John Laing Infrastructure Fund Limited

Preliminary results for the year ended 31 December 2014

Another year of strong performance

- Dividend declared of 3.375 pence per share for the six months to 31 December 2014, up 3.8%, ahead of UK RPI for the third year running
- Net Asset Value ("NAV") up £69.2m to £887.3m, supported by new acquisitions (Increase in NAV per share of 2.3% to 109.3 pence)
- Strong underlying growth of 9.2%, 1.4% ahead of growth arising from discount rate unwind
- £64.8m received in cash from investments, £2.4m ahead of budget
- New investments of £50.8m since 31 December 2013, comprising four new assets and three additional stakes
- Total Shareholder Return of 12.6% during 2014, 49.5% since launch (November 2010)

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

"I am encouraged by the strong performance JLIF has delivered in 2014 achieving record levels of underlying growth which supports the progression of the dividend ahead of UK RPI for the third year running. We remain optimistic about the outlook for JLIF. We continue to focus on delivering growth from our existing Portfolio and selectively investing in new assets which meet our investment criteria and at a price that represents value to our shareholders."

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JLIF

JLIF is one of Europe's largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As a specialist 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 2015

John Laing Infrastructure Fund Limited
Annual Report 2014

ACTIVELY GENERATING LONG TERM SUSTAINABLE VALUE

ABOUT US

JLIF is one of Europe’s largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As a specialist equity stakeholder, we partner with public sector counterparties across the world to deliver key local and national infrastructure projects that provide 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.

OVERVIEW

Our purpose
Our purpose is to generate long term, sustainable value through quality investments in and specialist management of infrastructure projects that generate predictable, low risk returns.

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

Your investment
As at 31 December 2014, JLIF was valued at £996.6 million on the stock market and has delivered a total return to shareholders of 49.5% since launch in November 2010. The Portfolio grew in number to 56 assets, and saw underlying growth of 9.22% in the year. JLIF holds stakes in low risk, operational PPP infrastructure projects located in the UK, Continental Europe and North America, and looks forward to continuing to grow the Portfolio in the future, both in size and geographic footprint.

Key facts

	31 December 2014	31 December 2013
Market Capitalisation	**£996.6m**	£882.8m
Ordinary shares in issues	**811,600,961**	766,294,564
Share price	**122.8p**	115.2p
Number of assets	**56**	52
Fair value of investments through profit and loss	**£885.7m**	£817.7m+
Portfolio Value[1]	**£864.9m**	£795.8m
Net Assets	**£887.3m**	£818.1m+
NAV per share	**109.3p**	106.8p+
Dividend per share paid	**6.50p**	6.25p
Company Cash	**£4.3m**	£3.2m
Group Cash	**£26.5m**	£24.3m
Profit before tax	**£67.2m**	£31.1m+
Management Fees		1.1% on APV* up to £500m; 1.0% from £500m to £1 billion; 0.9% above £1 billion
Board	Six independent Directors	Five independent Directors

[1] See Glossary for definition
* Adjusted Portfolio Value
+ Restated to reflect implementation of 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. This applies to all restated figures throughout this Annual Report.

2014 FINANCIAL AND OPERATIONAL HIGHLIGHTS

February
- Successfully completed the acquisition of a further 15% stake in each of the Barnet and Enfield street lighting projects from Bouygues E&S Infrastructure UK Limited, taking JLIF's total shareholding in both assets to 100%
- Shareholders approved the expansion of JLIF's Investment Policy to include non-PPP infrastructure assets and an increase in the amount of in-construction assets held by JLIF

March
- Announced a 4.0% increase in the dividend from 3.125 pence to 3.25 pence per share

April
- Acquired an additional 16.67% equity stake in the Miles Platting Social Housing project from Adactus Housing Association, taking JLIF's stake in the asset to 50%

May
- Paid an increased dividend of 3.25 pence per share relating to the six month period to 31 December 2013
- Offer of a scrip dividend alternative resulted in the issue of 0.9 million new shares at 115.52 pence per share

September
- Signed a Sale and Purchase Agreement with John Laing and the John Laing Pension Trust in respect of a three asset portfolio comprising stakes in the Groningen Tax Office, South East London Police Stations and the North Birmingham Mental Health projects, with a combined valuation of approximately £39 million
- Completed the successful placing of 43,103,448 new ordinary shares at a price of 116.0 pence per share via a shareholder tap issue raising gross proceeds of £50 million
- Completed the acquisition of a 40% stake in the Groningen Tax Office from John Laing

October
- Completed the acquisition of a 50% stake in the South East London Police Stations project from John Laing and the John Laing Pension Trust (25% each)
- Paid a dividend of 3.25 pence per share (6.5% annualised on the IPO issue price of 100.0 pence)
- Offer of a scrip dividend alternative resulted in the issue of 1.3 million new shares at 118.36 pence per share

December

- Signed a Sale and Purchase Agreement with John Laing in relation to the Kirklees Social Housing and Surrey Street Lighting projects
- Completed the acquisition of an 80% stake in the Kirklees Social Housing project and a 50% stake in the Surrey Street Lighting project

CHAIRMAN'S STATEMENT

"I am pleased to report another strong year of performance within our Portfolio, achieving growth of 9.22% on the rebased valuation, significantly ahead of the level of growth that would arise from the adjusted unwind of the discount rate. Reflective of the strong performance of the Portfolio and the Company in 2014, we are proud to announce another increase in the dividend that is ahead of inflation."
Paul Lester CBE Chairman

Introduction

I am pleased to report another strong year of performance within our Portfolio, achieving growth of 9.22% on the rebased valuation, significantly ahead of the level of growth that would arise from the adjusted unwind of the discount rate[1]. Reflective of the strong performance of the Portfolio and the Company in 2014, we are proud to announce another increase in the dividend that is ahead of inflation.

Dividends

We announce today a dividend of 3.375 pence per share for the second half of 2014, an increase of 3.85% on the previous dividend of 3.25 pence per share. The further progression on the dividend, providing our shareholders with a yield growth above UK RPI for the third year running, results in a total dividend of 6.625 pence per share in 2014.

Performance

Since launch in November 2010, the Net Asset Value ("NAV") has increased by over 225%, including acquisitions, and JLIF has delivered a Total Shareholder Return ("TSR") of 49.50%. Our share price has grown steadily over the past four years, reaching 122.8 pence by the end of 2014, resulting in a market capitalisation of nearly £1 billion. We have consistently exceeded our target IRR range of 7-8%. The IRR since launch to the end of 2014 was 10.40%.

We have once again exceeded the level of growth from the Portfolio that would arise from the adjusted unwind of the discount rate. This is the fifth set of year end results since launch in which the Company has outperformed by this measure.

In 2014, we expected the Portfolio to grow by 7.81% in the year, by the adjusted unwind of the discount rate. We delivered growth of 9.22%, representing an outperformance of 1.41%. Of this, 0.82% was attributable to our active approach to portfolio management, while the remaining 0.59% was derived from changes in macroeconomic assumptions.

We identified and executed value enhancements that either increased revenues or decreased costs, whilst continuing to provide the high level of service expected by our public sector clients. During 2014 this included cost savings resulting from careful and prudent management of lifecycle allowances, and other efficiencies relating to insurance and SPV management costs.

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[2] After adjusting for the timing of acquisitions and distributions in the year.

Over the last three years we have contributed significant value to our shareholders. The table below shows the underlying portfolio growth[2], growth from the adjusted unwind of the discount rate, and outperformance for the past three years.

	2012	2013	2014
Underlying portfolio growth	8.49%	7.24%	9.22%
Adjusted unwind of the discount rate	7.20%	6.38%	7.81%
Outperformance	1.29%	0.86%	1.41%

Following a review of the valuation by the Board and an independent leading accountancy firm, we reduced the weighted average discount rate ("WADR") used in the valuation of our Portfolio at the end of December by 0.24% to 7.94%. This reflects the market trend for valuations, particularly in the UK. The outperformance mentioned above is over and above the value created through the reduction in the WADR.

Gearing

We continue to operate without any structural gearing and our corporate credit facility remains undrawn at the time of writing this statement.

Corporate Governance

As mentioned last year, the Company is required to comply with the EU-wide Alternative Investment Fund Managers Directive ("AIFMD") and JLIF remains a self-managed non-EU Alternative Investment Fund ("AIF"). We continue to comply with all of the reporting requirements with respect to AIFMD; including quarterly reporting in the jurisdictions in which we market JLIF, and disclosures contained within the annual and interim reports.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance, as revised in 2010, ("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 the Company. More information can be found on page 36 of this report, under the Corporate Governance section. The Company intends to continue complying with the AIC Code in this financial year.

Board & AGM

I am very pleased that Mrs Helen Green agreed to join the Board with effect from 1 April 2014. I would also like to recognise the regular and meaningful contribution of the Board. We have met a number of times outside of the regular scheduled meetings during the year to support the execution of the Company's business plan and I offer my thanks to the Board for their continued commitment.

The next external assessment of the Board's performance is expected to start in November 2015.

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[2] After adjusting for investments, distributions, foreign exchange movements and discount rate movements.

During 2014, JLIF was aware of a potential change of ownership of the John Laing Group plc, and appointed Sum Finance to provide ongoing strategic advice to the Company. Sum Finance is wholly owned by Ian Ruddock. The Investment Adviser to JLIF is John Laing Capital Management Limited ("JLCM"), which is a wholly-owned subsidiary of John Laing plc, which listed on the London Stock Exchange on 17 February 2015. The Investment Advisory Agreement and the two First Offer Agreements remain in place; there has been no impact as a result of the flotation.

The Annual General Meeting will be held at 10.30am, London time, on 8 May 2015 at the offices of Heritage International Fund Managers in Guernsey.

Investment
We successfully invested £50.8 million in seven new investments during the year. This comprised three additional stakes in existing projects and four stakes in new projects, increasing the number of projects in our Portfolio to 56.

In January 2015, we completed an accretive acquisition of Wates Construction Limited's shareholding in Kirklees Social Housing project, following purchase of the initial holding from John Laing the previous month, demonstrating our continued appetite for follow-on acquisitions that represent shareholder value.

We also undertook a small number of bids, two of which progressed through to final pricing. These were a portfolio of UK street lighting assets and the Royal North Shore Hospital in Sydney, Australia. JLIF was unsuccessful with respect to both these two opportunities as they exchanged on a price and commercial basis that were not considered to offer best value to our shareholders.

In participating in these processes, significant credibility, presence and relationships have been built and JLIF has already been approached by other vendors with Australian assets. We aim to continue to identify opportunities in Australia, noting that JLIF's First Offer Agreements with John Laing include assets located there.

In December 2014, we made a non-binding offer for its portfolio of PPP assets, subject to due diligence, to the board of Balfour Beatty plc for approximately £1 billion in cash that was subsequently declined.

Throughout 2014 we maintained a disciplined approach towards making new investments and focused selectively on acquisitions where we identified unique opportunities for generating value enhancements. We believe that the expertise and knowledge of our specialist management team will ensure JLIF continues to select the right assets and to manage them to achieve optimal performance.

Outlook
Our opinion is that the secondary market in the UK is showing signs of reaching a valuation peak, with evidence of some investors chasing prices in order to invest. JLIF has the benefit of the First Offer Agreements with John Laing which continue to provide a pipeline of assets for growth, whilst avoiding potential aborted bid costs. We maintain an efficient cash position by not holding shareholder funds on our balance sheet for any length of time, thereby reducing any cash drag.

