlying financial models result in errors in forecasting.

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

- the macroeconomic assumptions, including the 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.

The Audit Committee is also satisfied that the Portfolio Valuation and associated disclosures has been audited for mechanical accuracy, 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 auditor.

c) Revenue recognition

The revenue recognition principle is to ensure revenues and expenses are recognised in the correct accounting period. This remains a significant risk in the year, however with the adoption of the amendments to IFRS 10 and 12, the revenue recognised is investment income rather than that from the underlying subsidiary investments. The risk is therefore around the revenue that may be recognised in the incorrect period due to differences in timing between cash receipts of dividends, interest and loan principal repayment and the accruals basis of accounting. The revenue may also be double counted as a debtor as well as part of the valuation on the investment as it is incorporated into forecast cash flows.

A further risk relates to the accounting policies relevant to revenue that have been refined to address the adoption of the new and amended standards.

The Audit Committee is satisfied with the controls and traceability of the distributions from the underlying investments to the Portfolio Valuation model and the cash received are consistently recognised in the correct period in the financial statements.

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 Consolidated 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.

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

The Audit Committee has assessed the quality and the effectiveness of the audit process. To draw its conclusions, 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 management;

- the auditor assessment of the Group's main risks;

- the report highlighting the matters that arose during the course of the audit and the recommendations made by the external auditor.

The Audit Committee has noted the revisions to the UK Corporate Governance Code introduced by the Financial Reporting Council in September 2012 and the AIC Code of Corporate Governance issued in February 2013 and in particular the recommendation, in each, to put the external audit out to tender every five to ten years. The Audit Committee continues to monitor the proposed changes by the European Union/UK Competition Commission in respect of auditor services and retendering, which remain a work in progress.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and as such recommended to the Board that Deloitte LLP be re-appointed as external auditor for the year ending 31 December 2014. The Audit Committee also recommended the Audit appointment is retendered every eight years, with the Audit partner changing every five years.

NON-AUDIT SERVICES
The Audit Committee considered the extent of non-audit services provided by the external auditor. The external auditor's objectivity and independence is safeguarded through limiting non-audit services such as work pertaining to their role as reporting accountants for capital raising services.

ACTIVITIES OF THE AUDIT COMMITTEE
The Audit Committee met on three occasions during the period 1 January 2013 to 31 December 2013. Matters considered at these meetings included but were not limited to:

- review of the September 2013 Prospectus and all such other documents in connection with the issue and acquisition;

- review of circular and scrip election form;
- signing of the certificate of solvency required pursuant to section 304 of The Companies (Guernsey) Law 2008; and
- consider the risk register of the Company;
- 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 2012 Annual Accounts Report and Financial Statements and the 2013 Interim report.

APPROVAL
On behalf of the Audit Committee

Christopher Spencer Chairman of the Audit Committee
24 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Company law (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. Under Company law 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;
- 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 and the undertakings included in the consolidation taken as a whole;

- The Strategic Report includes a fair review of the development and performance of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that we face; 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

Paul Lester CBE Chairman
24 March 2014

REPORT OF THE DIRECTORS
The Directors have pleasure in submitting their report and the Audited Financial Statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2013.

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

As at 31 December 2012 the total number of Ordinary Shares of JLIF in issue was 513.1 million. The number of Ordinary Shares in issue was increased by 2.1 million shares in May 2013 as a Scrip Dividend Alternative, by a further 30.6 million in early July 2013 following a shareholder tap issue, by a further 218.3 million in early October, and by a further 2.3 million as a Scrip Dividend Alternative, also in October. As at 31 December 2013 the total number of Ordinary Shares of the Company in issue was 766.3 million.

The Company is a registered fund under the Registered Collective Investment Scheme Rules 2008 and is regulated by the Guernsey Financial Services Commission and, during the period, its principal activity was as an investor in PPP projects in the UK, Canada and Europe.

BUSINESS REVIEW

We are required to present a fair review of our business during the year ended 31 December 2013, 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 6 to 30.

RESULTS AND DIVIDENDS

The results for the period are set out in the Financial Statements on pages 42 to 80. On 24 March 2014 the Directors declared a dividend in respect of the period 1 July 2013 to 31 December 2013 of 3.25 pence per Ordinary Share to shareholders on the register as at the close of business on 4 April 2014.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Investment Adviser Report. The financial position of the Group, its cash flows and its liquidity position are described in the Investment Adviser Report. In particular, the current economic conditions have created a number of risks and uncertainties for the Group and these are set out in the Risks and Risk Management section on pages 8 to 11. The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk, market risk and liquidity risk are discussed in note 21 of the Financial Statements.

The Group continues to meet Group and individual entity requirements and day-to-day liquidity needs through the Group's cash resources.

In February 2013, JLIF secured a three year £150 million multicurrency revolving credit facility with Lloyds TSB Bank plc, Royal Bank of Scotland plc and ING Bank NV. This facility replaced the existing £75 million facility with Royal Bank of Scotland. The facility will be used primarily to fund acquisitions, and will be repaid through raising equity in the market. The facility is intended to be additional resource and not structural financing.

As at 31 December 2013 the Group had net current assets of £22.3 million and the revolving credit facility was undrawn and available for future acquisitions and working capital. JLIF 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 Group forecasts and projections which cover a period of not less than 12 months from the date of the report, taking into account reasonably-possible changes in investment and trading performance, which show that the Group has sufficient financial resources. The Group has sufficient financial resources together with long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

On the basis of 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.

SHARE CAPITAL

The issued Ordinary Share capital of the Company was increased through the offer of a Scrip Dividend Alternative in May 2013, a tap issue in July 2013, an open offer and placing of shares in October 2013, and a second offer of a Scrip Dividend Alternative also in October 2013. Further details can be found in note 17 to the Financial Statements.

The Company has one class of Ordinary Shares which 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 which are incorporated into this report by reference.

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 2 May 2014. This shareholder authority was renewed at the 2013 AGM.

MAJOR INTERESTS IN SHARES AND VOTING RIGHTS

As at 31 December 2013, 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
Chase Nominees Limited	11.04	84,635,681
BNY Mellon Nominees Limited	6.98	53,461,338
State Street Nominees Limited	6.57	50,311,814
Nortrust Nominees Limited	5.07	38,831,694
John Laing Investments Limited	4.50	34,451,806

BOARD OF DIRECTORS

The Board members that 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 12 and 13.

Name	Function
Paul Lester, CBE	Chairman
David MacLellan	Deputy Chairman
Talmai Morgan	Director
Christopher Spencer	Director
Guido Van Berkel	Director

RE-ELECTION OF DIRECTORS

All Directors are standing for election or 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 2013 were:

Name	Ordinary shares of 0.01p each held at 31 December 2013	Ordinary shares of 0.01p each held at 31 December 2012
Paul Lester, CBE	120,000	100,000
David MacLellan	28,125	28,125
Talmai Morgan	25,000	25,000
Christopher Spencer	30,000	10,000
Guido Van Berkel	–	–

There have been no changes in the Directors' interests from 31 December 2013 to the date of this report.

*120,000 of which is held by his spouse
**28,125 of which is held by his spouse

DIRECTORS' REMUNERATION

During the year, the Directors received the following emoluments in the form of Directors' fees from the Company:

Name	2013 Directors' fee(1)	2012 Directors' fee(2)
Paul Lester, CBE	£52,000	£50,833
David MacLellan	£42,000	£40,833

Talmai Morgan	£37,000	£35,833
Christopher Spencer	£37,000	£35,833
Guido Van Berkel	€38,750	€32,975

(1) A portion of this amount was paid in quarter 1 2014.
(2) A portion of this amount was paid in quarter 1 2013.

ANNUAL GENERAL MEETING

Our AGM will be held at 10.30 am London time on 2 May 2014 at Lefebvre Place, Lefebvre, 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 which 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 20 to the financial statements. It is in the Directors' opinion, based upon the performance in the period to 31 December 2013 that the continuing appointment of JLCM on the agreed terms is in the best interests of the shareholders as a whole.

EVENTS AFTER THE BALANCE SHEET DATE

In February 2014, the Company completed the acquisition of an additional 15% stake (equity only) in the Barnet and Enfield Street Lighting projects from co-shareholder Bouygues E&S Infrastructure UK Limited. This takes JLIF's shareholding in each project to 100%. JLIF's initial stake in both projects were acquired as part of the IIC portfolio acquisition in August 2013.

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. Following a review of the independence and effectiveness of our external auditor, a resolution will be proposed at the 2014 AGM to reappoint 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

Paul Lester CBE Chairman
24 March 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING INFRASTRUCTURE FUND LIMITED

Opinion on Financial Statements of John Laing Infrastructure Fund Limited

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of the Group's 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 the Companies (Guernsey) Law, 2008.

The Financial Statements comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern

We have reviewed the Directors' statement on page 39 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation of investments There is a risk that the assessment of the valuation of investments at fair value is not appropriate. The Group's investments comprise equity and subordinated debt interests in PPP Infrastructure projects for which there is	We assessed the assumptions used in the valuation model to determine the fair value of investments, described in note 11 to the financial statements. Our audit procedures included, among others: • challenge of macroeconomic data (including inflation and tax rate

no liquid market, and hence there are significant judgements regarding cash flow forecasts and discount rates involved in their valuation.

forecasts) and discount rates comparing these to observable market data;

- reviewing management's cash flow projections, focusing on changes since date of acquisition and comparison against actual results for the underlying investments; and

- Testing the incorporation of the assumptions into the valuation and the correct application of selected discount rates.

Investment entities

There is a key judgement as to the appropriateness of the application of new accounting requirements in respect of investment entities, which is a new set of accounting standards that define an investment entity and introduce the exception to consolidating particular subsidiaries. There are judgements applied in determining whether the Group meets the definition of an investment entity, whereby the Group's investments in PPP subsidiaries are not consolidated and instead held at fair value, and judgement as to whether any subsidiaries should be consolidated.

We challenged management's assessment that the group meets the definition of an investment entity against the criteria set out in Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) and that certain subsidiaries are consolidated by considering the evidence in support of this view. We have considered the adequacy of the disclosures within the financial statements required by this standard.