We are optimistic about the outlook for JLIF in 2015 and will continue to develop our presence in overseas markets, namely North America, Australia and Continental Europe where we have established relationships and a pipeline of assets for consideration. We remain focussed on delivering good levels of growth from our existing Portfolio, whilst further growing the Portfolio with new value generating investments.

Paul Lester CBE
Chairman

24 March 2015

STRATEGIC REPORT

OBJECTIVE

The Company's objective is to generate long term sustainable value through quality investments in and management of low risk infrastructure projects. This is measured by JLIF's yield and IRR objectives.

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

JLIF also considers investments in non-PPP projects that display similar characteristics and have a similar risk profile to traditional PPP projects.

Sectors

JLIF continues to invest in the traditional core PPP sectors in which we currently own investments, however, it is able to broaden its sector diversity to include rail projects. JLIF is ensuring it is well positioned to take advantage of future opportunities including in respect of economic infrastructure, where this meets the Investment Policy.

JLIF has two pipeline agreements with John Laing for acquiring assets; the first is for social infrastructure PPP projects, the second, signed during 2014, covers global rail infrastructure.

Geographies

JLIF's 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. The Company hopes to further diversify its exposure to new markets, particularly to Australia and the Americas.

Under the Investment Policy, JLIF has the ability to invest:

- up to 30% of the Portfolio in assets still in their construction phase (increased from 15% in 2014);
- up to 10% of the Portfolio to be invested in projects that are not classified as PPP projects but exhibit a substantially similar risk profile and characteristics;
- up to 15% of the Portfolio to be invested in projects that are classified as having a demand based payment mechanism; and
- up to 50% of the Portfolio overseas, maintaining 50% in the UK.

Full details of the Investment Policy are set out on pages 18 to 19 of this Annual Report.

MARKET OUTLOOK

JLIF's investments are located in the UK, Canada, Finland and the Netherlands. These regions support PPP as a method of infrastructure procurement, have a predictable pipeline of projects that are likely to reach the secondary market and are considered fiscally strong.

The Company's Investment Policy states that at least 50% of the Portfolio must remain in the UK, and therefore have cash flows denominated in Pounds Sterling. The remaining 50% can be in foreign jurisdictions, subject to economic stability, and therefore cash flows from these projects will be denominated in foreign currencies.

The UK currently represents the largest geographical sector amongst the Portfolio, followed by Canada and then Continental Europe. This reflects the global concentration of PPP projects. JLIF aims to diversify the Portfolio further into Continental Europe and North America, and to potentially enter Australia and other fiscally strong countries where PPP assets become available. The Company aims to increase the geographic diversification of the Portfolio over the medium term as the map below demonstrates.

Continental Europe and Canada have mature PPP markets, with a substantial number of projects and a material pipeline of activity over the coming years. JLIF aims to enhance its existing presence in these regions whilst diversifying within Continental Europe.

Australia has procured a number of PPP projects, however the secondary market for PPP transactions is in relative infancy compared to Canada and the UK. Historically, the United States of America has procured fewer projects using PPP, which is partly due to the political landscape within the country. It is now beginning to procure an increasing number of projects using the PPP model and therefore provide an upcoming pipeline of projects for consideration.

Our established, three part business model has supported a total return to shareholders since launch of 49.5%.

BUSINESS MODEL

JLIF's shareholders invest in the Company because they seek a stable yield and believe in the business plan and the ability of the management team to deliver. JLIF has a three-step approach to its business model, outlined below. This approach concentrates its efforts to deliver stable yield to investors, to enhance the Portfolio so that Key Performance Indicators ("KPIs") are achieved and to develop new opportunities to allow JLIF to improve continually the longevity and value of the Company.

Deliver

JLIF places significant emphasis on ensuring the Portfolio is performing in line with its expectations. This means working closely with each project to deliver the returns expected at the time of investment. This delivers the base yield to return to shareholders.

JLIF has an active approach to management in cooperation with its partners. Its management team, alongside experienced individuals, holds directorships on the boards of the projects. This means a day-to-day direct link to the team at the project sites. Not only does this allow swift response times and decision making, but also ensures consistency through acquisition to ownership and enables a smooth transition for its clients.

Enhance

In addition to delivering the base yield from the Portfolio, JLIF aims to generate growth over and above that which arises from the simple unwind of the discount rate. By drawing on its wealth of experience in infrastructure asset and fund management, JLIF aims to identify and deliver enhancements to cash flows at both a project and portfolio level. JLIF's large Portfolio affords benefits such as economies of scale and knowledge-share across the projects, which translates into efficiencies for its clients, partners and shareholders.

JLIF's team of infrastructure specialists has a substantial amount of experience in finding additional efficiencies. The extra margins derived from these enhancements contribute to the performance of the Fund making JLIF an attractive investment as it maintains a relatively lower risk profile for the yield that it returns.

The portfolio management team works closely with the acquisition team to ensure that not only does the Company deliver the value that JLIF identifies prior to acquisition but that this data and information is applied to the Portfolio to identify further value. Similarly, the experience of the portfolio management team is used to good effect when identifying, pricing and negotiating new acquisitions.

Develop

JLIF works hard to create new acquisition opportunities both within the Portfolio and in the market. JLIF's opportunities for growth come from four main avenues, the first two of which, support JLIF's pipeline:

1) Acquisition of co-shareholdings;
2) First Offer Agreements;

3) The creation of non-competitive bidding opportunities in the UK and overseas via its network of relationships; and
4) The competitive secondary market.

In selecting opportunities and subsequently submitting an offer for an asset or portfolio, JLIF robustly tests the deliverability of the forecast future cash flows assumed in the valuation and ensures that its acquisitions add long term value to the Fund.

JLIF has both the confidence and credibility to decline transactions that cannot be acquired at a price that would afford the opportunity to add value to the Portfolio.

OUTCOMES AND KEY PERFORMANCE INDICATORS

There are two categories of KPIs JLIF is measured against:

- the **performance** of the investment in JLIF; and
- the compliance of the investments JLIF makes against its **Investment Policy.**

Performance based KPIs:

KPI	2014	2013
Yield		
Objective: To provide shareholders with a dividend yield of at least 6% on IPO Issue Price of 100p. Measurement: This is expressed as a ratio of the total annual dividend yield against the year-end share price.	Total dividend paid within the calendar year: 6.50pps Status: 6.50% on the IPO issue price3, being 5.3% yield on share price as at 31 December 2014. Share price @ 31/12/14: 122.8p TSR: 49.5%	Total dividend paid within the calendar year: 6.25pps Status: 6.25% on the IPO issue price[3], being 5.4% yield on share price as at 31 December 2013. Share price @ 31/12/13: 115.2p TSR: 32.7%
Comment	The yield has decreased marginally due to the increase in the share price. JLIF is increasing its dividend today from 3.25pps to 3.375pps, which is a 3.8% increase.	
Fund IRR		
Objective: To target an IRR of 7-8% over the longer term.	Fund IRR since launch: 10.4%	Fund IRR since launch: 9.9%

[3] £1 in November 2010.

Measurement: This is by reference to the IPO issue price of 100p.	
Comment	The Fund IRR has increased compared to 2013 due to both an increase in the level of dividends paid in the period and capital growth from an increase in the share price. The Fund IRR continues to be above the targeted range.

Policy based Key Performance Indicator's ("KPI"):

KPI	2014	2013
The value of any single investment shall **not be greater than 25%** of the total assets of the Group measured post acquisition	Maximum single asset %: 7.59% of total asset value	Maximum single asset %: 7.95% of total asset value*
The borrowings of the Group, including financial guarantees supporting subscription obligations, shall **not exceed 25%** of the total assets of the group	Maximum debt drawn during the year: 0% of total asset value	Maximum debt drawn during the year: 15% of total asset value*
The value of investments in the construction phase shall **not exceed 30%**[4] of the total assets of the Group	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value*
The value of investments receiving demand based payments shall **not exceed 15%** of the total assets of the Group	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value*
The value of investments in non-PPP infrastructure assets (but with substantially similar characteristics and risk profiles) shall **not exceed 10%** of the total assets of the Group[5]	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value*

* Restated.

[4] This restriction was increased from 15% after being approved by shareholders in February 2014.
[5] This was the subject of a resolution approved by shareholders in February 2014.

RISK COMMITTEE REPORT

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

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. However, under a well-formed risk management framework, potential threats can be identified in advance and converted into opportunities.

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 the Company is adequately prepared to deal with risks so as to minimise their impact should they materialise.

In May 2014 JLIF appointed a dedicated Risk Committee, chaired by Mrs H Green. The Risk Committee, which reports to the Board, was formed to review the effectiveness of the Company's internal control policies and procedures (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) for the identification, assessment and reporting of risks.

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 by 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 financial standing 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 have been developed with respect to each risk identified so as first to reduce the likelihood of such risk occurring and secondly to minimise the severity of its impact in the event 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 reviewed by the Risk Committee and a report is presented at each Board meeting for consideration and approval.

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

1. **Strategic, Economic and External;**
2. **Political;**
3. **Operational, Business, Processes and Resourcing;**
4. **Financial and Accounting;**
5. **Compliance and legal;**
6. **Asset Specific risk; and**
7. **Information Technology.**

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

	Risk	**Post-Mitigation Risk Rating**
Strategic, Economic and External	Currency	Green
	Inflation and interest rates	Green
	Funding of acquisitions and future equity raising	Green
	Competitors	Green
Political	Future of UK capital spending	Amber
	Pressures on contract terms and/or early termination	Amber
Operational, Business, Processes and Resourcing	Acquisitions and pipeline	Green
	Operational obligations	Green
Financial, Tax and Accounting	Financial	Green
	Tax	Green
Compliance and Legal	Regulatory	Green
Asset Specific	Investment risk	Green
Information Technology	Cyber risk	Green

Strategic, Economic and External
Currency Risk

JLIF's portfolio currently comprises six assets that are located outside the UK and are therefore exposed to currency risk (i.e. movements in exchange rates). As at 31 December 2014 these assets represented 14.0% (2013 - 15.0%) of the Portfolio Value as follows:

- 9.6% Canadian Dollar (2013 – 10.4%)

- 4.4% Euro (2013 – 4.6%)

While this mix of currencies provides diversification benefits, the Net Asset Value ("NAV") of these assets will vary in Sterling terms due to fluctuations in exchange rates applied to future income from those 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 from the end of construction until the end of the concession period.

The UP is calculated to cover the following costs incurred by the Special Purpose Vehicle or project company ("SPV") in delivering the contract:

- 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.);

- Financing costs (bank debt or bond finance used to meet the costs of construction is repaid over the course of the concession once the project is operational); and

- Cost of equity (i.e. the expected return of the SPV shareholders).

The UP is used by the SPV to pay 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 any interest rate risk in this respect[6]. Given finance costs are fixed, it is normal therefore for the portion of the UP related to these costs 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 operational costs is index-linked meaning the amount received increases/decreases in line with inflation. This results in a 'natural

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

hedge'. 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.

The assumed level of inflation used by JLIF in its valuation of its Portfolio is regularly reviewed to ensure that it remains reasonable and provides JLIF with relative protection against inflation. Sensitivity analysis is carried out on an annual basis to evaluate the impact of changes in inflation (including the possibility of deflation) on the Portfolio valuation (see section 3.3.5).

The Company has some interest rate exposure, through its own cash deposits, those of the project SPVs in which JLIF is a shareholder and the revolving credit facility when drawn. JLIF's own cash deposits are generally minimal, given its approach to raising new capital, and therefore has very little cash drag. The deposits within the project SPVs are generally larger and JLIF works with the lending institutions to ensure the best available rates are achieved across the Portfolio.

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, signed in February 2013. This provides JLIF with available short term finance that can be accessed very quickly to pursue acquisitions. The facility is due to expire in February 2016. JLCM has already started to engage with potential facility lenders with a view to agreeing a new facility upon expiry of the existing one. The facility is important as it is used to finance acquisitions prior to raising capital, thus mitigating the risk of not having adequate funding for growth. The Investment Adviser, in collaboration with JLIF's Corporate Broker, monitors market sentiment and will not recommend utilising the credit facility if it is likely that subsequent capital raising would be problematic.

To date, investors have been supportive of JLIF's capital raising activities, with the most recent capital raise once again being oversubscribed. 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 seeking to raise further capital, competes against a number of other publicly-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 raise capital against committed investments and the two First Offer Agreements with John Laing.

Driven by the need to meet energy targets, the renewable energy market is a growing sector both in the UK and overseas. While renewable energy projects vary greatly, some share similar characteristics to PPP assets and this has led certain investors to consider renewable energy as falling broadly under the same asset class as infrastructure PPP projects. This means that when seeking to raise new equity JLIF is likely to face increasing competition for funds from the same pool of investors as renewable energy funds.

JLIF recognises that certain renewable energy projects and other infrastructure projects that are not specifically procured using the PPP model may represent good investment opportunities and create value for shareholders. 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 have a similar risk profile and characteristics as PPP assets. None of the acquisitions made in 2014 fall into this category and so the Company does not yet have any proportion of the Portfolio in this category.

Should JLIF wish to expand its overseas investment 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 continues to procure specialist advice with respect to acquisition structuring such that the business can make an informed decision relating to competitive advantage prior to incurring potentially aborted bid costs.

Political

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 has over 85% of its Portfolio in the UK affording a material buffer between the current allocation to the UK and the required limit in the Investment Policy. With the upcoming UK general election, there is a risk that the incoming government decides either to reduce or stop altogether infrastructure spending, which would reduce the potential pipeline of projects for JLIF to consider or that the model used to procure infrastructure offers a materially different 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 a number of 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. The secondary market in many of these jurisdictions is less developed than that in the UK presenting less competition thereby offering attractive investment opportunities.

Pressures on Contract Terms and/or Early Termination

There is a risk that political pressure could result in certain public sector authorities seeking to exercise voluntary termination of a project contract on one of JLIF's projects. JLIF and the Investment Adviser engage regularly with HM Treasury and other governmental PPP units in order to remain aware of current policy developments and to represent the interests of the Company. In the event of voluntary termination by the public sector counterparty, equity shareholders benefit from compensation provisions within the project contracts which, in some cases, ensures that market value is received. During 2014 the Hexham General Hospital PFI project (not part of JLIF's Portfolio) underwent a voluntary termination by the Northumbria Healthcare NHS Foundation Trust, in which the voluntary termination provisions of the PFI contract were followed.

Operational, Business, Processing and Resourcing

Acquisitions and Pipeline

JLIF's intention is to grow the Portfolio by identifying value enhancements within the existing assets and by the acquisition of new assets or additional stakes. 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 over £500 million over the next five years. These are assets that have already reached financial close or preferred bidder status or have recently become operational and are considered suitable by the Investment Adviser for addition to JLIF's Portfolio. Furthermore, JLIF continues to seek opportunities for the longer term (three to five years) both in the UK and overseas.

The Investment Adviser to JLIF is John Laing Capital Management Limited ("JLCM"), which is a wholly-owned subsidiary of John Laing plc, which listed on the London Stock Exchange on 17 February 2015. The Investment Advisory Agreement and the two First Offer Agreements remain in place; there has been no impact as a result of the flotation.

JLIF actively reviews its acquisition strategy and seeks to engage in acquisitions from both John Laing and the wider market. The number of third party acquisitions made to date 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 was JLIF's experience in 2014 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.

With the continued competition for UK secondary assets there is a risk that JLIF's ability to continue to grow is restricted or that in seeking continued growth "over pays" for an asset(s). JLIF declined or ceased bidding a number of opportunities in 2014, choosing not to compromise its strict pricing discipline. While this approach may reduce the speed of the Company's growth, it is confident acquiring assets at good value and that enhance the Portfolio, rather than seeking growth for the sake of growth, remains in the best interest of JLIF's shareholders.

Operational Obligations

JLIF invests in projects in which much of the risk is either retained by the public sector client or passed down to sub-contractors. However, in all cases, some risk is retained by the Special Purpose Vehicle or project company ("SPV") as identified in the Prospectus. JLIF outsources 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 typically 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 56 assets across seven sectors and three jurisdictions 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, outsource 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. At launch, approximately 80% of JLIF assets had management services provided to them by Laing Investments Management Services ("LIMS") which has now reduced to approximately 55%, demonstrating the increased diversity of providers now working with JLIF, which reduces the concentration risk of a single provider.

Financial, Tax and Accounting

Financial

JLCM is responsible for the preparation of a fair market valuation of the Portfolio of 56 PPP assets, which is presented to the Directors. To provide additional assurance to both the Board and JLIF's shareholders with respect to the valuation, an independent verification exercise is performed by a leading accountancy firm and an opinion provided to the Directors.

Tax

JLIF values its Portfolio based on current enacted corporation tax rates and rules. Changes to these rates or rules in the future could impact the valuation of the Portfolio.

Compliance and Legal

Regulatory

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. 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 and by providing training as appropriate.

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. There is a risk of non-compliance with the ongoing reporting requirements for countries in which JLIF is marketed. JLIF has obtained specific legal advice so as to remain informed as to the nature of these requirements and will continue to monitor for any changes to these requirements and to obtain appropriate legal advice as necessary.

On 18 December 2014, the OECD published "Public Discussion Draft on Action 4: Interest deductions and other financial payments", which forms part of the OECD's Action Plan on Base Erosion and Profit Shifting ("BEPS"). The impact of BEPS for all PPP projects is concerned with the interest cost being a deductible cost item and limiting the amount of interest that can be deducted. Several industry groups are responding to the OECD and JLIF is working alongside these groups to ensure it is informed and lends support.

The Company complies with the Foreign Account Tax Compliance Act ("FATCA") and its GIIN number is K2UFLF.99999.SL.831. JLIF will continue to report as required under FATCA, and similar legislation as brought in by OECD countries.

The Board of the Company has noted the rules of 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 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 NMPI 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 do not apply to shares in the Company.

Asset Specific

Investment risk

There is a risk to shareholders that the equity invested in JLIF is not itself quickly invested 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 under project documentation are sought at an early stage of the sale process to avoid unnecessary delays.

Typically JLIF uses its corporate 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 made under 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.

There is a risk of a material operational issue developing in respect of one of JLIF’s underlying assets that prevents an asset from performing as expected. Prior to investing in a project, JLIF undertakes thorough and detailed due diligence and any project specific issues discovered at that time are factored into the initial valuation and/or the Sale and Purchase Agreement with the vendor to afford JLIF as much practical protection as possible. Post-acquisition, each of JLIF’s assets are managed by a set of experienced infrastructure professionals and JLCM receives regular reports and updates from operational management so as to remain aware of any potential or emerging issues. Additionally, members of JLCM sit directly on the boards of a number of Special Purpose Vehicles or project companies.

Information Technology

Cyber risk

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, or that of one of the SPVs in which JLIF invests, and attempt to either destroy or use this data for malicious purposes. While the Company thinks it unlikely that JLIF or one of the SPVs would be the deliberate target of a cyber-attack, there is a possibility that one or other could be targeted as part of a random or general act. JLIF and the project SPVs information technology providers have procedures in place to mitigate cyber-attacks, have in place business continuity plans and data is separately stored on multiple servers which is backed up regularly.

BOARD OF DIRECTORS

In April 2014, the Company was pleased to welcome Helen Green to the Board. All other members of the JLIF Board have been in post since the Company was incorporated in August 2010.

Paul Lester CBE, Chairman
Paul Lester, a resident of the United Kingdom, was appointed as non-executive Chairman of four organisations: Greenergy International Ltd on 1 October 2010, 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.

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 also sits on the board of Directors of Real Estate Credit Investments Limited, JP Morgan Private Equity Limited, Ruffer Investment Company and SQN Asset Finance Income Fund Limited, each of which is listed on the London Stock Exchange, and Summit Germany Limited, which is listed on the London Stock Exchange's Alternative Investment Market.

Helen Green
Helen Green, a resident of Guernsey, has been employed by Saffery Champness, a top 15 firm of chartered accountants since 1984. Mrs Green qualified in 1987 as a chartered accountant and became a partner in the London office in 1997. Since 2000 she has been based in the Guernsey office where she is client liaison director responsible for trust and company administration. Mrs Green is a non-executive director of Acorn Income

Fund Limited (of which she has been chairman since 2012) and Henderson Diversified Income Fund Limited, both of which are listed on the London Stock Exchange's Main Market and Advance Frontier Markets Fund Limited and Landore Resources Limited, both of which are listed on the London Stock Exchange's Alternative Investment Market.

Talmai Morgan

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

For the last ten years, Mr Morgan has been the non-executive chairman or a non-executive director of a number of publicly listed investment companies. He is presently Chairman of NB Private Equity Partners Limited, Sherborne Investors (Guernsey) B Limited and Global Fixed Income Realisation Limited. He also sits on the board of BH Macro Limited, BH Global Limited, NB Distressed Debt Investment Fund Limited and Real Estate Credit Investments PCC Limited.

Guido Van Berkel

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

From 2001 until 2007 Mr Van Berkel was active on the Executive Board of Bank Sarasin in Switzerland and as such he acted as chairman of various Sarasin entities across Europe and Asia. Currently Mr Van Berkel is an independent director for a number of Luxembourg, British, Channel Islands and Dutch investment fund ranges and from the beginning of 2012 he has been chairman of BlackRock Luxembourg SA and BlackRock Fund Management Sàrl in Luxembourg as well as chairman of BlackRock Fund Netherlands BV.

GROUP INVESTMENT PORTFOLIO

At 31 December 2014 JLIF's Portfolio comprised investments in 56 low risk, operational PPP assets. This follows acquisitions in the year of stakes in four new assets and additional stakes in three 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 27.08%	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 27.08%	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%	Groningen Tax Office 40%	Wakefield Street Lighting 50%
Queen Elizabeth Hospital, Greenwich 27.5%	North Swindon Schools 100%	Avon and Somerset Courts 40%	M6/M74 Motorway (Scotland) 11%	Islington Social Housing I 45%		Barnet Street Lighting 100%
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%
Vancouver General Hospital 100%	Newham Schools 100%	South East London Police Stations 50%		Miles Platting Social Housing 50%		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%		Kirklees Social Housing[7] 80%	Surrey Street Lighting 50%
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%				

[7] Additional 20% stake acquired from Wates Construction Limited in January 2015.

INVESTMENT POLICY

The Investment Policy was amended in February 2014 through an EGM held at the Company's registered offices. The changes have been designed to ensure that JLIF is able to capitalise on changes in the global infrastructure market and to allow the Company to take advantage of attractive investment opportunities in portfolios of projects which become visible and would otherwise be missed. The changes will give JLIF greater flexibility in investment decisions to create further value for shareholders.

The Company believes that with these changes it is better positioned to continue to capture carefully selected opportunities and to meet its investment objective over the longer term.

The following describes JLIF's 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 at the time of investment. 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 at the JLIF Group 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 it would be in the best interest of shareholders. Proceeds from the disposal of investments may be reinvested or distributed at the discretion of the Directors.