Revenue recognition

There is a risk in respect of revenue recognition that revenue may be recognised prematurely or that accrued interest income is included as both a debtor and in the cash flow forecasts for the investment valuation.

Investment income comprises dividends and interest received from PPP investments. We have carried out detailed testing of this income, considering specifically the timing of recognition and consistency with fair valuation models for each project and comparison of the cash flows for the fair valuation models against debtors to check that the assets are not recorded both within the investment valuation and income.

The Audit Committee's consideration of these risks is set out on page 35.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

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.

We determined planning materiality for the Group to be £24 million, which is below 3% of equity. This has been determined using a benchmark of equity/net assets which we believe is the key benchmark used by members of the Company in assessing financial performance.

We have applied a lower materiality threshold of £2.4 million for cash affecting balances such as interest income, dividend income and administrative costs as such transactions are important to investors and provide the net income to support distributions to shareholders.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.48 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
The Group is considered to have a single significant component, being the company itself. There are a number of individual legal entities where our work was executed at levels of materiality applicable to each individual entity which were lower than group materiality.

Matters on which we are required to report by exception
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

- proper accounting records have not been kept by the parent company; or

- the Financial Statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company’s compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited Financial Statements; or

- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or

- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard Anthony Garrard FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

24 March 2014

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2013

	Notes	2013 £'000s	2012 Restated* £'000s
Interest Income		**23,572**	15,828
Dividend Income		**24,865**	19,348
Net (loss)/gain on investments at fair value through profit or loss	11	**(357)**	6,610
Other turnover		**432**	382
Operating income		**48,512**	42,168
Administrative expenses		**(12,846)**	(8,317)
Other (losses)/gains	6	**(387)**	659
Operating expenses		**(13,233)**	(7,658)
Operating profit	5	**35,279**	34,510
Net finance costs	7	**(3,156)**	(1,024)
Profit before tax		**32,123**	33,486
Tax	8	**(1,066)**	(990)
Profit for the year		**31,057**	32,496
Attributable to:			
Owners of the Company		**31,057**	32,496
		31,057	32,496
Earnings per share			
From continuing operations			
Basic and diluted (pence)	10	**5.35**	7.09

All results are derived from continuing operations.

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

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2(a) for details.

CONSOLIDATED BALANCE SHEET

as at 31 December 2013

	Notes	**2013 £'000s**	2012 Restated* £'000s	Opening Balance 1 January 2012 Restated* £'000s
Non-current assets				
Investments at fair value through profit or loss	11	**795,849**	537,395	380,439
Total non-current assets		**795,849**	537,395	380,439
Current assets				
Trade and other receivables	13	**2,121**	710	767
Derivative financial instruments	16	**523**	–	–
Cash and cash equivalents		**24,348**	8,266	48,641
Other financial assets		**–**	–	14,775
Total current assets		**26,992**	8,976	64,183
Total assets		**822,841**	546,371	444,622
Current liabilities				
Trade and other payables	14	**(3,664)**	(3,003)	(2,752)
Current tax liabilities		**(1,063)**	(969)	(299)
Total current liabilities		**(4,727)**	(3,972)	(3,051)
Total liabilities		**(4,727)**	(3,972)	(3,051)
Net assets		**818,114**	542,399	441,571
Equity				
Share capital	17	**77**	51	42
Share premium account	18	**795,945**	518,224	423,618

	Note			
Retained earnings	19	**22,092**	24,124	17,911
Equity attributable to owners of the Company		**818,114**	542,399	441,571
Non-controlling interest		**–**	–	–
Total equity		**818,114**	542,399	441,571
Net Asset Value per share		**106.8**	105.7	104.6

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2(a) for details.

The financial statements were approved by the Board of Directors and authorised for issue on 24 March 2014. They were signed on its behalf by:

P Lester Chairman

C Spencer Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Group Statement of Changes in Equity in 2013			
	Share capital £'000s	**Share premium account £'000s**	**Retained reserves £'000s**	**Total equity £'000s**
Restated balance at 1 January 2013*	51	518,224	24,124	542,399
Profit for the year	–	–	31,057	31,057
Total comprehensive income for the year	**–**	**–**	**31,057**	**31,057**
Ordinary shares issued	26	278,569	–	278,595
Costs of shares issued	–	(848)	–	(848)
Dividend paid	–	–	(33,089)	(33,089)
Balance at 31 December 2013	**77**	**795,945**	**22,092**	**818,114**

Group Statement of Changes in Equity in 2012	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total £'000s
Restated balance at 1 January 2012*	42	423,618	17,912	441,572
Profit for the year	–	–	32,496	32,496
Total comprehensive income/(loss) for the year	–	–	32,496	32,496
Ordinary shares issued	9	96,510	–	96,519
Costs of shares issued		(1,904)	–	(1,904)
Dividend paid		–	(26,284)	(26,284)
Restated Balance at 31 December 2012*	51	518,224	24,124	542,399

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2(a) for details.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

	Notes	**2013 £'000s**	2012 Restated* £'000s
Profit from operations		**35,279**	34,510
Adjustments for:			
(Increase)/decrease in accrued interest income		**(1,050)**	38
Net loss/(gains) on investments at fair value through profit or loss		**357**	(6,610)
Other losses/(gains)		**387**	(659)
Operating cash flows before movements in working capital		**34,973**	27,279
(Increase)/decrease in receivables		**(427)**	455
Increase/(decrease) in payables		**1,017**	(257)
Cash inflow from operations		**35,563**	27,477
Loan stock and equity repayments received		**6,574**	5,845
Overseas tax paid		**(1,117)**	(529)

Net cash inflow from operating activities		**41,020**	32,793
Investing activities			
Acquisition of investments at fair value through profit or loss		**(264,641)**	(156,075)
Acquisition of consolidated subsidiaries (net of cash acquired)	12	**153**	170
Movement in other financial assets		**–**	14,775
Net cash used in investing activities		**(264,488)**	(141,130)
Financing activities			
Dividends paid – equity shareholders		**(28,151)**	(21,184)
Interest paid (including facility arrangement fee)		**(4,107)**	(1,068)
Proceeds from borrowings		**123,350**	17,377
Repayments of borrowings		**(123,350)**	(17,377)
Proceeds on issue of share capital (net of costs)		**272,718**	89,556
Net cash from financing activities		**240,460**	67,306
Net increase/(decrease) in cash and cash equivalents		**16,992**	(41,031)
Cash and cash equivalents at beginning of the year		**8,266**	48,641
Effect of foreign exchange rate changes		**(910)**	656
Cash and cash equivalents at end of year		**24,348**	8,266

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.

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2(a) for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

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 consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its recourse subsidiaries (together referred to as the “Consolidated Group”). The Consolidated Group invests in PPP infrastructure projects in the UK, Continental Europe and North America.

During the year, the Group has early adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). These amendments, endorsed by the European Union (“EU”) on 20 November 2013, are effective from 1 January 2014. As a result of adopting the amendments to

IFRS 10, IFRS 12 and IAS 27, the Company no longer consolidates its investments in PPP assets that are subsidiaries on a line-by-line basis, but recognises them as Investments at fair value through profit or loss.

The Financial Statements for the year ended 31 December 2012 included in this annual report have been restated to reflect the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Restated financial results at 31 December 2012 and 1 January 2012 approximate to the results presented as the 'Investment Group' as at 31 December 2012 and 31 December 2011 respectively within the statutory accounts for the years ended 31 December 2012 and 31 December 2011.

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

In accordance with section 244(5) of the Company (Guernsey) Law, 2008, as the Directors have prepared consolidated accounts for the year, they have not prepared individual accounts for the Company in accordance with section 243 for the year.

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 Group financial statements comply with Article 4 of the EU International Accounting Standards ("IAS") Regulation.

The adoption of the following new and revised interpretations and amendments has not led to any changes in the Group's accounting policies or had any material impact on these financial statements:

IAS 1 (June 2011): Presentation of Items of Other Comprehensive Income
IAS 12 (December 2010): Deferred Tax: Recovery of Underlying Assets
IAS 19: Employee Benefits
IFRS 1: Government Loans
IFRS 7: Disclosure-Offsetting Financial Assets and Financial Liabilities
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

Changes in accounting policy

In the current period, the Group has adopted the following accounting standards:

Improvements to IFRSs (2009-2011) (May 2012): Improvements to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34
IFRS 10 (May 2011): Consolidated Financial Statements
IFRS 11 (May 2011): Joint Arrangements
IFRS 12 (May 2011): Disclosures of Interests in Other Entities

IAS 27 (May 2011): Separate Financial Statements
IAS 28 (May 2011): Investments in Associates and Joint Ventures
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements
IFRS 13 (May 2011): Fair Value Measurement

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
The Investment Entities standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss, in accordance with IAS 39 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries.

The Directors determined that the Company meets the definition of an investment entity and decided to adopt early the amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Consolidated and Separate Financial Statements which are effective for period commencing on or after 1 January 2014.

In order to reach this conclusion, the Directors gave consideration to and agreed that the Company meets the following key characteristics of an investment entity:

a) The Company invests solely for the purpose of capital appreciation, investment income, or both;
b) The Company does not plan to hold its investments indefinitely; it holds them for a limited period, i.e. there is an exit strategy;
c) The Company measures and evaluates the performance of substantially all its investments on a fair value basis; and
d) The Recourse Group (i.e. the group holding companies) should be consolidated on a line by line basis as these entities provide services that relate to the investment Entity’s investment activities.

The Directors believe that the treatment of consolidation adopted in these accounts is the most appropriate to the group’s circumstances as the transactions of both the Company and the Group are relevant to investors.

Following the adoption of the amendments and determination that the Company is an investment entity, the Company no longer consolidates on a line by line basis its subsidiary interests in PPP assets, but recognises them as investments at fair value through profit or loss.

The Recourse Group comprises the Company and 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) and 21 wholly owned subsidiaries of the English Limited Partnership, each of which perform investment activities and/or investment related services.

The Investment Entities standard states that if an investment entity has a subsidiary that provides investment-related services or activities, either directly or through a subsidiary, it shall consolidate that subsidiary.