Currency and hedging policy
A portion of JLIF's underlying investments may be denominated in currencies other than Sterling. For example, currently some of the Portfolio is denominated in Canadian Dollars 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.

THE INVESTMENT ADVISER

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

"During 2014 we were pleased to have delivered underlying growth in the Portfolio of 9.22%, significantly above that which would have arisen from the unwind of the discount rate alone. We continue to actively manage each of the assets within our Portfolio and are optimistic about being able to identify and deliver further value enhancements as we go forward. The cash flows from the Portfolio remain strong."

David Marshall

David Marshall 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 c.£1.0 billion in four years. He has helped raise new equity on the London Stock Exchange of over £860 million since launch and has overseen JLIF's portfolio expansion from an initial 19 assets to 56 over the same period.

Before his current role, David was Chairman of the Investment Committee of John Laing plc, as well as Group Treasurer and Head of Corporate Finance, 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. David read economics at Queens' College Cambridge.

Andrew Charlesworth

Andrew Charlesworth 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 £864.9 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 (Part 1).

"In 2014 we invested a further £50.8 million in the acquisition of four new assets and three additional stakes in existing assets, increasing the total number of assets in the Portfolio to 56. We continue to seek out further opportunities for growth both in the UK and overseas, while remaining disciplined in our investment approach. In early 2014, JLIF's shareholders approved a broadening of the Investment Policy which should position the Company strongly to take advantage of a changing global infrastructure market."

Joanne Griffin (née Gibbins)
Joanne Griffin 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 11 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 and was responsible for over £800 million of acquisitions to date.

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. 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 is an Associate member of the Chartered Institute of Securities and Investment.

Jamie Pritchard
Jamie Pritchard 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 14 years' experience in infrastructure investment gained across both the primary and secondary markets, Jamie's extensive portfolio management experience helped deliver value enhancements that underpinned underlying growth in 2014 of £73.0 million and ensured that distributions received from the underlying assets were £2.4 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.

"Supported by both new investments and value enhancement of our existing assets, JLIF's Portfolio value increased to £864.9 million by the end of 2014. Competition for assets remains strong, particularly in the UK, resulting in downward pressure on discount rates and upward pressure on valuations. JLIF's weighted average discount rate reduced by 0.24% from 8.18% to 7.94% over year, reflective of current market conditions."

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 has been authorised and regulated in the UK by the Financial Services Authority (now the Financial Conduct Authority) since December 2004. JLCM has the ability to call on and utilise the substantial experience of the John Laing Group in the management of the Fund.

2. INVESTMENT PERFORMANCE

2.1 Share Price Analysis

JLIF's share price has continued to perform steadily over the year, rising from 115.2 pence at the end of 2013 and finishing 2014 at 122.8 pence, with an additional 6.5 pence per share of dividends paid during the period. . Whilst JLIF is not managed with regard to any index, the share price of JLIF, with its government-backed revenues and 86% of its projects based in the UK should, arguably, broadly track the capital performance of the FTSE Government Securities – All Stocks index (the "Index"), a basket of UK long-dated gilts. JLIF's share price broadly tracked the performance of the Index through the first three quarters of 2014, with the sharp falls in the JLIF share price on 2 April 2014 and 3 September 2014 due to the shares trading ex-dividend on those dates. There was equity market uncertainty in the lead up to the Scottish Referendum on 18 September 2014 when JLIF shares were subject to temporary weakness. The explanation of JLIF's share price relative weakness versus the Index in the final quarter can largely be explained by the impact of the announcement of JLIF's offer to purchase the Balfour Beatty plc portfolio of PPP assets on 1 December 2014.

Overall JLIF's share price has remained relatively stable, trading throughout the period at a premium to NAV and meeting its dividend targets. The consistent premium to NAV at which the Company's shares traded over 2014 reflects both the historical performance of the Fund and general market appetite for income and infrastructure stocks such as JLIF. From launch in November 2010 to the end of December 2014, JLIF has delivered total shareholder returns of 49.5%, and an annualised return of 12.1%[8] (simple basis).

2.2 Ongoing Charges

Ongoing charges is a measure of the efficiency of managing a fund and takes account of day-to-day management costs. It is expressed in terms of percentage impact on shareholder returns, assuming that markets remain static and that the Portfolio is not traded.

[8] Compound basis – 10.3%.

JLIF's ongoing charges ratio has been calculated in accordance with the Association of Investment Companies ("AIC") recommended methodology[9]. Calculated on a profit and loss basis, JLIF's ongoing charges ratio for 2014 was 1.21% while for 2013 it was 1.28%[10]. The decrease is principally driven by the uplift in portfolio value in Q3 2013 as a result of acquisition of the IIC portfolio[11], which itself resulted in a much greater proportion of the Investment Adviser base fee being charged at 1.0% (see Management Fees with Key Facts on page 1 of this Annual Report). While in 2013 this only affected the Investment Adviser base fee in the fourth quarter of the year, in 2014 it affected all four quarters. As JLIF continues to grow it can be expected to benefit further from this effect and see additional decreases in its ongoing charges ratio.

The AIC's recommended methodology does not include acquisition fees in the calculation of the ongoing charges ratio. JLCM earns acquisitions fees on acquisitions not deriving from JLIF's First Offer Agreements. In accordance with the AIC's recommended disclosure the impact of these acquisition fees is shown below.

	2014 (£m)	2013 (£m)
Investment Adviser fee	**9.1**	7.0
Auditor for the Group	**0.2**	0.2
Directors' fees and expenses	**0.2**	0.2
Other ongoing expenses	**0.7**	0.6
Total expenses	**10.2**	8.0
Average NAV	**854.1**	627.9
Ongoing charges ratio (using AIC recommended methodology)	**1.21%**	1.28%
Acquisition fees	**0.0**	1.2
Ongoing charges including acquisitions fees	**1.21%**	1.48%

Acquisition fees decreased in 2014 as a result of a reduction in the value of acquisitions made outside of JLIF's first offer agreement.

3. VALUATION

3.1. Valuation of the Company

The Company accounts for its interest in its wholly owned subsidiary JLIF Luxco 1 S.à.r.l. as investment at fair value through profit or loss. The fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. comprises the fair value of JLIF Luxco 1 S.à.r.l., all the intermediate holding companies and the Portfolio of PPP investments. The fair value of JLIF Luxco 1 S.à.r.l. and all the intermediate holding

[9] For further details see http://www.theaic.co.uk/sites/default/files/hidden-files/AICOngoingChargesCalculationMay12.pdf.
[10] 2013 cash basis – 1.16%.
[11] See JLIF's 2013 annual report for further detail.

companies is equivalent to their net book value. The investment at fair value through profit and loss of the Company as at 31 December 2014 was £885.7 million.

The fair value of the intermediate holding companies is principally comprised of cash and working capital balances, while the principal component of the investments of the Company are its Portfolio of 56 PPP assets. Further details of the value of this Portfolio follow below.

3.2 Portfolio Value

JLCM is responsible for a fair market valuation of the JLIF Portfolio of 56 PPP assets, which is presented to the Directors. To provide additional assurance to both the Board and JLIF's investors, the valuation is independently verified 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 2014.

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 November 2010.

The valuation of the Portfolio as at 31 December 2014 was £864.9 million, an increase of 8.7% on the valuation as at 31 December 2013 of £795.8 million. A breakdown of the movements in Portfolio Value is provided in the table below, as well as a comparative table for 2013.

	£'000s	% growth
Opening value at 31 December 2013	**795,849**	
Acquisitions	**50,779**	
Cash received from investments	**(64,809)**	
Discount Rate Movements	**14,552**	
Exchange rate movements	**(4,497)**	
Opening value rebased at 31 December 2013	**791,874**	
Growth from discount rate unwind	**61,821**	7.81
Growth from value enhancements	**11,192**	1.41
Value at 31 December 2014	**864,887**	

	£'000s	% growth
Opening value at 31 December 2012	**537,395**	
Acquisitions[12]	264,648	
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 from discount rate unwind	46,528	6.27
Growth from value enhancements	7,209	0.97

[12] Including £314k Tunbridge Wells Hospital price adjustment.

Value at 31 December 2013	795,849

After adjusting for acquisitions in the year (2014), cash received from the underlying Portfolio of assets, movements in discount rate and exchange rate movements, the rebased valuation as at 31 December 2013 was £789.6 million, implying underlying growth in the Portfolio of 9.22% to 31 December 2014. As noted in section 3.3.1 the weighted average discount rate ("WADR") for the Portfolio was 7.94% as at 31 December 2014. If all 56 of JLIF's investments had been held for the full year and all of the cash distributions received from the Portfolio had been received at the beginning of the year, the expected percentage growth in the Portfolio valuation due to the unwind of the discount rate would be the WADR, i.e. 7.94%. In reality, several acquisitions were made during the year and distributions were received at various times throughout the year. After adjusting for the timing of both acquisitions and distributions, the expected growth from the unwind of the discount rate (the "Adjusted DRU") would be 7.81%. The actual underlying growth of 9.22% therefore compares favourably, being 1.41% ahead of the growth expected from the unwind of the discount rate. The underlying drivers of this performance are discussed further in section 4 Portfolio Performance.

3.3 Valuation Assumptions

3.3.1. Discount Rate

The methodology used by JLCM in determining the appropriate discount rate by which to value each asset in the Portfolio is based on underlying gilt rates (of equal duration to the project concessions), aggregated with specific premiums to reflect both the project risks and to ensure the resultant rate is reflective of market conditions. This methodology 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 accountancy firm with a track record of PPP valuation, as part of their overall review of the Portfolio valuation. An independent opinion from a leading accountancy firm is provided to the Directors in order to provide additional assurance as to the appropriateness of the valuation as a whole and the range of discount rates used.

The discount rate applied to each asset is based on an historical five year rolling average gilt rate (a proxy for the 'risk free rate') 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 specific characteristics of each asset, including any project specific risks.

The table below shows the range of discount rates used across the Portfolio compared with that as at 31 December 2013, together with the sensitivity of the Portfolio valuation to movements in discount rate.

Year	**2014**	2013
Weighted average gilt rate	**3.24%**	3.46%
Weighted average risk premium	**4.70%**	4.72%
WADR at 31 December	**7.94%**	8.18%

Range of asset discount rates	**7.40% – 8.54%**	7.50% – 8.85%
Number of assets	**56**	52

Sensitivity of the Portfolio Valuation to movements in the discount rate

+ 1% (8.94% for 2014)	**Decreases by 7.6% (£65.6m)**	Decreases by 7.7% (£61.2m)
- 1% (6.94% for 2014)	**Increases by 8.7% (£75.6m)**	Increases by 8.9% (£70.8m)

The decrease in WADR from 8.18% to 7.94% is primarily a result of a reduction in the Portfolio weighted average gilt rate applied. The second successive reduction in WADR in two years is consistent with JLCM's experience of the secondary market for PPP assets and particularly that in the UK, in which 86% of JLIF's Portfolio by value is located.

3.3.2. Interest rates

All of the assets in the Portfolio are funded effectively with fixed rate financing, either through the use of interest rate swaps or through fixed rate or index-linked bond finance. Changes to interest rates therefore have little impact on the finance costs of the projects and therefore the returns received by JLIF are largely insulated from this risk.

Long term gilt yields in the UK, Continental Europe and Canada remained at historically low levels in 2014. There is a risk that these could increase over time. Historically there appears little or no correlation between movements in gilt rates and discount rates used to value PPP projects. The current Portfolio WADR of 7.94% is significantly higher than the Portfolio weighted average gilt rate, a differential that remains at an historic high since launch.

3.3.3 Cash deposit rates

Each asset in JLIF's 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 of 1.0% during 2015, which is broadly in line with current six month market rates being offered by banks. The long term deposit rate for assets in the UK is assumed from 2018 onwards to be 3.5% per annum. The Euro and Canadian deposit rate assumptions follow a similar trend, Euro deposit rates being assumed to increase from 1.0% in 2015 to 2.5% from 2017 onwards. Canadian deposit rates are assumed to increase from 2.5% in 2015 to 3.0% from 2017 onwards. The impact on the Portfolio valuation to changes in these deposit rate assumptions for the remaining life of the projects is shown in the table below.

	Portfolio Value	Portfolio Value

	Impact 2014	Impact 2013
Increase by 1%	**Increases by 2.06% (£17.8m)**	Increases by 2.10% (£16.7m)
Decrease by 1%	**Decreases by 2.04% (£17.6m)**	Decreases by 2.03% (£16.2m)

If actual deposit rates were to vary from those assumed in the valuation of JLIF's Portfolio for only the next few years, as opposed to the whole remaining life of the assets (average life of the Portfolio was 19.2 years at 31 December 2014), the impact on Portfolio valuation would consequently be much reduced.

3.3.4. Foreign Exchange

As at the 31 December 2014 the Portfolio comprised six assets that have exposure to foreign exchange cash flows, being the Canadian dollar and the Euro. These projects with non-Sterling denominated cash flows comprise 14.0% of the Portfolio valuation (compared with 15.0% as at 31 December 2013).

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 2014**	**CAD: Sterling at 31 December 2014**	**Portfolio Valuation at 31 December 2014**	**Impact**
Portfolio valuation	1.2808	1.8054	£864.9m	–
Euro & CAD appreciate by 5% versus Sterling	1.2168	1.7151	£871.2m (+0.7%)	+£6.3m
Euro & CAD depreciate by 5% versus Sterling	1.3448	1.8957	£859.2m (-0.7%)	-£5.7m

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 into a forward contract to hedge against currency movements.

During 2013, JLIF Limited Partnership entered into two foreign exchange hedge contracts to cover the conversion of all the Canadian dollar income earned during 2014 to Sterling. These contracts mitigated JLIF's exposure to the Canadian dollar as it weakened such that the exchange rate loss when translating the income from Canadian dollars to Sterling did not materialise. In addition, JLIF used all of its 2014 and approximately 18% of its forecast 2015 Euro-denominated income to acquire a stake in the Groningen Tax Office project, a Euro denominated asset, in September 2014 and therefore did not expose itself to foreign exchange translation risk on this income. To use the 2015 income, JLIF entered into a Euro-denominated foreign exchange swap contract maturing in January 2015.

During 2014, JLIF hedged approximately 41% of the forecast Canadian dollar income for 2015 using two foreign exchange contracts (one of which was an option) maturing in 2015. Both of these contracts and the Euro swap contract were open at 31 December 2014.

In line with JLIF's policy since launch, the Balance Sheet value of its Canadian Dollar and Euro denominated assets is not hedged.

3.3.5 Inflation

Each asset in JLIF's Portfolio receives revenue from its public sector client which is either partially or, in some cases, wholly linked to inflation. The weighted average assumption used for inflation for the Portfolio valuation is 2.68%. For projects in the UK, revenues are typically linked to RPI or RPIx, while each of JLIF's assets in Canada have revenues linked to CPI. In Continental Europe, both JLIF's Dutch assets have revenues linked to CPI, and in Finland, revenues relating to the E18 road project are linked to Finnish construction and engineering indices, MAKU and Elspot. After taking account of the cost indexation arrangements of the project agreements, cash flows from the Portfolio as a whole are positively correlated to inflation. If inflation increases then the value of the Portfolio increases and vice versa.

Almost unchanged from previous years, the approximate correlation between Portfolio valuation and inflation remains at 0.5; meaning for every one percentage point increase in inflation above the level assumed in JLIF's Portfolio valuation, returns increase by approximately 0.5%. The correlation is broadly symmetrical and so a fall in inflation would produce a similar but opposite effect. In an inflationary environment that is lower than the valuation assumptions detailed below this would result in an increase in real returns.

The most significant long term indexation assumptions used to value the Portfolio at 31 December 2014 are set out below and are consistent with those used in the Portfolio valuation as at 31 December 2013.

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 movements in inflation on the Portfolio valuation. The results of this analysis are presented below.

	Portfolio Value Impact 2014	Portfolio Value Impact 2013
Increase by 1%	Increases by 3.82% (£33.0m)	Increases by 4.10% (£34.0m)
Decrease by 1%	Decreases by 3.56% (£30.8m)	Decreases by 3.99% (£30.5m)

Further to the above analysis, and owing to the current low inflationary environment, JLCM has undertaken two additional scenarios in which future inflation is assumed to be as follows:

- Base case: As per the table above;
- Scenario 1: 0% inflation for the remainder of the remaining life of the Portfolio; and
- Scenario 2: -1% inflation in absolute terms (i.e. deflation) for the next five years before reverting to the base case long term assumption described above.

The analysis considers the ability of in-year (i.e. assuming no use of reserves from previous years) distributions from the Portfolio to cover two hypothetical dividend profiles as follows:

- Dividend profile 1: 0% growth on an annual dividend of 6.5 pence per share per annum; and
- Dividend profile 2: 2.68% growth per annum on an annual dividend of 6.5 pence per share per annum, being the weighted average inflation rate for the Portfolio.

Under the Base Case, Dividend profile 1 is covered by in-year cash flows from the Portfolio through to 2037 while Dividend profile 2 is covered by in-year cash flows from the Portfolio through to 2032.

Under Scenario 1, Dividend profile 1 is covered by in-year cash flows from the Portfolio through to 2033 while Dividend profile 2 is covered by in-year cash flows from the Portfolio through to 2023.

Under Scenario 2, Dividend profile 1 is covered by in-year cash flows from the Portfolio through to 2035 while Dividend profile 2 is covered by in-year cash flows from the Portfolio through to 2024.

The above analysis assumes no scrip take up by shareholders and that the Portfolio does not grow by acquisition. The current cash flows are projected to 2044. Specific modelling of Scenario 2 was undertaken on the ten largest assets by value (c.45% of the Portfolio valuation) and the impact extrapolated across the rest of the Portfolio.

3.3.6 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 rate assumptions used in generating the Portfolio Value as at 31 December 2014 are as follows:

Country	Corporation tax rate
United Kingdom	20%
Canada	26%
The Netherlands	20% – 25%
Finland	20%

The rate applied across JLIF’s UK portfolio has decreased since last year from 21% to 20%, in accordance with the amended rate substantially enacted during the reporting period. This resulted in an increase in valuation of £3.9 million. In addition, the rate applied to the E18 road project in Finland decreased from 24.5% to 20% resulting in an increase in valuation of £1.1 million.

3.3.7 Lifecycle

One of the key areas of risk within some of JLIF’s projects is major maintenance or lifecycle costs. This is the cost of maintaining or replacing structural installations, building fabric or high value items (e.g. air conditioning and heating units) that is required to ensure a project continues to meet the contractual specifications of the public sector client. Each of the project models used to establish the valuation of JLIF’s Portfolio contain allowances for lifecycle costs, some in which the risk of actual costs varying from budgeted costs being retained by the project company, and others in which this risk is passed down to the Hard Facilities Management (“FM”) provider.

As at 31 December 2014, of the 56 projects comprising the Portfolio, lifecycle risk is retained by the project company in 31 instances. For the remaining 25 projects lifecycle risk is passed down to the Hard FM provider, the cost allowances for which are included in the Hard FM service payments, which are fixed in real terms. The Hard FM provider takes the full risk of these payments being adequate. In some cases (five of the 31 projects) JLIF has an upside only sharing mechanism with the Hard FM provider and in a further two cases (of the 31 projects) the lifecycle risk (upside and downside) is shared between the project company and the Hard FM provider.

To evaluate the magnitude of the risk to which JLIF is exposed, JLCM has undertaken some sensitivity analysis, the results of which are presented in the table below.

	Impact on 24 assets where lifecycle risk retained by SPV	**Portfolio Value Impact 2014**
Increase in forecast lifecycle expenditure by 10%	Decreases by 4.88% (£19.9m)	Decreases by 2.30% (£19.9m)
Decrease in forecast lifecycle expenditure by 10%	Increases by 4.97% (£20.3m)	Increases by 2.34% (£20.3m)

The sensitivity analysis was performed across the five largest assets by value in which lifecycle risk is retained in full by the project company. The analysis therefore covered approximately 60% of all assets by value in which lifecycle risk is held at the project company level. The results of the sensitivity were then extrapolated across each of the 24 assets in which lifecycle risk is retained in full by the project company.

4. PORTFOLIO PERFORMANCE

4.1 Acquisitions

JLIF completed the acquisition of stakes in four new assets and three existing assets during 2014, for a total consideration of £50.8 million, and taking the total number of assets in the portfolio to 56.

In February 2014, JLIF completed the acquisition of an additional 15% in both the Barnet and Enfield Street Lighting projects. Both stakes were acquired from Bouygues E&S Infrastructure UK and took JLIF’s shareholding in both assets to 100%. The initial 85% stakes had been acquired as part of the Investors in the Community portfolio acquired in August 2013.

In April 2014, JLIF completed the acquisition of an additional 16.7% stake in the Miles Platting Social Housing project from Adactus Housing Group Limited. Following completion of this acquisition, JLIF now holds 50% of the equity in the project and 66.7% of the subordinated debt.

In early October 2014, JLIF announced the acquisition of two assets, being a 40% stake in the Groningen Tax Office project from John Laing and a 50% stake in the South East London Police Stations project from John Laing and John Laing Pension Trust (25% each). In addition, JLIF signed a Sale and Purchase Agreement for the acquisition of a third asset from John Laing, a 100% shareholding in the North Birmingham Mental Health project. This acquisition is yet to reach completion but is expected to do so in the near future. Completion was delayed as a result of certain conditions for completion not being met by the vendor.

In December 2014, JLIF completed the acquisition of a further two assets from John Laing. These were a 50% stake in the Surrey Street Lighting project and an 80% stake in the Kirklees Social Housing project. The combined consideration was £21.6 million. Both projects are fully operational and have very similar characteristics to the rest of the Portfolio. The remaining 20% stake in the Kirklees Social Housing project was acquired from co-shareholder Wates Construction Limited in early 2015, further details of which are provided in note 20 of the Company Financial Statements.

4.2 Income from investments

During 2014 JLIF continued to receive cash income from its Portfolio, principally in the form of dividends and interest and repayment of principal on shareholder loans. During the 12 month period ended 31 December 2014 these totalled £64.8 million, approximately £2.4 million ahead of the budgeted level. Distributions from the underlying project companies naturally reduce the value of the Portfolio since the cash flows have been realised and are no longer included within forecast future income.

4.3 Exchange rate impact

JLIF's policy remains not to hedge the Balance Sheet value of its non-Sterling denominated assets. As a result, the value of JLIF's overseas assets can vary depending on movements in the Canadian dollar and Euro exchange rates relative to Sterling. During 2014 the Canadian dollar depreciated by 2.6% from an exchange rate of 1.759 to 1.805 and the Euro depreciated by 6.8% from an exchange rate of 1.199 to 1.281. The net impact of these movements was a reduction in the Portfolio Value of £4.5 million.