The Directors note that following its meeting on 29 and 30 January 2014, the International Financial Reporting Interpretations Council (IFRIC) has proposed that the IASB should clarify the position on accounting for investment entity subsidiaries engaged in investment related activities, such as JLIF. If consequent IASB amendments to IFRS 10 require subsidiaries such as those denoted in the Consolidated Group (see Note 25) to be held at fair value rather than consolidated, the net assets of the Consolidated Group companies, which at 31 December 2013 principally comprise working capital balances, would be required to be included in the carrying value of investments. This change would not materially affect Group net assets. At present it is uncertain as to whether the accounting standard will be amended.

Following the adoption of the Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), the results presented as the "Consolidated Group" are a line by line consolidation of the results of the Recourse Group.

The amendments, which are effective for periods commencing on or after 1 January 2014, are permitted to be adopted early.

The following table summarises the key adjustments made to the Consolidated Balance Sheet on implementation of the new accounting policy.

Consolidated balance sheet	Balance at 1 January 2012	Impact of change in accounting policy	Restated balance at 1 January 2012	Balance at 31 December 2012	Impact of change in accounting policy	Restated balance at 31 December 2012
Intangible assets	115,110	(115,110)	–	189,984	(189,984)	–
Investments at fair value through profit or loss	232,345	148,094	380,439	319,198	218,197	537,395
Total assets	1,160,534	(715,912)	444,622	1,651,518	(1,105,147)	546,371
Total liabilities	(714,008)	710,957	(3,051)	(1,129,105)	1,125,133	(3,972)
Net assets	446,526	(4,955)	441,571	522,413	19,986	542,399
Retained earnings	23,617	(5,706)	17,911	4,580	19,544	24,124

The effects on the Consolidated Income Statement were as follows.

Consolidated income statement	Results in the year ended 31 December 2012	Impact of change in accounting policy	Restated results 31 December 2012 before reclassification	Impact of reclassification	Restated results 31 December 2012
Services revenue	47,811	(47,811)	–	–	–
Other turnover	382	–	382	(382)	–

Investment income	29,310	12,476	41,786	(41,786)	–
Operating income	**–**	**–**	**–**	**42,168**	**42,168**
Cost of sales	(49,622)	49,622	–	–	–
Administrative expenses	(8,362)	45	(8,317)		(8,317)
Other gains/(losses)	24,288	(23,629)	659		659
Operating expenses	**–**	**–**	**(7,658)**		**(7,658)**
Finance costs	(42,697)	41,532	(1,165)	141	(1,024)
Profit before tax	**1,110**	**32,376**	**33,486**	**–**	**33,486**
Profit after tax	**7,206**	**25,290**	**32,496**	**–**	**32,496**

The impact of adopting Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) is the non-consolidation of assets, liabilities, income and expenses of the subsidiary PPP assets which were previously consolidated on a line by line basis. The above table also shows the effect of reclassification of investment income to operating income.

Net assets

The restated Net Assets at 1 January 2012 and 31 December 2012 reflect the fair value of bank debt within investments at fair value through profit or loss, including movements in bank margins and prospective movements in interest rates. At 1 January the fair value of bank debt was a higher liability than its carrying value at amortised cost consolidated within net assets prior to the adoption of the Investment Entities standard, principally due to an expectation from the market that the interest would increase, as demonstrated by the interest rate forecast curve. At 31 December 2012, bank debt was a lower liability than its carrying value at amortised cost, principally due to the rising cost of debt for PPP projects in the UK market, despite decreases to the risk free rate. The restated net assets at 1 January 2012 and 31 December 2012 also reflect the fair value of intangible assets, which at 1 January 2012 and 31 December 2012 were higher than their amortised cost carrying value included in net assets prior to adoption of the Investment Entities standard, principally due to improved forecast operational performance and inflation. These factors, together with the associated deferred tax, largely explain the impact on net assets of adopting the Investment Entities standard.

In these statements the net impact on the overall net asset movement is not material.

Profit after tax

Prior to adoption of the Investment Entities standard, fair value gains on the intangible assets and the bank debt, which were recorded at fair value on acquisition and subsequently accounted for at amortised cost, were not recognised. The restated profit after tax for the year ended 31 December 2012 reflects the change in fair value of the entire PPP asset Portfolio, including the fair value gains on intangible assets and bank debt in 2012 described above.

Cash flow statement

The restated Cash Flow Statement at 1 January 2012 and 31 December 2012 reflects the adoption of the Investment Entities standard and corresponds to the Investment Group disclosed in the annual statements for the year ended 31 December 2012.

The net cash inflow from operations have been included in the income received from investments (interest and dividends) as opposed to within Investment activities in the annual statements at 31 December 2012.

IFRS 13 (May 2011): Fair Value Measurement
IFRS 13 has introduced new disclosures, as set out in note 15. The adoption of IFRS 13 has not had a material impact on the fair value of any assets or liabilities.

(b) Basis of consolidation
The Consolidated Financial Statements incorporate the Financial Statements of the Company and 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) and 21 wholly owned subsidiaries of the English Limited Partnership, each of which perform investment activities and/or investment related services on behalf of the parent and manager which are incidental to the management of the investment Portfolio.

Following the early adoption of the Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), the Company recognises its investments at fair value through profit or loss.

(c) Going concern
The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by management, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Group's committed banking facilities, that it is appropriate to prepare the Financial Statements of the Group 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 £24.3 million and a three year banking facility (available for investment in new or existing projects and working capital) of £150 million, which expires in February 2016.

As at 31 December 2013, there was no amount drawn under the facility. In addition, all key financial covenants are forecast to continue to be complied with.

The Company completed the following capital raisings in the year:

- in May 2013, additional equity of £2.1 million was raised through Offer of a Scrip Dividend alternative to the dividend for the period 1 July 2012 to 31 December 2012;
- in July 2013, additional equity of £35.0 million was raised following a tap issue of 30.6 million shares;
- in October 2013, the Company raised £242.3 million of equity through an Open Offer of 218.3 million shares; and
- in October 2013, additional equity of £2.6 million was raised through Offer of a Scrip Dividend alternative to the proposed dividend for the period 1 January 2013 to 30 June 2013.

The Group has investments in 52 operational non-recourse PPP project companies which yield annual interest, dividends and loan repayments. The cash flow yields from the projects comfortably covers the Group's expected cash flow requirements for overheads and targeted dividend distribution policy.

The Group has sufficient financial resources together with public sector long-term contracts across a range of infrastructure projects. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Certain risks and uncertainties, as detailed in the note 21 have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Group as its 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) Business combinations

The issue of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) removed from the scope of IFRS 3 Business Combinations the acquisition by an investment entity, as defined in IFRS 10 Consolidated Financial Statements, of an investment in a subsidiary required to be measured at fair value through profit or loss.

Acquisitions of subsidiaries and businesses, which are consolidated under IFRS 10 Consolidated Financial Statements on the basis that they provide investment-related services or activities, fall within the scope of IFRS 3 Business Combinations and are accounted for using the acquisition method.

The policy relating to the acquisition of subsidiaries and businesses within the scope of IFRS 3 Business Combinations is set out below:

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

(e) Revenue recognition

(i) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any. With regards to the Canadian PPP investments, the Canadian entities carry out the responsibility to pay the relevant withholding tax to the Canadian authorities and JLIF receives the interest net of withholding tax.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax.

(iii) Gains on investments at fair value through profit or loss

Gains or losses that arise from the movement in the fair value of investments are presented separately from interest income and dividend income above.

(iv) Other turnover

Other turnover, which includes fees receivable in respect of management services agreements with PPP project companies, is recognised evenly over the period of the agreement.

Revenue excludes the value of intra-group transactions and VAT.

(f) 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 consolidated cash flow statement. Deposits held with original maturities of greater than three months are included in other financial assets.

(g) Foreign currencies

The individual Financial Statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

In preparing the Financial Statements of the individual companies, 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.

Exchange differences arising in the ordinary course of trading are reflected in the Income Statement.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign investments are translated at exchange rates prevailing on the Balance Sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

The Group's current assets includes two forward exchange contracts in Canadian Dollar recognised at fair value through profit or loss translated at the rate prevailing at 31 December 2013 (1 GBP = 1.7585 CAD).

(h) Borrowing costs

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Arrangement fees are amortised on a straight line basis over the term of the corporate borrowing facility.

(i) Taxation

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Consolidated 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.

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Consolidated Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date and prevailing in the relevant jurisdiction.

Deferred tax:

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The investments in the Portfolio Valuation are valued net of withholding tax and therefore no deferred tax liability is recognised in respect of the withholding tax.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Group's Balance Sheet when the Group becomes a 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 Group 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. Management 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. The Group's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating income in the Consolidated Income Statement.

Investments in subsidiaries

The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment-related services or activities on behalf of the parent and manager which are incidental to the management of the investment portfolio. The Company measures its investments in PPP assets in accordance with IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change. Where a subsidiary provides investment-related services or activities, the subsidiary is consolidated on a line by line basis in accordance with IFRS 10 Consolidated Financial Statements.

Investments in joint ventures and associates
The Company meets the definition in IAS 28 (May 2011) Investments in Associates and Joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Company therefore measures its interests in joint ventures and associates at fair value in accordance with IAS39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change.

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 in greater than 12 months after the Balance Sheet date which are classified as Non-Current Assets. The Group’s loans and receivables comprise ‘trade and other receivables’ and ‘cash and cash equivalents’ in the Consolidated Balance Sheet.

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 of:

- Loans and borrowings 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.
- Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

iii) Derivatives financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into or the date of acquisition by the Group and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. The Consolidated Group does not apply hedge accounting. The Group operates a recourse treasury function. There is a Board approved policy for borrowing, investing surplus funds and hedging foreign exchange and interest rate risks.

iv) Effective interest method

The effective interest rate is that 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.

v) Fair value estimation

The fair value of financial instruments that are not traded in active markets is derived in one of three ways:

a) Investments at fair value through profit or loss

Fair value is calculated 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 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. The discount rates that have been applied to the investments at 31 December 2013 were in the range 7.50% to 8.85% (31 December 2012 – 7.95% to 8.86%) which are relevant and in the range of those applied in the market for similar PPP investments. Refer to note 11 for details of the areas of estimation in the calculation of the fair value.

b) Derivatives

The fair values of derivatives as at the Balance Sheet date are obtained from the banks or financial institutions with which the derivatives have been transacted.

c) Loans and receivables, borrowings and payables

Loans and borrowings are held at amortised cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(k) Segmental reporting

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the geographical risk associated within the Group. This information is centred on the risk free rates and the maturity of the PPP industry together with foreign exchange and political risk within each country. Currently the projects that the Group has investments in are in the UK, Continental Europe and North America and therefore these form the Group's reportable segments under IFRS 8.