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

	As at 31 December 2014	As at 31 December 2013*
	Net Asset Value per share	Net Asset Value per share
Including exchange variations	**109.3p**	106.8p
Excluding exchange variations	**109.9p**	107.6p

* Restated

4.4 Rebased valuation

After taking account of acquisitions in the period, cash income from investments and changes in both discount rates and exchange rates, the rebased valuation as at 31 December 2014 was £791.9 million. This, combined with the underlying growth in value of the Portfolio of £73.0 million (see section 4.5 for further detail) (9.22% of the rebased Portfolio Value), results in a Portfolio Value at 31 December 2014 of £864.9 million.

4.5 Portfolio growth

The WADR of the Portfolio as at 31 December 2014 was 7.94%. 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 course of the year and cash income from investments was received at various times throughout the year. On this basis, the expected growth (i.e. “Adjusted DRU”) for 2014 was 7.81% or £61.8 million.

JLIF delivered Portfolio growth that was higher than that above, by £11.2 million or 18.1% in 2014. This was principally the result of the following:

- More efficient management of projects including cost efficiencies identified and delivered both at a Portfolio and individual project level, such as insurance and SPV management costs;

- Careful and prudent management of lifecycle costs where this risk is retained by the SPV; and

- Changes to macroeconomic assumptions including a reduction in UK and Finnish corporation tax rates.

JLIF has delivered underlying growth higher than that which would have arisen from the Adjusted DRU every year since it launched in November 2010.

As at 31 December 2014 the Portfolio comprised investments in 56 assets. As described above, overall the growth in Portfolio Value exceeded that forecast from the Adjusted DRU. 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 Forth Valley Royal Hospital, Queen Elizabeth Hospital in Greenwich, the Abbotsford Regional Hospital and Cancer Centre project and the E18 road project in Finland. The increases in value largely resulted from value enhancement activities undertaken during the year including cost efficiencies, as well as the reduction in corporation tax rates.

Those projects for which growth was below expectations included the North Staffordshire Hospital project where the full cash flows anticipated at acquisition are yet to be realised in their entirety. Performance on the remaining assets in the Portfolio was generally in line with expectations.

During 2013 a legal dispute arose and continues to exist between the Newcastle Hospital SPV, in which JLIF holds a 15% shareholding, and the public sector client regarding the completion of phase 8 (the clinical office block) of the project, which represents approximately 6% of the construction value of the project. This resulted in court action between the construction contractor, the SPV and the Trust. The dispute is ongoing. The outcome is not anticipated to have a material impact on the valuation of the Portfolio or its expected investment income.

During January 2015 a legal dispute also arose between the Peterborough Hospital SPV, in which JLIF holds a 30% shareholding, and the public sector client regarding certain alleged construction defects relating to fire compartmentation within the building. This dispute is ongoing. The outcome is not anticipated to have a material impact on the valuation of the Portfolio or its expected investment income.

5. GEARING

JLIF benefits from a £150 million multi-currency revolving credit facility entered into in February 2013 and held by one of the Company's intermediate holding company subsidiaries. This allows the Fund to respond more quickly when pursuing investment opportunities. As at 31 December 2014 the facility was undrawn. The facility is due to expire in February 2016 and JLCM has already started engaging with potential lenders with a view to agreeing a new facility to replace the existing facility upon expiry. The facility was undrawn during the year.

6. FINANCIAL RESULTS

The financial statements of JLIF (or "the Company") for the year ended 31 December 2014 are on pages 49 to 81.

The Company prepared the financial statements for the year ended 31 December 2014 in accordance with IFRS and in accordance with the recent amendments to IFRS 10. In order to continue providing useful and relevant information to its investors the financial statements also refer to the "Group" (defined below) which comprises the Company and its intermediate holding companies.

Basis of accounting

During the year, the Company has early adopted the narrow-scope amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the

Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) which introduces clarifications to the requirements when accounting for investment entities. The International Accounting Standards Board ("IASB") clarified in December 2014 that the requirement for an investment entity to consolidate a subsidiary providing services related to its investment activities (such as certain subsidiaries of the Company), applies only to subsidiaries that are not themselves investment entities.

Consequent to this change of accounting policy resulting in the adoption of the amendments to IFRS 10, IFRS 12 and IAS 28, the Company no longer consolidates its subsidiaries that provide investment services. Instead the Company accounts for its interest in its 100% owned immediate subsidiary JLIF Luxco 1 S.à.r.l. as an investment at fair value through profit or loss.

The primary impact of this change is that the cash balances and the working capital balances in the intermediate holding companies are presented as part of the fair value of the investments. This change does not affect group Net Assets. Therefore, all intermediate holding companies and all the investments in PPP assets are now accounted for on the same consistent basis. In the previous reporting period, the Company and its wholly owned intermediate subsidiaries were consolidated on a line by line basis and the PPP assets were accounted at fair value. All comparative information in this section has been restated to reflect the adoption of Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

The Group comprises the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), JLIF (GP) Limited (the General Partner), JLIF Limited Partnership (the English Limited Partnership) and 24 (2013 – 21) wholly owned subsidiaries of the English Limited Partnership. The Company's 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. These companies are recognised in the financial statements at their fair value which is equivalent to their Net Assets.

The Group holds the investments in the 56 (2013 – 52) PPP assets which make distributions comprising returns on investments (interest on subordinated loans and dividends on equity) together with repayments of investments (subordinated loan repayments and equity redemptions).

Result for the year ended 31 December 2014

All amounts presented in £000s (except as noted)	**Year ended 31 December 2014**	Year ended 31 December 2013*
Net assets[13]	**887,329**	818,114

[13] Also referred to as Net Asset Value or "NAV".

PPP Assets[14][15]	**864,887**	795,849
Intermediate Holding companies assets[14]	**20,787**	21,841
Operating income (including unrealised foreign exchange loss)	**77,684**	40,517
Net assets per share (pence)	**109.3**	106.8
Distributions, repayments and fees from PPP investments	**64,809**	53,647
Profit before tax	**67,158**	31,057

* The results for the year ended 31 December 2013 have been restated following the IASB clarification on Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 28).

Key points to note:

- Interim dividend of 3.25 pence per share declared in August 2014 and paid in October 2014 as targeted.

- 9.2% increase to £864.9 million of rebased Portfolio Value since 1 January 2014 (2013 – 7.2% increase to £795.8 million).

Net assets

The movement in net assets compared to 31 December 2013 is primarily driven by share issues in the year and a gain in the Portfolio Value offset by a loss in exchange rate movement.

The Company's Net Assets increased from £818.1 million to £887.3 million at 31 December 2014. The Net Assets include investments at fair value through profit or loss of £885.7 million (£20.8 million relate to the intermediate holding companies' fair value and £864.9 million to the PPP investments), a cash balance of £4.3 million, offset by other net liabilities of £2.7 million.

The intermediate holding companies' fair value of £20.8 million comprises cash balances of £22.2 million, offset by other net liabilities of £1.4 million.

Portfolio Value is the fair value of the investments in 56 (31 December 2013 – 52) PPP projects calculated using the discounted cash flow method.

The Portfolio Value of PPP assets increased from £795.8 million at 31 December 2013 to £864.9 million at 31 December 2014. The increase in Portfolio Value of £69.1 million during the year comprised acquisitions of £50.8 million, underlying growth of the PPP investments of £73.0

[14] Classified as investments at fair value through profit or loss on the Balance Sheet.
[15] Also referred to as Portfolio Value.

million, growth due to discount rate reduction of £14.6 million, offset by distributions received from the PPP investments of £64.8 million, negative exchange rate movements of £4.5 million, an increase in movement in accrued interest receivable on subordinated loans of £0.9 million and subordinated debt and equity repayments of £6.1 million in the year.

The Portfolio Value was rebased to reflect any amounts received from the projects by the Group and any acquisitions of investments in the period between 1 January and 31 December 2014.

The underlying growth of the Portfolio of £73.0 million (year ended 31 December 2013 - £53.7 million) was £11.2 million (year ended 31 December 2013 - £6.4 million) ahead of the growth that would have arisen from the Adjusted DRU of £61.8 million.

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

At 31 December 2014, the Group (Company plus intermediate holdings companies) had a total cash balance of £26.5 million (£4.3 million in the Company's Statement of Financial Position and £22.2 million in the intermediate holding companies which is included in the Company's Statement of Financial Position under Investment at fair value though profit or loss).

Profit before tax

The Company's profit before tax ("PBT") for the year ended 31 December 2014 was £67.2 million (2013 restated – £31.1 million), which generated an increased earnings per share of 8.6 pence (2013 restated - 5.35 pence). This was due to the increased size of the Portfolio, an increase in value enhancements and a reduction of the WADR.

In 2014 the operating income increased to £77.7 million (2013 restated – £40.5 million). This reflects the growth of the Portfolio Value of £73.0 million, the impact of discount rate movements of £14.6 million offset by unrealised foreign exchange losses of £4.5 million, intermediate holding companies' expenses and other net costs of £5.4 million.

The operating costs included in the income statement were £10.5 million in the year (2013 restated – £9.5 million) reflecting higher administrative expenses principally arising from the higher investment advisory fee as a result of the increased value of the Portfolio.

Cash flow statement

The Company had a total cash balance at 31 December 2014 of £4.3 million (31 December 2013 – £3.2 million). The breakdown of the movements in cash is shown below.

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

	2014	2013
Cash balance as at 1 January	**3.2**	3.1

Capital raising	**50.0**	277.3
Listing costs	**(0.7)**	(4.6)
Net cash inflow/(outflow) from/(to) JLIF Luxco 1 S.à.r.l.	**9.7**	(236.0)
Directors fee and expenses	**(0.3)**	(0.2)
Investment Adviser and origination fee	**(9.0)**	(7.4)
Administrative expenses and other	**(1.4)**	(0.8)
Dividends paid in cash to shareholders	**(47.2)**	(28.2)
Cash balance at 31 December	**4.3**	3.2

The Group had a total cash balance at 31 December 2014 of £26.5 million (31 December 2013 – £24.3 million), and no borrowings (31 December 2013 – nil). The breakdown of the movements in cash is shown below.

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

	2014	2013
Cash balance as at 1 January	**24.3**	8.3
Capital raising	**50.0**	277.3
Listing costs	**(0.7)**	(4.6)
Acquisition of projects	**(50.8)**	(264.6)
Acquisition costs	**(1.3)**	(3.7)
Cash received from projects (net of withholding tax)	**64.8**	53.6
Administrative expenses and other	**(11.0)**	(9.7)
Interest on deposits and recovery of Letters of Credit charges	**0.1**	0.1
Proceeds from borrowings	**–**	123.4
Repayment of borrowings	**–**	(123.4)
Financing costs (net of interest income)	**(1.7)**	(4.2)
Dividends paid in cash to shareholders	**(47.2)**	(28.2)
Cash balance at 31 December	**26.5**	24.3

During the year, the Group received cash of £64.8 million (2013 – £53.6 million) from its PPP Investments. This is consistent with investment revenues expected by the 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 cover fully future costs as well as planned dividends payable to its shareholders.

The Company has declared a dividend of £27.4 million (3.375 pence per share) for the second half of 2014, which is an increase of 3.8% and is payable on 22 May 2015. JLIF continues to offer a scrip dividend alternative that is the subject of a separate shareholder communication.

7. OUTLOOK

Generally, the UK's infrastructure sector has seen a reduction in primary activity over the past few years and there is some uncertainty over the short and medium term future, in part due to the upcoming general election in May. Over recent years there has been a focus on value for money by the incumbent coalition government, demonstrated by both the introduction of PF2 and HM Treasury's initiatives to drive efficiencies in operational projects. JLIF has continued to participate collaboratively with its public sector clients in such initiatives in conjunction with safeguarding the interests of its shareholders.

There were 21 new PPP deals signed across the UK in 2014, comprising a combined total of £7.4 billion in investment. Significant projects such as the Mersey Gateway scheme and the Lincolnshire OFTO project helped support a £1.7 billion increase on investment levels from 2013 while legacy PFI projects also supported this performance, with five deals reaching financing close for a combined total of £3.2 billion. Of this figure, however, £2.7 billion was the second phase of the Intercity Express Programme (part of the New FOA signed between John Laing and JLIF in early 2014). With only a few legacy PFI deals remaining to reach financial close and only a relatively small number of PF2 deals currently in procurement, the model is unlikely to contribute significantly to the overall UK PPP figures in the near future.

In Scotland, the non-profit distributing ("NPD") model has started to see a growing number of projects reach financial close. In 2014, five NPD deals closed, including two large road projects, totalling investment of £1.3 billion and a further £1.0 billion of additional projects were announced, indicating that Scotland is likely to play host to the majority of primary activity in the sector over the next few years.

In terms of the secondary market, this means that until further greenfield projects can be procured, competition for brownfield projects will continue to be active placing upward pressure on pricing and compressing project yields. The extent of further compression in 2015 will be partially connected to the Bank of England's interest rate policy. Given the current low level of UK inflation, it seems unlikely that interest rates will rise significantly in the near future. JLCM will continue to appraise opportunities for investment in UK assets but recognises and is supportive of the strict pricing discipline JLIF employs to protect shareholder value.

Continental Europe saw more than 50 infrastructure projects reach financial close in 2014. As at December 2014, a total of 140 schemes were currently at different stages of procurement across the region demonstrating a high level of activity. With less developed secondary markets than the UK, Continental Europe has the potential to offer JLIF opportunities for growth at good value. However, JLIF continues to only invest in countries deemed fiscally strong and will monitor the ongoing development of the Eurozone economy.

The Canadian economy suffered towards the end of 2014 with a significant fall in oil prices. This placed pressure on public sector budgets resulting in delays to certain capital projects. Should this situation persist it could affect the Canadian government's traditionally exemplary standing as a reliable counterparty. However, with its vast geography and pressing need for new and revamped transport links and social services, JLCM does not expect the opportunity in Canada to disappear quickly. Furthermore, should oil prices recover budget shortfalls and impacts on capital projects would be a short-lived and limited phenomenon. JLCM continues to monitor the Canadian market for potential investments and was active in bidding for one asset there in 2014.

The US market continues to represent a market of potentially huge scale. According to IJ Online, the largest proportion of the current pipeline of transport sector deals globally are the Americas (161 deals). While the number of short term secondary market transactions may remain limited, as the primary market matures it is expected that a growing number of operational projects will come to market providing opportunities that may be attractive to JLIF. As part of the New FOA with John Laing, JLIF has a right of first offer on the Denver Eagle P3 project in Colorado. JLCM will continue to monitor this market and increase the profile of JLIF as a credible participant in this market.

In 2014, Australia emerged as the largest destination of commercial non-recourse bank debt having seen several multi-billion dollar deals reach financial close in the second half of 2014 including the Sydney Rapid Transit – North West Rail Link project and the Westlink M7 Refinancing.

The federal government has announced the earmarking of approximately A$6.1 billion of spending on infrastructure projects suggesting a healthy primary pipeline over the next few years. JLCM was aware of a number of secondary market opportunities in Australia in 2014. Not all of these were pursued, however, towards the end of 2014 JLIF participated in a competition for the Royal North Shore Hospital project in Sydney, for which it was ultimately unsuccessful.

Australia continues to be one of the most active markets, both in primary and secondary terms. JLIF has access to some projects in this jurisdiction from John Laing through the New FOA. JLCM will continue to monitor projects coming to market and will continue promoting JLIF in this market to ensure that it remains a recognised, serious and credible market participant whenever new deals emerge.

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 activities in a responsible and sustainable manner.

JLIF recognises the environmental, social and economic needs of the communities in which it works and looks for suitable opportunities to engage and support communities, by using its 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 who manage the projects and provide facilities management services to the Portfolio assets. JLIF actively encourages its partners to engage with the local communities in which its projects are located. It is the engagement of these teams who operate the projects 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 2014 are detailed in the section below.

Community Engagement

As part of JLIF's efforts to support the communities and users of the projects in which it invests, the Company decided to run an art competition for students at one of its schools projects with the winning entries being displayed in this annual report. This gave the students the chance to say that their work had been publicly featured in the annual report of a FTSE 250 company. The school chosen at random was the Bristol Brunel Academy, part of the Bristol BSF project, from which JLIF received many excellent entries. After much deliberation JLIF chose three pieces credited to Michael Heselgrove, Demi Higgs and Regan Brown to be featured as the winners. JLIF would like to congratulate the winners and to wish them the best for their future art pursuits and to thank all the entrants for their hard work.

JLIF also continues to sponsor Ahead Partnerships, which provides funding for the 'Make the Grade' initiative at numerous schools including the Leeds Combined Secondary Schools project in the UK. This innovative model provides a structured programme of business support, such as interview training and mentoring, by involving up to 30 employers drawn from different sectors. 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's sponsorship in 'Make the Grade' is in excess of 2,770.

At one of the Fund's key health sector assets, the Abbotsford Regional Hospital and Cancer Centre, it was recently brought to the Fund's attention that one of the services at the hospital, the Breast Health Clinic, was to be displaced due to space limitations. This would mean that patients would have to travel much further afield in order to still be able to access this important service. With this in mind the Fund offered the client free use of a vacant retail unit for the Breast Health Clinic through to the end of the concession, giving up the rental income that would otherwise be earned, but thereby ensuring that these services could be retained at the hospital. The client received the idea well and the refit of the unit is due to be completed by early next year.

JLIF continues to support teachers from the North Swindon Schools project by providing sponsored membership of the Princes' Teaching Institute Schools and Schools Leadership Programmes. The Company was delighted to be able to extend the scheme in 2014 to support teachers at

Bexleyheath Academy. The programme is designed to bring teachers together with the country's most eminent academics, writers and policy-makers in an inspirational forum for discussion of fundamental questions about their subjects, with a view to helping teachers renew their passion for their chosen subject. By bringing passionate teachers together, school departments are encouraged to make rigorous curriculum choices, promote 'teaching beyond the test', and to enable schools to forge links with other like-minded schools and academic institutions.

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 their public sector end-users. As such JLIF has limited ability to directly influence or reduce the energy consumption of the facilities.

During 2014 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[16]	**2014 ($tC0_2e$)**	**2014 ($tC0_2e$/£m)**[17]
Scope 1	27,030	347.9
Scope 2	92,514	1,190.9
Total	**119,544**	**1,538.8**

Greenhouse Gas Emissions Source[17]	2013 ($tC0_2e$)	2013 ($tC0_2e$/£m)[18]
Scope 1	20,870	429.3
Scope 2	77,597	1,596.4
Total	**98,467**	**2,025.7**

APPROVAL OF THE STRATEGIC REPORT

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[16] 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 2013 to 30 June 2014. As such these are not consistent with the time period of the rest of the financial statements being 1 January 2014 to 31 December 2014. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

[17] CO_2 tonnes per £m of turnover.

Paul Lester CBE
Chairman
24 March 2015

CORPORATE GOVERNANCE

The Board of JLIF 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 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 (not applicable to JLIF);
- executive Directors' remuneration (not applicable to JLIF); and
- 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 the above 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 six Non-Executive Directors, all of whom are independent of the Company's Investment Adviser. As the Company has no Executive Directors, the provision of the UK 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 14 and 15 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 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 takes 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 evaluation of the Board, the Committees of the Board, and the individual Directors takes 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 (the Investment Adviser) and Heritage International Fund Managers (the 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). The next external Board review is expected to commence in November 2015.

Any new Directors will receive an induction from the Investment Adviser as part of the process. 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 six Non-Executive Directors, it considers that such matters may be considered by the whole Board.

The Company has established an Audit Committee, chaired by Mr 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 14 and 15. 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.

In May 2014 the Company established a Risk Committee, chaired by Mrs H Green. The Risk Committee, which reports to the Board, is mandated to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks.

Meeting attendance

	Board Meeting max 4	Scheduled Audit Committee max 3	Nomination Committee Meeting max 1	Risk Committee Meeting max 2
Paul Lester, CBE	4	n/a	n/a	n/a
David MacLellan	4	3	1	n/a
Guido Van Berkel	4	n/a	n/a	2
Talmai Morgan	4	3	1	2
Christopher Spencer	4	3	1	1
Helen Green*	3	n/a	n/a	2

*Helen Green was appointed to the Board on 1 April 2014

A total of four other unscheduled Board meetings and 14 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 systems 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 2014 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;

- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meeting, on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;

- reviewing the Group's accounts;

- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and

- reporting to the Board on how it has discharged its responsibilities.

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

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee are:

Christopher Spencer (Chairman)
David MacLellan
Talmai Morgan

See pages 14 to 15 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 considers the following significant risks in relation to the financial statements:

a) Investment Entity Standards
The Group has been applying the Investment entities standards since the 2013 interim report.

In December 2014, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 related to the application of the investment entities exceptions. As an investment entity, JLIF will no longer be able to consolidate the intermediate holdings companies which are themselves Investment Entities but should hold its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. at fair value.

The Company has decided to early adopt the amendments. The change in accounting standards applied and restated comparatives have been disclosed in this annual report.

The effects of these changes to the primary statements are the working capital balances of the intermediate holding companies which were consolidated will now be held within the fair value of the Company's 100% owned subsidiary JLIF Luxco 1 S.à.r.l. This includes cash balances and any debt drawn down at the balance sheet date. The changes to the income statement are that only the interest received from JLIF Luxco 1 S.à.r.l. will be disclosed on the face of the income statement as opposed to the interest and dividends received from the PPP investments.

The Audit Committee is satisfied that

- the management has assessed the appropriateness of the adoption of the clarifications set out in the IASB Exposure Draft, 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)';

- the external auditor has challenged the correct application of 'IFRS 10 and the Exposure Draft Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)', consulting where appropriate with technical specialists in formulating that challenge;

- the management has checked comparative information for consistency with prior year information; and

- the disclosures in the financial statements have been assessed for compliance with IFRS 10 and the Exposure Draft Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

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 investment;

- the determination of the appropriate discount rate for each investment that is reflective of the current market conditions;

- the determination of the appropriate sensitivities to apply to meet the required disclosures;

- due to the IASB clarifications to the Investment Entities Standards, the underlying subsidiaries will now be held at fair value;

- the underlying project financial models may not reflect the underlying performance of the investment;

- the cash flows from the underlying financial models may not take into account current known issues;
- the updates performed on the underlying financial models may result in errors in forecasting;
- macroeconomic assumptions taken by management can have a significant impact on the level of distributions; and
- major maintenance, which is a significant cost in some investments, with judgement around timing and quantum. This can have a significant impact on distributions.

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 and project specific items.