(l) Statement of compliance

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

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group'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. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments at fair value through profit or loss

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. In determining the discount rate, regard is had to risk free rates, specific risks and the evidence of recent transactions. 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 Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the geographical risk associated within the Group. This information is centred on the risk free rates and the maturity of the PPP industry together with foreign exchange and political risk within each country. Currently the projects that the Group has investments in are in the following geographical areas and therefore these form the Group's reportable segments under IFRS 8:

UK
Continental Europe
North America

For the purposes of any amounts derived directly from the Company in Guernsey that are included in the amounts analysed below, Guernsey is included in the UK segment.

Segment revenues and results

The following is an analysis of the Group's operating income and results by reportable segment for the year ended 31 December 2013.

	Year ended 31 December 2013			
	UK	**Continental Europe**	**North America[1]**	**Total Group**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Operating Income	**43,923**	**5,969**	**(1,380)**	**48,512**
Profit before tax	**27,623**	**5,880**	**(1,380)**	**32,123**
Tax	**(726)**	**(27)**	**(313)**	**(1,066)**
Reportable segment profit	**26,897**	**5,853**	**(1,693)**	**31,057**

(1) The North America segment's operating income includes the foreign exchange rate loss on the fair value of the Canadian investments (2013: loss £6.1 million, 2012: loss £1.5 million).

The following is an analysis of the Group's operating income and results by reportable segment for the year ended 31 December 2012.

	Year ended 31 December 2012*			
	UK	Continental Europe	North America	Total Group
	£'000s	£'000s	£'000s	£'000s
Operating Income	35,615	1,318	5,235	42,168
Profit before tax	27,080	1,171	5,235	33,486
Tax	(651)	(18)	(321)	(990)
Reportable segment profit	26,429	1,153	4,914	32,496

No inter-segment sales were made for the current year or previous period.

Information about major customers
The Group has two (year ended 31 December 2012* – one) investments from which it receives more than 10% of the Group's operating income. The operating income was £11.3 million (year ended 31 December 2012* – £4.7 million) which was reported within the UK segment. The Group has treated each PPP asset as a separate customer.

Segment assets
Information concerning the Group's net assets reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is primarily focused on the fair value of the investments in the underlying PPP projects.

The following is an analysis of the Group's assets by reportable segment as at 31 December 2013.

As at 31 December 2013

	UK £'000s	Continental Europe £'000s	North America £'000s	Total Group £'000s
Investments at fair value through profit or loss	676,151	36,728	82,970	795,849
Unallocated assets				26,992
Consolidated total assets				**822,841**

The following is an analysis of the Group's assets by reportable segment as at 31 December 2012.

	As at 31 December 2012*			
	UK £'000s	Continental Europe £'000s	North America £'000s	Total Group £'000s
Investments at fair value through profit or loss	427,642	33,229	76,524	537,395
Unallocated assets				8,976
Consolidated total assets				546,371

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

5. OPERATING PROFIT

	Year ended 31 December	
	2013 £'000s	2012* £'000s
Fees payable to the Company's auditor for the audit of the Company's annual accounts	88	94
Fees payable to the Company's auditor for the audit of the recourse subsidiaries	48	38
Total audit fees	**136**	132
Fees payable to the Company's auditors and their associates for non-audit services to the Group:		
– audit related assurance services	35	40
– for work pertaining to the auditor's role as reporting accountants(1)	98	100
– for work related to assurance, tax and referral work for Canadian investments	24	34
Total non-audit fees	**157**	174
Acquisition costs	1,896	1,086
Investment adviser and operator fee (see note 20)	8,178	5,682

The Group had no employees other than 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 20.

An amount of £293,000 (2012 – £184,000) was paid to Deloitte LLP by the Group for the audit of the subsidiaries and joint ventures investments for the year ended 31 December 2013.

(1) An amount of £98,000 (2012 – £100,000) was paid to Deloitte LLP by the Company in respect of non-audit services for the year ended 31 December 2013 for work pertaining to their role as reporting accountants for the capital raising in the year. These fees were included in issue fees applied to the share premium account.

6. OTHER (LOSSES)/GAINS

	Year ended 31 December	
	2013	2012*
	£'000s	£'000s
Exchange (loss)/gain on monetary assets	(910)	659
Exchange gain on derivative financial instruments	523	–
Total other gains and losses	**(387)**	659

7. NET FINANCE COSTS

	Year ended 31 December	
	2013	2012*
	£'000s	£'000s
Interest on bank deposits	97	141
Interest on bank overdrafts and loans		
– recourse	(734)	(130)
Other finance costs	(2,519)	(1,035)
Net finance costs	**(3,156)**	(1,024)

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

8. TAX

Income tax expense

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. The total foreign current tax charge of £1.1 million in the year (year ended 31 December 2012* – £1.0 million) in the Consolidated Income Statement arose within the companies comprising the Consolidated Group.

Following the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), the underlying tax within the subsidiary PPP assets, which are now all held as investments at fair value through profit or loss, is no longer consolidated in the Group's results.

9. DIVIDENDS

	2013 £'000s	2012* £'000s
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2012 of 3.125 pence (final dividend for the year ended 31 December 2011 – 3.0 pence) per share	**16,035**	12,667
Interim dividend for the six months ended 30 June 2013 of 3.125 pence (six months ended 30 June 2012 – 3.0 pence) per share	**17,054**	13,617
	33,089	26,284
Proposed final dividend for the year ended 31 December 2013 of 3.25 pence (2012 – 3.125 pence) per share	**24,905**	16,035

The proposed final dividend for the year ended 31 December 2013 is 3.25 pence per share, amounting to £24.9 million (2012 – £16.0 million). The final dividend was approved by the Board on 21 March 2014 and is payable in May 2014. The dividend has not been included as a liability at 31 December 2013.

10. EARNINGS PER SHARE

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

	2013 £'000s	2012* £'000s

Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**31,057**	32,496
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**580,347,589**	458,134,193

The denominator for the purposes of calculating both basic and diluted earnings per share are 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	**5.35**	7.09

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 **£'000s**	2012* £'000s
Opening balance	**537,395**	380,439
Acquisitions**	**264,648**	156,074
Dividends received from investments***	**(24,865)**	(19,348)
Interest received from investments***	**(23,258)**	(15,303)
Loan stock and equity repayments	**(6,574)**	(5,845)
Movement in accrued interest	**1,050**	117
Discount rate movements***	**(184)**	783
Foreign currency exchange rate movements***	**(6,100)**	(1,562)
Growth in value***	**53,737**	42,040
Carrying amount at 31 December	**795,849**	537,395

** Includes £314k adjustment for Tunbridge Wells Hospital project price adjustment for the year ended 31 December 2013.

*** Net (loss)/gain on investments at fair value through profit or loss (unrealised) for the year ended 31 December 2013 is a loss £0.4 million (2012: gain of £6.6 million) including the adjustment described above.

The Investment Adviser has carried out fair market valuations of the Investments as at 31 December 2013. The Directors have satisfied themselves as to the methodology used, and the discount rates applied for the Portfolio Valuation. 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 are all investments in PPP projects and 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 7.50% to 8.85% (weighted average 8.18%) (2012 – 7.95% to 8.86% (weighted average 8.29%)).

The following economic assumptions were used in the discounted cash flow valuations:

	2013	2012
Inflation rates –		
UK	**2.75%**	2.75%
Canada	**2.10%**	2.10%
Netherlands	**1.90%**	1.90%
Finland	**3% (MAKU) and 2.5% (ELSPOT)**	3% (MAKU) and 2.5% (ELSPOT)
Deposit interest rates (UK)	**1% for 2014 and 2015 rising to 3.5% from 2018**	1% for 2013, 4% thereafter

The prevailing Sterling exchange rate at 31 December was:

	2013	2012
Canadian dollar	**1.7585**	1.6099
Euro	**1.1991**	1.2220

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

Whilst the UK corporation tax rate reduction to 20% from April 2015 was substantively enacted on 2 July 2013, the long-term UK corporation tax rate assumed in the Portfolio Valuation is 21%. If a UK corporation tax rate of 20% was assumed this would increase the Portfolio Value by circa £4m. The fair value of the Canadian and European investments include assumed tax payments at the appropriate local rates.

The changes to the main rate of corporation tax for UK companies announced in the March 2013 Budget were substantively enacted by the UK Government on 2 July 2013. The main corporation tax rate will reduce by 2% to 21% from 1 April 2014 with a further reduction to 20% from 1 April 2015. The reduction to 21% is reflected in the fair value of the UK investments and as such within the financial statements. The further reduction to 20% from 1 April 2015 is not reflected in the fair value of the investments. The fair value of the Canadian and European investments include assumed tax payments at the appropriate local rates.

The fair value of the PPP investments would be an estimated £70.8 million higher or £61.2 million lower (2012 – estimated £45.6 million higher or £39.7 million lower) if the discount rate used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation. The weighted average discount rate for the PPP portfolio as at 31 December 2013 was 8.18% (2012 – 8.29%).

The fair value of the PPP investments would be an estimated £34.0 million higher (2012 – £21.3 million higher) if the inflation rate used in the discounted cash flow analysis was an absolute 1% higher than that used in the fair value calculation, and £30.5 million lower (2012 – £17.3 million lower) if the inflation rate was an absolute 1% lower. The inflation rate assumed for all future periods from 31 December 2013 was 2.75% (2012 – 2.75%) for all UK projects, 2.1% (2012 – 2.1%) for Canadian projects, for the Finnish project a rate of 3.0% (2012 – 3.0%) was assumed for the MAKU index (Finnish construction price index) and a rate of 2.5% (2012 – 2.5%) was assumed for the Elspot index (Finnish utilities price index) and for the Dutch project a CPI index of 1.9% (2012 – 1.9%) was assumed.

The fair value of the PPP investments would be an estimated £6.3 million higher or £5.7 million lower (2012 – estimated £5.7 million higher or £5.2 million lower) if the exchange rates used in the discounted cash flow analysis were to differ by 5% from that used in the fair value calculation.

The fair value of the PPP investments would be an estimated £16.7 million higher or £16.2 million lower (2012 – estimated £9.3 million higher or £9.4 million lower) if the deposit rates used in the discounted cash flow analysis were to differ by 1% from that used in the fair value calculation. The deposit rates assumed for all future periods from 31 December 2013 were 1% for 2013 and 2014, gradually rising to 3.5% from 2018 for all projects except for the Canadian projects where the deposit rates assumed were 2% in 2014, rising to 3% from 2016 and the Finnish and Dutch projects where the deposit rates assumed were 0.5% in 2014, gradually rising to 2.5% from 2017.

Details of investments recognised at fair value through profit or loss were as follows:

	% holding 31 December 2013		% holding 31 December 2012	
Investments (project name – see note 24 for further details)	**Equity**	**Subordinated loan stock**	Equity	Subordinated loan stock
Abbotsford Regional Hospital and Cancer Centre	**100.0%**	**100.0%**	100.0%	100.0%
Forth Valley Royal Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Roseberry Park Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Vancouver General Hospital	**100.0%**	**100.0%**	100.0%	100.0%
North East Fire and Rescue Authority	**100.0%**	**100.0%**	100.0%	100.0%
Bentilee Community Centre	**100.0%**	**100.0%**	100.0%	100.0%
Brockley Social Housing PFI	**100.0%**	**100.0%**	100.0%	100.0%
Canning Town Social Housing PFI – Newham Housing	**100.0%**	**100.0%**	100.0%	100.0%
Sirhowy Way	**100.0%**	**100.0%**	100.0%	100.0%
Enfield Schools	**100.0%**	**100.0%**	100.0%	100.0%
Highlands School Enfield	**100.0%**	**100.0%**	100.0%	100.0%

Newham School	**100.0%**	**100.0%**	100.0%	100.0%
North Swindon Schools	**100.0%**	**100.0%**	100.0%	100.0%
Walsall Street Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Kingston Hospital	**60.0%**	**60.0%**	60.0%	60.0%
Newham Hospital	**50.0%**	**50.0%**	50.0%	50.0%
Cleveland Police Headquarters	**50.0%**	**50.0%**	50.0%	50.0%
Camden Social Housing	**50.0%**	**50.0%**	50.0%	50.0%
M40 Motorway	**50.0%**	**50.0%**	50.0%	50.0%
Manchester Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Wakefield Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Islington I Social Housing	**45.0%**	**45.0%**	45.0%	45.0%
Islington II Social Housing	**45.0%**	**45.0%**	45.0%	45.0%
E18 Road – Ykkostie	**50.0%**	**50.0%**	41.0%	41.0%
Kromhout Barracks	**40.0%**	**40.0%**	40.0%	40.0%
Avon and Somerset Courts	**40.0%**	**40.0%**	40.0%	40.0%
Tunbridge Wells Hospital	**37.5%**	**37.5%**	37.5%	37.5%
LUL Connect (CityLink)	**33.5%**	**33.5%**	28.5%	28.5%
Queen Elizabeth Hospital, Greenwich	**27.5%**	**27.5%**	27.5%	27.5%
Greater Manchester Police Stations	**27.1%**	**27.1%**	27.1%	27.1%
Metropolitan Police Training Centre (Gravesend)	**27.1%**	**27.1%**	27.1%	27.1%
Ministry of Defence Main Building	**26.0%**	**26.0%**	26.0%	26.0%
Edinburgh Schools	**20.0%**	**20.0%**	20.0%	20.0%
Glasgow Schools	**20.0%**	**20.0%**	20.0%	20.0%
Newcastle Hospital	**15.0%**	**15.0%**	15.0%	15.0%
South Lanarkshire Schools	**15.0%**	**15.0%**	15.0%	15.0%
M6 Scotland	**11.0%**	**11.0%**	11.0%	11.0%
Peterborough Hospital	**30.0%**	**30.0%**	–	–
Northampton Mental Health	**100.0%**	**100.0%**	–	–
Realise Health LIFT	**60.0%**	**60.0%**	–	–
Miles Platting Housing	**33.0%**	**66.7%**	–	–
Bexley Schools	**100.0%**	**100.0%**	–	–
Bristol BSF	**37.5%**	**36.0%**	–	–
Leeds Combined Secondary Schools	**100.0%**	**100.0%**	–	–
Peterborough Schools	**100.0%**	**100.0%**	–	–
Barnet Lighting	**85.0%**	**100.0%**	–	–
Enfield Lighting	**85.0%**	**100.0%**	–	–
Lambeth Lighting	**100.0%**	**100.0%**	–	–
Redcar and Cleveland Lighting	**100.0%**	**100.0%**	–	–

Barnsley BSF	**40.0%**	**40.0%**	–	–
Kelowna and Vernon Hospitals	**50.0%**	**50.0%**	–	–
North Staffs Hospital	**75.0%**	**75.0%**	–	–

On 17 January 2013, the Group completed the acquisition of a further 9% interest in E18 Road from a third party for a consideration of £2.6 million. This acquisition takes the Group's holding in E18 Road to 50% following the acquisition of a 41% interest from the John Laing Group in December 2010.

On 10 April 2013, the Group completed the acquisition of a 100% subsidiary interest from a third party, which included in its net assets a 30% interest in the Peterborough Hospital PPP project, with a fair value of £26.7 million.

On 23 August 2013, the Group completed the acquisition of a portfolio of 11 operational assets for a total consideration of approximately £123 million from Investors in the Community LP.

On 15 October 2013, the Group completed the acquisition of a 40% shareholding in the Barnsley BSF project from the John Laing Group.

On 28 November 2013, the Group completed the acquisition of a 50% shareholding in the Kelowna & Vernon Hospitals project from the John Laing Group.

On 20 December 2013, the Group completed the acquisition of a 75% shareholding in the North Staffordshire Hospital project. This event marks the completion of the final acquisition of the three asset portfolio for £101.6 million from the John Laing Group and the John Laing Pension Trust Limited, as stated in its Prospectus issued in September 2013, in relation to the capital raised on 3 October 2013.

Also on 20 December 2013, the Group completed the acquisition of the remaining stakes in three assets from Bouygues E&S Infrastructure UK Limited, resulting in 100% ownership of the Lambeth and Redcar & Cleveland Street Lighting projects and the Peterborough Schools project.

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

12. ACQUISITIONS OF SUBSIDIARIES

For each acquisition, fair values were determined using the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values.

On 10 April 2013, the Group completed a third party acquisition of 100% interest in JLIF Holdings (Peterborough Hospital) Limited, which was formerly known as Brookfield Peterborough (UK) Limited. The acquisition of the company is accounted for under IFRS 3 Business Combinations on the basis that the company performs investment related activities and services and is therefore required to be consolidated on a line by line basis in accordance with Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The total consideration paid in cash for the subsidiary was £27.3 million (£26.5 million net of cash acquired). The net assets acquired comprised a 30% joint venture interest in the Peterborough Hospital PPP project at a fair value of £26.7 million (see note 11) and net other assets of £0.6 million. Cash acquired on acquisition of the subsidiary was £0.8 million, resulting in a net cash inflow of £0.2 million on acquisition of the net assets excluding the investment at fair value through profit or loss. The total transaction cost for the acquisition was £0.1 million, which has been recognised in administrative expenses in the consolidated income statement. The project is a concession to design, build, finance and operate a new acute hospital, a new mental health unit and a new integrated care centre at two sites in Peterborough.

	Book value at acquisition £'000s	**Fair value adjustments £'000s**	**Fair value acquired £'000s**
Investment at fair value through profit or loss	15	26,682	26,697
Cash and cash equivalents	753	–	753
Current liabilities	(153)	–	(153)
Net assets acquired	**615**	**26,682**	**27,297**
Total consideration, satisfied in cash			27,297
Cash acquired			(753)
Net cash outflow			**26,544**
Net cash outflow on acquisition of the investment at fair value through profit or loss			26,697
Net cash inflow on acquisition of net other assets of the subsidiary			(153)
Net cash outflow on acquisition of total net assets of the subsidiary			**26,544**

On 23 August 2013, the Group completed a third party acquisition of 100% interest in LouiseCo Limited from Investors in the Community LP ("IIC"). The acquisition included a portfolio of 11 operational, yielding social infrastructure assets from Investors in the Community LP ("IIC") for £87 million and the Sub-debt associated with these infrastructure assets for £36 million from IIC. The portfolio comprised high quality social infrastructure projects in the Education, Health, Regeneration and Social Housing and Street Lighting sectors. The portfolio has been fully operational since July 2012. All the projects are managed by Mill Asset Management Group ("MAMG"), one of the largest independent asset and SPV managers of PPP infrastructure projects in the UK.

	Book value at acquisition £'000s	**Fair value adjustments £'000s**	**Fair value acquired £'000s**
Investment at fair value through profit or loss	–	86,971	86,971
Cash and cash equivalents	–	–	–
Current liabilities	–	–	–
Net assets acquired	**–**	**86,971**	**86,971**
Total consideration, satisfied in cash			86,971

Cash acquired	–
Net cash outflow	**86,971**
Net cash outflow on acquisition of the investment at fair value through profit or loss	86,971
Net cash inflow on acquisition of net other assets of the subsidiary	–
Net cash outflow on acquisition of total net assets of the subsidiary	**86,971**

Each of the above subsidiaries were acquired so as to continue the expansion of the Group’s investment activities.

Fair values were determined using the income approach which discounts the expected cash flows attributable to each assets at an appropriate rate to arrive at fair values.

13. TRADE AND OTHER RECEIVABLES

Other debtors	**31 December 2013 £’000s**	31 December* 2012 £’000s
Balance at 31 December	**2,121**	710

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The carrying amounts of the Group’s trade and other receivables are all denominated in Sterling.

There were no overdue amounts included in trade receivables.

14. TRADE AND OTHER PAYABLES

	31 December 2013 £’000s	31 December* 2012 £’000s
Trade payables	**13**	29
Accruals and deferred income	**3,463**	2,462
Other payables	**188**	512
Balance at 31 December	**3,664**	3,003

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

15. LOANS AND BORROWINGS

At 31 December 2013, there were no outstanding loans and borrowings (31 December 2012 – £nil).

In February 2013, JLIF Limited Partnership as Borrower and the Company as Guarantor, refinanced the £150 million multicurrency revolving credit facility with three banks comprising Lloyds Bank plc, Royal Bank of Scotland plc and ING Bank NV. The three year facility expiries in February 2016 will be used to provide bridging funding of acquisitions and working capital at an interest rate of LIBOR +2.3% and will be repaid by proceeds from future capital raisings. The Group incurred arrangement fees of £2.25 million during the period which were capitalised.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's policy is not to hedge the Balance Sheet values of its investment Portfolio. However, if it is appropriate, the Group will hedge its investment income to mitigate exchange rate volatility. During the year, the Group entered into a forward exchange rate contract to hedge foreign currency income from its Canadian and Euro investments. The fair value of forward exchange contracts at 31 December 2013 was an asset of £0.5 million (year ended 31 December 2012 – £nil).

17. SHARE CAPITAL

Issued and fully paid	**2013** **£'000s**	2012 £'000s
766,294,564 (31 December 2012 – 513,109,848) ordinary shares of 0.01p each	**77**	51

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

On 14 May 2013, 2,050,226 new Ordinary Shares of 0.01 pence each at an Issue Price of 114.0 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 2012.

On 2 July 2013, 30,567,685 new ordinary shares of 0.01 pence each were issued and fully paid up at an Issue Price of 114.5 pence.

On 3 October 2013, 218,291,103 new ordinary shares of 0.01 pence each were issued and fully paid up at an Issue Price of 111.0 pence.

On 18 October 2013, 2,275,702 new ordinary shares of 0.01 pence each at an issue price of 114.26 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 ending 30 June 2013.

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.

18. SHARE PREMIUM ACCOUNT

	2013 £'000s	2012 £'000s
Opening balance	**518,224**	423,618
Premium arising on issue of equity shares	**278,569**	96,510
Expenses of issue of equity shares	**(848)**	(1,904)
Balance at 31 December	**795,945**	518,224

19. RETAINED EARNINGS

	2013 £'000s	2012* £'000s
Opening balance	**24,124**	17,911
Net profit for the year	**31,057**	32,496
Dividends paid (note 9)	**(33,089)**	(26,283)
Balance at 31 December	**22,092**	24,124

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

20. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Transactions between the Company and its consolidated subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other 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 Advisor and Operator of the Limited Partnership together with the details of further investment acquisitions from John Laing plc, of which JLCM is a wholly owned subsidiary.

JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated after an initial four year term, starting 27 October 2010, by either party giving one year's written 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 the General Partner of the partnership, JLIF GP Limited, a subsidiary of John Laing Investments Limited, part of the John Laing Plc group. The Operator and the General Partner may each terminate the appointment of the Operator after an initial four year term, starting on 27 October 2010, 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.

In aggregate JLCM and the General Partner are entitled to fees and/or profit share equal to: i) a Base fee of a) 1.1 per cent per annum of the Adjusted Portfolio Value* of the Fund up to and including £500 million; b) 1.0 per cent 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 cent per annum of the Adjusted Portfolio Value of the Fund in excess of £1 billion; and ii) an Asset Origination Fee of 0.75 per cent of the purchase price of new investment capital acquired by the Fund that is not sourced from any of John Laing plc, its subsidiary undertakings, or funds or holdings managed by John Laing plc or any of its subsidiary undertakings.

The total Investment Adviser and Operator fee charged to the Income Statement for the year was £8,178,000 (2012 – £5,682,000) of which £2,340,000 remained payable at year end (2012 – £1,531,000).

* Adjusted Portfolio Value is defined in the Investment Advisory Agreement as:

(a) the Fair Value of the Investment Portfolio; plus
(b) any cash owned by or held to the order of the Fund (the Consolidated 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 Fund; and
    (ii) any Uninvested Cash.

The Group acquired three PPP projects from John Laing plc under an arm's length sale and purchase agreement. The Group paid £88.6 million to John Laing and £13.0 million to the John Laing Pension Trust for these projects.

Transactions with subsidiaries exempt from consolidation

	31 December 2013			31 December 2012		
	Income statement £'000s	**Cash received £'000s**	**Balance due £'000s**	Income statement £'000s	Cash received £'000s	Balance due £'000s
Equity investments[(1)]	**–**	**3,323**	**221,813**	–	3,360	127,958

Subordinated loan investments[1]	**–**	**1,242**	**146,406**	–	815	88,106
Subordinated loan interest receivable[1]	**10,136**	**10,404**	**5,291**	7,196	6,702	2,134
Dividends	**3,440**	**3,440**	**–**	2,631	2,631	–
Services income[2]	**59**	**39**	**20**	–	–	–

Transactions with joint ventures and associates

	31 December 2013			31 December 2012		
	Income statement £'000s	**Cash received £'000s**	**Balance due £'000s**	Income statement £'000s	Cash received £'000s	Balance due £'000s
Equity investments[1]	**–**	**–**	**308,179**	–	954	237,666
Subordinated loan investments[1]	**–**	**2,213**	**104,602**	–	1,670	72,653
Subordinated loan interest receivable[1]	**13,436**	**11,914**	**9,558**	8,632	8,922	8,878
Dividends	**21,425**	**21,425**	**–**	16,717	16,717	–
Services income[2]	**374**	**251**	**144**	358	354	21

[1] The balances due on equity investments, subordinated loan investments and subordinated loan interest at 31 December 2013 and 31 December 2012, which are at the fair value of their future cash flows, are included within investments at fair value through profit or loss (note 11). The equity component represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments. Acquisitions of interests in subsidiaries exempt from consolidation and joint ventures in the period are disclosed in note 11.

[2] Services income is generated from joint venture project companies through management services agreements.

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

The Directors of the Consolidated Group, who are considered to be key management, received fees for their services. Further details are provided in the Report of the Directors on page 41. Total fees for the year were £202,000 (2012 – £191,000). The Directors were paid £7,700 of expenses in the year (2012 – £8,000). The interests of the Directors in the shares of the Company as at 31 December 2013 and 31 December 2012 are detailed in the Report of Directors on page 40.

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

The Directors were paid dividends in the year of £10,195 (2012 – £9,544). Furthermore, as part of the shares issued in October 2013, Paul Lester subscribed for and was issued with 20,000 ordinary shares for a consideration of £22,200 under the pre-emption rights offer, Chris Spencer subscribed for and was issued with 20,000 ordinary shares for a consideration of £22,200.

In connection with our responsibilities under the UK Listing Authority Rules, we disclose that on 2 July 2013, Schroder Investment Management Limited subscribed for and was issued with 3.2 million ordinary shares for a consideration of £3,664,000 in relation to the Tap issue. As part of the shares issued in October 2013, Newton Investment Management Limited subscribed for and was issued with 9 million ordinary shares for a consideration of £9,990,000.

21. FINANCIAL INSTRUMENTS

Capital Risk Management

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of non-recourse debt within its investments and the Group's corporate facility and includes loans and borrowings as detailed in note 15 offset by cash and cash equivalents and equity attributable to Owners of the Company comprising issued capital, reserves and retained earnings as detailed in notes 17 to 19. 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 on pages 16 and 17 of the Annual Report.

Gearing ratio

The Group's Investment Adviser reviews the capital structure on a semi-annual basis. JLIF intends to make prudent use of leverage (leverage in the context of JLIF excluding senior debt in place at the 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 Assets but including any financial guarantees to support subscription obligations, will be limited to 25% of JLIF's Total Assets. JLIF may borrow in currencies other than Sterling as part of its currency hedging strategy.

As at the date of this Annual Report, the Group had no outstanding debt.

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 JLIF and its recourse group, financial risks are managed by the fund managers who operate within the Board approved policies. For the non-recourse investments, due to the nature of the investments, financial risks are hedged at the inception of a project. The various types of financial risk are managed as follows:

Market risk – foreign currency exchange rate risk
As at 31 December 2013 the Group has invested in five (2012 – four) overseas investments. The Group's foreign currency exchange rate risk policy is not to automatically hedge on an individual project basis but to determine the total Group exposure to individual currencies.

At 31 December 2013 the Group's current assets includes the fair value of two foreign exchange forward contracts in Canadian Dollar currency.

The Group is mainly exposed to fluctuations in the Euro and Canadian dollar exchange rates. The amount of the Group's fair value foreign currency denominated assets and liabilities at the reporting date was as follows:

	Assets		**Liabilities**	
				Restated
	2013	2012	**2013**	2012
	£'000s	£'000s	**£'000s**	£'000s
Canadian Dollar	**83,581**	76,723	**–**	–
Euro	**36,893**	35,290	**–**	–
	120,474	112,013	**–**	–

The following table details the Group's sensitivity to a 5% increase or decrease in Sterling against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and reflects a 5% change in foreign currency exchange rates. A negative number below indicates a decrease in profit from operations where the relevant currency weakens by 5% against Sterling. For a 5% strengthening of the relevant currency against Sterling, there would be an equal and opposite impact on profit from operations, and the negative balances below would be positive.

	31 December 2013	
	Profit before tax	**Investments**
Effect on operating profit of relevant currency weakening by 5% against Sterling	**£'000s**	**£'000s**
Canadian Dollar	**(4,153)**	**(4,153)**
Euro	**(1,845)**	**(1,845)**
	(5,998)	**(5,998)**

31 December 2012
Restated

Effect on operating profit of relevant currency weakening by 5% against Sterling	Profit before tax £'000s	Investments £'000s
Canadian Dollar	(3,836)	(3,836)
Euro	(1,765)	(1,765)
	(5,601)	(5,601)

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 management's assessment of the reasonable possible change in interest rates.

The recourse group was in a net cash position and had not outstanding debt at the Balance Sheet date. The interest rate sensitivity of the recourse group's assets and liabilities had nil impact.

For a sensitivity analysis of investments at fair value through profit or loss, refer to note 11.

a) Financial instruments by category

	31 December 2013				
	Cash and bank balances £'000s	**Loans and receivables £'000s**	**Financial assets at FVTPL* £'000s**	**Financial liabilities at amortised cost £'000s**	**Total £'000s**
Non-current assets					
Investments at fair value through profit or loss (Level 3)	**–**	**–**	**795,849**	**–**	**795,849**
Current assets					
Derivative financial instruments (Level 2)	**–**	**–**	**523**	**–**	**523**
Trade and other receivables	**–**	**2,121**	**–**	**–**	**2,121**
Cash and cash equivalents	**24,348**	**–**	**–**	**–**	**24,348**

Total financial assets	**24,348**	**2,121**	**796,372**	**–**	**822,841**
Current liabilities					
Trade and other payables	**–**	**–**	**–**	**(3,664)**	**(3,664)**
Total financial liabilities	**–**	**–**	**–**	**(3,664)**	**(3,664)**
Net financial instruments	**24,348**	**2,121**	**796,372**	**(3,664)**	**819,177**

	31 December 2012 – Restated				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL* £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Non-current assets					
Investments at fair value through profit or loss (Level 3)	–	–	537,395	–	537,395
Current assets					
Trade and other receivables	–	710	–	–	710
Cash and cash equivalents	8,266	–	–	–	8,266
Total financial assets	8,266	710	537,395	–	546,371
Current liabilities					
Trade and other payables	–	–	–	(3,003)	(3,003)
Total financial liabilities	–	–	–	(3,003)	(3,003)
Net financial instruments	8,266	710	537,395	(3,003)	543,368

* 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 transfers between Level 1 and 2 during the year (2012 – none).

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

Level 2 fair value measurement of financial assets and liabilities include two foreign exchange forward contracts in Canadian Dollar currency value at the exchange rate prevailing on 31 December 2013.

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 11.

The investments at fair value through profit or loss, whose fair values include the use of Level 3 inputs, are 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 a long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of the PPP project and counterparty credit risk. The weighted average discount rate applied was 8.18% (year ended 31 December 2012* – 8.29%). 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 increase in 1% in the discount rate would cause a decrease in fair value of the investments of £61.2 million (year ended 31 December 2012* – £39.7 million).

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to note 11.

Market risk – inflation risk
Each investment will typically have part of its revenue and some of its 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 11.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

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 Group's investments receive regular, long term, index linked revenue from government departments, public sector or local authority clients or directly from the public via real tolls. The Directors believe that the Group is not significantly exposed to the risk that the customers of its investments do not pay their unitary payments because of the Group's policy to invest in jurisdiction with satisfactory credit rating.

Given the above factors, the Board does not consider it appropriate to present a detailed analysis of credit risk.

Liquidity risk
The Group 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 (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.

Capital risk
The Group has implemented an efficient financing structure that enables it to manage its capital effectively. The Group's capital structure comprises its equity only (refer to the Consolidated Statement of Changes in Equity). As at 31 December 2013 the Group had no recourse debt (2012 – £nil).

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

b) Foreign currency and interest rate profile of financial liabilities
The Group's financial liabilities at 31 December 2013 were £3.6 million (2012 – £3.0 million). These principally comprise accruals.

			31 December 2013 Financial liabilities		
	Currency	**Floating rate £'000s**	**Fixed rate £'000s**	**Non-interest bearing £'000s**	**Total £'000s**
Trade and other payables < 1 year	– Sterling	**–**	**–**	**3,632**	**3,632**
	– Euro	**–**	**–**	**32**	**32**
Total		**–**	**–**	**3,664**	**3,664**

31 December 2012
Financial liabilities

	Currency	Floating rate £'000s	Fixed rate £'000s	Non-interest bearing £'000s	Total £'000s
Trade and other payables < 1 year	– Sterling	–	–	2,960	2,960
	– Euro	–	–	43	43
Total		–	–	3,003	3,003

22. GUARANTEES AND OTHER COMMITMENTS

As at 31 December 2013 the Group had no commitments (2012: no commitments).

23. EVENTS AFTER BALANCE SHEET DATE

On 14 February 2014, the Group completed the acquisition of a further 15% interest in the PPP infrastructure asset Barnet Street Lighting and a further 15% in the PPP infrastructure asset Enfield Street Lighting. These acquisitions take the Group's total holding in both investments to 100% following the acquisition of 85% stakes from the Investor in the Community LP in August 2013.

24. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS

The Group holds investments in 52 service concession arrangements in the Accommodation, Transport, and Utilities 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 like cleaning, catering, caretaking and major maintenance. At the end of the concession period on the majority of the concessions the assets are returned to the concession provider. As at 31 December 2013 all of the service concessions were fully operational (31 December 2012 – All).

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider 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 provider 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.

Sector	Company name	Project name	% owned	Short description of concession arrangement	Period of concession: Start date	End date	No. years	Project capex
Health								
	Healthcare Support (Newham) Limited	Newham Hospital	50%	Design, build, finance and operate extensions at Newham General Hospital.	27-Jan-2004	30-Jan-2039	35	Refurbishment and construction of two extensions costing £35 million.
	Meridian Hospital Company Limited	Queen Elizabeth Hospital, Greenwich	27.5%	Design, build, finance and operate new hospital in the Greenwich area of London.	08-Jul-1998	31-Oct-2031	33	Construction of hospital costing £96 million.
	Prime Care Solutions (Kingston) Limited	Kingston Hospital	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.
	AHA Access Health Abbotsford Limited	Abbotsford Regional Hospital and Cancer Centre	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.
	AHV Access Health Vancouver Limited	Vancouver General Hospital	100%	Design, build, finance and operate new outpatient facility in Vancouver, British Columbia, Canada.	02-Sep-2004	18-Aug-2036	32	Construction of outpatient facility costing CAN$95 million.
	Forth Health Limited	Forth Valley Royal Hospital	100%	Design, build, finance and operate new hospital in Larbert.	04-May-2007	31-Mar-2042	35	Construction of hospital costing £293 million.
	Three Valleys Healthcare Limited	Roseberry Park Hospital	100%	Design, build, finance and operate a mental health facility in Middlesbrough.	18-Dec-2007	23-Mar-2040	32	Construction of hospital costing £75 million.
	Healthcare Support (Newcastle) Limited	Newcastle Hospital	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.

	Kent and East Sussex Weald Hospital Limited	Tunbridge Wells Hospital	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.
	Peterborough (Progress Health) plc	Peterborough Hospital	30.0%	Design, build, finance and operate 3 healthcare premises in Peterborough.	31-Jan-2007	31-Oct-2042	36	Construction of 3 hospitals costing £347 million.
	IIC (C&T) Limited	Realise Health LIFT (Colchester)	60.0%	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 2 medical buildings costing £39 million.
	IIC Northampton Limited	Northampton Mental Health	100.0 %	Design, build, finance and operate a mental health facility in Northampton	31-Oct-2007	31-Oct-2037	30	Construction of hospital costing £39 million.
	Infusion Health KVH General Partnership	Kelowna & Vernon Hospitals	50.0%	Design, build, finance and operate 3 new healthcare premises in Kelowna and Vernon, Canada.	31-Aug-2008	31-Aug-2042		Construction of 2 hospitals costing CAN$342 million.
	Healthcare Support (North Staffs) Limited	North Staffordshire Hospital	75.0%	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 2 hospitals costing £306 million.
Education								
	3ED Glasgow Limited	Glasgow Schools	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.
	InspirED Education (South Lanarkshire) plc	South Lanarkshire Schools	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	New schools construction and refurbishment costing £320 million.

Education Support (Swindon) Limited	North Swindon Schools	100%	Design, build, finance and operate seven new schools in Swindon.	01-Apr-2005	30-Jun-2032	27	New schools construction costing £70 million.
Education Support (Enfield) Limited	Highlands School, Enfield	100%	Design, build, finance and operate one secondary school in Enfield.	25-Feb-1999	31-Aug-2025	27	New school construction costing £17 million.
Education Support (Newham) Limited	Newham Schools	100%	Design, build, finance and operate one secondary school in Newham.	24-Sep-2003	31-Aug-2029	26	New school construction costing £22 million.
Education Support (Enfield 2) Limited	Enfield Schools	100%	Design, build, finance and operate three schools in Enfield, two primary and one secondary.	24-Sep-2003	31-Aug-2029	26	New schools construction costing £27 million.
The Edinburgh School Partnership Limited	Edinburgh Schools	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.
Barnsley SPV One Limited			Design, build, finance and operate 3 PFI secondary schools.	31-Jul-2009	30-Apr-2036	27	New schools construction costing £91 million.
Barnsley SPV Two Limited	Barnsley BSF	40%	Design, build, finance and operate 2 PFI secondary schools.	30-Apr-2010	31-Dec-2036	27	New schools construction costing £51 million.
Barnsley SPV Three Limited			Design, build, finance and operate 3 PFI secondary schools.	31-Oct-2010	30-Sep-2037	27	New schools construction costing £126 million.
Investors in the Community (Bexley Schools) Limited Bristol PFI Limited	Bexley Schools	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 PFI Limited	Bristol BSF	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.
	IIC (Leeds Schools) Limited	Leeds Combined Secondary Schools	100%	Design, build, finance and operate six new secondary schools in Leeds.	30-Apr-2005	31-Jul-2033	28	Construction of 6 new secondary schools costing £115 million.
	IIC By Education (Peterborough Schools) Limited	Peterborough Schools	100%	Design, build, finance and operate three new secondary schools in Peterborough.	31-Jul-2006	30-Sep-2037	31	Construction of 3 new secondary schools costing £55 million.
Justice and Emergency Services								
	Service Support (Avon & Somerset) Limited	Avon & Somerset Courts	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.
	Services Support (Gravesend) Limited	Metropolitan Specialist Police Training Centre	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 blocks construction costing £40 million.
	Services Support (Manchester) Limited	Greater Manchester Police Stations	27.1%	Design, build, finance and operate 16 new police stations in Manchester.	04-Dec-2002	31-Mar-2030	27	Construction costing £82 million.
	Cleveland FM Services Limited	Cleveland Police Station & HQ	50.0%	Design, build, finance and operate five police stations.	31-Mar-2005	31-Jan-2032	27	Construction costing £26 million.
	Collaborative Services Support NE Limited	North East Fire & Rescue	100.0%	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.

Government Buildings								
	Modus Services Limited	MOD Main Building	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.
	Komfort BV	Kromhout Barracks PPP Project	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.
Regeneration and Social Housing								
	Regenter LCEP Limited	Canning Town Social Housing	100%	Refurbish, finance and operate council housing in Newham.	03-Jun-2005	31-May-2035	30	Refurbishment of existing buildings costing £20 million.
	Regenter B3 Limited	Brockley Social Housing PPP	100%	Refurbish, finance and operate council housing in Brockley.	04-Jun-2007	30-Apr-2027	20	Refurbishment of existing buildings costing £74 million.
	Regenter Bentilee District Centre Limited	Bentilee Hub Community Centre	100%	Design, build, finance and operate joint services community facility.	01-Feb-2005	31-Jan-2032	27	Construction costing £8 million.
	Partners for Improvement in Camden Limited	Camden Social Housing	50%	Refurbish, finance and maintain council housing in five tower blocks in Camden.	02-May-2006	02-May-2021	15	Construction costing £69 million.
	Partners for Improvement in Islington Limited	Islington Social Housing I	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.
	Partners for Improvement in Islington 2 Limited	Islington Social Housing II	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.
	Renaissance Miles Platting Limited	Miles Platting Social Housing	33.3%	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.

Transport								
	Sirhowy Enterprise Way Limited	Sirhowy Way	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.
	Tiehytio Ykkostie Oy	E18 Road	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.
	UK Highways M40 Limited	M40 Motorway (UK)	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.
	Autolink Concessionaires (M6) plc	M6/M74 Motorway (Scotland)	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.
	Citylink Telecommunications Limited	LUL Connect (CityLink)	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.
Street Lighting								
	Amey Highways Lighting (Manchester) Limited	Manchester Street Lighting	50%	Installation and maintenance of street lighting	31-Mar-2004	30-Jun-2029	25	Replacement column programme costing £33 million.
	Amey Highways Lighting (Wakefield) Limited	Wakefield Street Lighting	50%	Installation and maintenance of street lighting	23-Dec-2003	02-Feb-2029	25	Replacement column programme costing £26 million.

Walsall Public Lighting Limited	Walsall Street Lighting	100%	Installation and maintenance of street lighting.	28-Mar-2002	31-Mar-2028	26	Replacement column programme costing £16 million.
Barnet Lighting Services Limited	Barnet Street Lighting	85%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £26 million.
Lambeth Lighting Services Limited	Lambeth Street Lighting	100%	Installation and maintenance of street lighting.	30-Nov-2005	31-Dec-2029	24	Replacement column programme costing £16 million.
Enfield Lighting Services	Enfield Street Lighting	85%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £27 million.
Redcar & Cleveland Lighting Services	Redcar & Cleveland Street Lighting	100%	Installation and maintenance of street lighting.	31-Aug-2007	31-Dec-2029	22	Replacement column programme costing £22 million.

25. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2013 are as follows:

Name	Category	Place of Incorporation	Proportion of ownership interest	Proportion of voting power held
JLIF Luxco 1 S.á.r.l.	Consolidated Group	Luxembourg	100%	100%
JLIF Luxco 2 S.á.r.l.	Consolidated Group	Luxembourg	100%	100%
JLIF Limited Partnership Limited1	Consolidated Group	United Kingdom	100%	100%
Palio (No 1) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 2) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 3) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 4) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 5) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 6) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 7) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 8) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 9) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 10) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 11) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 12) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 13) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 14) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 15) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 16) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 17) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 18) Limited	Consolidated Group	United Kingdom	100%	100%
Palio (No 19) Limited	Consolidated Group	United Kingdom	100%	100%
JLIF Health (Pembury Hospital) Limited	Consolidated Group	United Kingdom	100%	100%
JLIF Investments Limited	Consolidated Group	United Kingdom	100%	100%
JLIF Holdings (Peterborough Hospital) Limited	Consolidated Group	United Kingdom	100%	100%
LouiseCo Limited	Consolidated Group	United Kingdom	100%	100%
AHA Access Health	Operating Subsidiary	Canada	100%	100%

Limited				
AHA Holdings Limited	Operating Subsidiary	Canada	100%	100%
AHV Access Health Limited	Operating Subsidiary	Canada	100%	100%
AHV Holdings Limited	Operating Subsidiary	Canada	100%	100%
Barnet Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Collaborative Services Support (NE) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Collaborative Services Support (NE) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield 2) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield 2) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Newham) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Newham) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Swindon) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Swindon) Limited	Operating Subsidiary	United Kingdom	100%	100%
Enfield Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Forth Health Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Forth Health Limited	Operating Subsidiary	United Kingdom	100%	100%
IIC (C&T) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC (Leeds Schools) Fund Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%

IIC (Leeds Schools) Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Infrastructure Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC By Education (Peterborough Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Equity Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton (Pendereds) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Funding	Operating Subsidiary	United Kingdom	100%	100%

Investment Limited**				
IIC Northampton Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar & Cleveland Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar and Cleveland Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar and Cleveland Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Bexley Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Leeds Schools) Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Leeds Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
John Laing Investments KVH Holdings Limited	Operating Subsidiary	Canada	100%	100%
John Laing Investments KVH Limited	Operating Subsidiary	Canada	100%	100%
Lambeth Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Redcar and Cleveland Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%

Regenter B3 Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter B3 (Holdco) Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter LCEP (Holdco) Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter LCEP Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter Bentilee District Centre Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter Bentilee District Centre Limited	Operating Subsidiary	United Kingdom	100%	100%
Sirhowy Enterprise Way Holdings Limited*	Operating Subsidiary	United Kingdom	100%	100%
Sirhowy Enterprise Way Limited*	Operating Subsidiary	United Kingdom	100%	100%
Three Valleys (Healthcare) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Three Valleys (Healthcare) Limited	Operating Subsidiary	United Kingdom	100%	100%
Walsall Public Lighting Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Walsall Public Lighting Limited	Operating Subsidiary	United Kingdom	100%	100%

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

* Reporting date 31 March
** Reporting date 30 June

The “Consolidated Group” entities are consolidated on a line by line basis. The “Operating subsidiaries” are not consolidated on a line by line basis but instead recognised as investments at fair value through profit or loss.

(1) 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 consolidated results of John Laing Infrastructure Fund Limited and JLIF Limited Partnership has taken advantage of the exemption from audit or filing accounts at Companies House conferred by regulation 7 of the Partnerships (Accounts) Regulations 2008.

GLOSSARY

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 Consolidated 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.
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.
Availability Based Payments	Payment for the use of an asset by the public sector that is based upon whether the asset is available to be used or not. This type of payment does not depend on the level of use of the asset.
Consolidated Group	Means JLIF Limited, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), JLIF Limited Partnership (the English Limited Partnership) and the 23 wholly owned subsidiaries of the English Limited Partnership.
Demand Based Payments	Payment for the use of an asset by the public sector that depends on the level of use of that asset.
First Offer Agreement	Means the first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 29 October 2010.
Government-backed revenue streams	The payment received from the public sector for the use of an asset which is contractually binding subject to performance criteria.
Group	See “Consolidated Group”.
Initial Public Offering (IPO)	JLIF’s first sale of stock to the public on 29 November 2010.
Investment Adviser	John Laing Capital Management, acting in its capacity as investment adviser to John Laing Infrastructure Fund pursuant to the Investment Advisory Agreement.
Investment Advisory Agreement	The investment advisory agreement between the Investment Adviser and John Laing Capital Management dated 27 October 2010.
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.
Investment 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) and the wholly owned subsidiaries of the English Limited Partnership that together held the investments in the 37 assets at 31 December 2012.
John Laing or John Laing Group	John Laing 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.
Net Asset Value (NAV)	Total Assets (including Portfolio Value) minus liabilities of the Consolidated Group. This equates to the net assets under IFRS.
Net Asset Value (NAV) per share	Net Asset Value (NAV) divided by the total number of Ordinary Shares issued as at 31 December 2013.
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.
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 is the Private Finance Initiative ("PFI"). Source: http://www.hm-treasury.gov.uk/ppp_index.htm
Portfolio	The 52 assets in which JLIF had a shareholding as at 31 December 2013.
Portfolio Value/Valuation	The sum of all of the individual assets' net present values ("NPV"). Each asset's NPV is calculated by discounting the future cash flows to JLIF, as shareholder to the 31 December 2013. The Portfolio Value equates to the fair value of investments on the Group's IFRS balance sheet.
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.
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 in to 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 in to subcontracts with contractors and operating companies to carry out the required works and services.
Total Assets	Sum of the Portfolio Value + cash + debtors + other receivables of the Consolidated Group.

GROUP STRUCTURE

JLIF invests 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 (the 'General Partner'). The General Partner is a wholly owned indirect subsidiary of John Laing plc. 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 acquired 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.

Heritage International Fund Managers Limited is the Administrator and Company Secretary to JLIF Limited. All other management functions are fulfilled by JLCM.

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 for 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)
Paul Lester (Chairman)
David MacLellan (Deputy Chairman)
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
Heritage International Fund Managers Limited
P.O. Box 225, Heritage Hall
Le Marchant Street
St Peter Port
Guernsey GY1 4HY
Channel Islands

REGISTRAR
Capita Registrars (Guernsey) Limited
Longue Hougue House
St Sampson
Guernsey GY2 4JN
Channel Islands

UK TRANSFER AGENT
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
Richard Anthony Garrard FCA (for an on behalf of Deloitte LLP, Chartered Accountants and Recognised Auditor)
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 3HW
Channel Islands

PUBLIC RELATIONS
RLM Finsbury
Tenter House
45 Moorfields
London EC2Y 9AE
United Kingdom

CORPORATE BANKERS
Royal Bank of Scotland International
PO Box 55
35 High Street
St Peter Port
Guernsey GY1 4BE
Channel Islands