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

INTERNAL AUDIT

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

EXTERNAL AUDIT

Deloitte LLP has been the Company's external auditor since launch in 2010, and this is its fifth 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 the Investment Adviser;

- the external auditor’s 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 has also noted the requirements of The Competition and Markets Authority (formerly the UK Competition Commission) with respect to external auditor services and retendering.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and as such recommended to the Board that Deloitte LLP be re-appointed as external auditor for the year ending 31 December 2015. 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 2014 to 31 December 2014. Matters considered at these meetings included but were not limited to:

- review of the appointment of the external auditor;

- review of the effectiveness of the external auditor;

- approval of the external audit fees;

- review of circular and scrip election form;

- signing of the certificate of solvency required pursuant to section 304 of the Companies (Guernsey) Law, 2008;

- 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 2013 Annual Accounts Report and Financial Statements and the 2014 Interim report.

APPROVAL
On behalf of the Audit Committee

Christopher Spencer
Chairman of the Audit Committee
24 March 2015

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 2015

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the Audited Financial Statements of the Company and its investments for the year ended 31 December 2014.

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 2013 the total number of Ordinary Shares of JLIF in issue was 766.3 million. The number of Ordinary Shares in issue was increased by 0.9 million shares in May 2014 as a consequence of certain shareholders electing to take up the scrip dividend alternative, by a further 43.1 million in September 2014 following a shareholder tap issue, and by a further 1.3 million as a result of the scrip dividend alternative in October 2014. As at 31 December 2014 the total number of Ordinary Shares of the Company in issue was 811.6 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, North America and Continental Europe.

BUSINESS REVIEW

The Company is required to present a fair review of its business during the year ended 31 December 2014, its position at period end and a description of the principal risks and uncertainties that it faces.

This information is contained within the Strategic Report over pages 6 and 35.

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4

Information on any contract of significance subsisting during the period under review:

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

(b) between the Company, or one of its subsidiary undertakings, and a controlling shareholder can be found in note 17.

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

RESULTS AND DIVIDENDS

The results for the year are set out in the Financial Statements on pages 49 to 81. On 24 March 2015 the Directors declared a dividend in respect of the period 1 July 2014 to 31 December 2014 of 3.375 pence per Ordinary Share to shareholders on the register as at the close of business on 7 April 2015.

GOING CONCERN

The Company'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 Company, its cash flows and its liquidity position are described in the Investment Adviser Report. In particular, the current economic conditions continue to present a number of risks and uncertainties for the Company and these are set out in the Risk Committee Report on pages 10 to 13. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 18 of the Financial Statements.

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

In February 2013, JLIF Limited Partnership, a subsidiary of the Company, 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 previous £75 million facility with Royal Bank of Scotland plc. The facility is used primarily to fund acquisitions and is repaid through raising equity in the market. The facility is intended to be additional resource and not structural financing. The facility is due to expire in February 2016. JLCM has started to engage with several potential lenders with a view to agreeing a new facility to replace the existing facility once it expires.

As at 31 December 2014 the Company had a cash balance of £4.3 million, a further £22.2 million within the rest of the JLIF Group and the Revolving Credit Facility was undrawn and available for future acquisitions and working capital. The Company has sufficient cash balances to meet other current obligations as they fall due while all key financial covenants are forecast to continue to be complied with.

The Directors have reviewed forecasts and projections which cover a period of not less than 12 months from the date of this Annual Report, taking into account reasonably possible changes in investment and trading performance, which show that the Company has sufficient financial resources. Furthermore, the Directors have borne in mind the need to refinance the revolving credit facility within the next 12 months. 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 Company 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 2014, a shareholder tap issue in September 2014, and a second offer of a scrip dividend alternative in October 2014. Further details can be found in note 14 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 the 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 8 May 2015. This shareholder authority was renewed at the 2014 AGM.

MAJOR INTERESTS IN SHARES AND VOTING RIGHTS

As at 31 December 2014, 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
The Bank of New York (Nominees) Limited	16.50	133,920,848
Chase Nominees Limited	13.17	106,857,058
State Street Nominees Limited	11.83	96,019,382
Nortrust Nominees Limited	6.66	54,042,645
BBHISL Nominees Limited	5.16	41,893,723
HSBC Global Custody Nominee (UK)	4.90	39,734,192
Ferlim Nominees Limited	3.24	26,262,775
Brewin Nominees Limited	3.16	25,643,449

BOARD OF DIRECTORS

The Board members who served during the year and up until the date of this Report, all of whom are non-executive Directors and independent of the Investment Adviser, are listed below. Their biographical details are shown on pages 14 and 15.

Name	Function
Paul Lester, CBE	Chairman
David MacLellan	Deputy Chairman
Talmai Morgan	Director
Christopher Spencer	Director
Guido Van Berkel	Director
Helen Green	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 2014 were:

	Ordinary shares of 0.01p each held at 31 December 2014	Ordinary shares of 0.01p each held at 31 December 2013
Paul Lester, CBE*	139,379	120,000
David MacLellan**	28,125	28,125
Talmai Morgan	25,000	25,000
Christopher Spencer	30,000	30,000
Guido Van Berkel	–	–
Helen Green	–	–

There have been no changes in the Directors' interests from 31 December 2014 to the date of this report.

*139,379 of which is held by his spouse
**28,125 of which is held by his spouse

DIRECTORS' REMUNERATION

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

	2014 Directors' fees	2013 Directors' fees[1]
Paul Lester, CBE	£52,000	£52,000
David MacLellan	£42,000	£42,000
Talmai Morgan	£37,000	£37,000
Christopher Spencer	£37,000	£37,000
Guido Van Berkel	€38,750	€38,750
Helen Green[18]	£29,000	–

ANNUAL GENERAL MEETING

The AGM will be held at 10.30am London time on 8 May 2015 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 17 to the Financial Statements. It is in the Directors' opinion, based upon the performance in the period to 31 December 2014 that the continuing appointment of JLCM on the agreed terms is in the best interests of the shareholders as a whole.

EVENTS AFTER BALANCE SHEET DATE

In January 2015, JLIF acquired a 20% stake in the Kirklees Social Housing project from Wates Construction Limited. This was additional to the 80% stake acquired in the same asset in December 2014 from John Laing. JLIF's total shareholding in the asset therefore now stands at 100%.

AUDITOR

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Group, which includes monitoring the Company's 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 JLIF's external auditor, a resolution will be proposed at the 2015 AGM to re-appoint Deloitte LLP.

Each Director believes that there is no relevant information of which the 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.

[18] Helen Green's remuneration is paid to Saffery Champness Management International Limited. Helen was appointed to the Board in April 2014.

By order of the Board

Paul Lester CBE
Chairman
24 March 2015

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 company's affairs as at 31 December 2014 and of the company'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 Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement, and the related notes 1 to 22. 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 pages 43 to 44 that the company 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 at Fair Value	
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. There is no liquid market for these projects, and therefore there are significant judgements required regarding cash flow forecasts and discount rates used, within the valuation models. The details of management's judgements can be found at note 10 to the financial statements. The IASB have clarified that all subsidiaries which are themselves investment entities and provide services to the parent company should be held at fair value. These have been consolidated historically. There is a risk that the assessment of the fair value of underlying subsidiaries is not accurate. The working capital balances, cash, and debt draw-downs are required to be accounted for at fair value, as is any value identified in the group structure itself. There are assumptions required in determining the fair value of the investments, considering for example, tax effects and whether there are any reasons why cash cannot flow directly through JLIF Group	We assessed the assumptions used in the valuation model to determine the fair value of investments, described in note 10 to the financial statements. Our audit procedures included, among others: • testing the operating effectiveness of controls around certain project models at various service organisations, and the valuation process adopted by management and the Board; • challenging of macroeconomic assumptions (including inflation and tax rates) comparing to observable market data and forecasts; • challenging the discount rates applied, comparing to market data and peers; • reviewing management's cash flow forecasts, focusing on movements since acquisition, project specific matters, operational issues, value enhancements, and actual results compared to historic forecasts; and • discussing the valuation of investments with our valuation specialists and challenging management's specialists.
Investment entities – restatement of comparative information	
In line with IFRS1, the implementation of 'Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)' has meant that JLIF have been required to restate their comparative information. There is a risk that this restatement will be incorrectly performed, due to incomplete disclosures, the incomplete consideration of balances requiring restatement, or miscalculations. Additionally, there is the risk that the narrative information supplementing the restated financial information might be unclear or inaccurately explain both why the restatement was required, and how it has been performed.	We have challenged the restated comparative financial information and the associated disclosures. We have also reviewed the required valuation methodology for 2013 to include the process of determining the fair value of subsidiaries and the group structure to assess whether this has been consistently applied. This included performing the procedures as discussed above concerning the fair value of investments risk.

	We have reviewed the disclosures made concerning the clarification from the IASB, to determine whether no undue prominence has been given to non-GAAP measures.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 39 to 40.

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 Company to be £16 million (2013 – £24 million), which is below 2% (2013 – 3%) of equity. This has been determined using a benchmark of equity which we believe is the key benchmark used by members of the Company in assessing financial performance. To align more closely with other comparable companies, we have reduced the percentage that we apply from 3% to 2%, leading to the reduction in our materiality.

We have applied a lower materiality threshold of £2.5 million (2013 – £2.4 million) for cash affecting balances, such as interest received, dividends received 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 £0.32 million (2013 – £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

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The audit team have also begun a rotational programme of visits to JLIF PPP infrastructure projects and management service agreement providers.

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

- adequate accounting records have not been kept; 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 ten 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 company'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.

John Clacy, FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
24 March 2015

INCOME STATEMENT

for the year ended 31 December

	Notes	2014 £'000s	2013 Restated* £'000s
Operating income		**77,684**	40,517
Administrative expenses	5	**(10,531)**	(9,461)
Operating profit	5	**67,153**	31,056
Net finance income	6	**5**	1
Profit before tax		**67,158**	31,057
Tax	7	**–**	–
Profit for the year		**67,158**	31,057
Attributable to:			
Owners of the Company		**67,158**	31,057
		67,158	31,057
Earnings per share			
From continuing operations			
Basic and diluted (pence)	9	**8.61**	5.35

All results are derived from continuing operations.

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

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

STATEMENT OF FINANCIAL POSITION

as at 31 December

	Notes	**2014 £'000s**	2013 Restated* £'000s	Opening Balance 1 January 2013 Restated* £'000s
Non-current assets				
Investments at fair value through profit or loss	10	**885,674**	817,690	541,199
Total non-current assets		**885,674**	817,690	541,199
Current assets				
Trade and other receivables	11	**72**	87	52
Cash and cash equivalents		**4,253**	3,190	3,084
Total current assets		**4,325**	3,277	3,136
Total assets		**889,999**	820,967	544,335
Current liabilities				
Trade and other payables	12	**(2,670)**	(2,853)	(1,936)
Total current liabilities		**(2,670)**	(2,853)	(1,936)
Total liabilities		**(2,670)**	(2,853)	(1,936)
Net assets		**887,329**	818,114	542,399
Equity				
Share capital	14	**81**	77	51
Share premium account	15	**847,837**	795,945	518,224
Retained earnings	16	**39,411**	22,092	24,124
Equity attributable to owners of the Company		**887,329**	818,114	542,399
Total equity		**887,329**	818,114	542,399
Net Asset Value per share		**109.3**	106.8	105.7

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

The financial statements were approved by the Board of Directors and authorised for issue on 24 March 2015. They were signed on its behalf by:

P Lester **C Spencer**

Chairman Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

Statement of Changes in Equity in 2014

	Notes	**Share capital £'000s**	**Share premium account £'000s**	**Retained reserves £'000s**	**Total equity £'000s**
Restated balance at 1 January 2014*	14, 15	77	795,945	22,092	818,114
Profit for the year	16	–	–	67,158	67,158
Total comprehensive income for the year				**67,158**	**67,158**
Ordinary shares issued	14, 15	4	52,577	–	52,581
Costs of shares issued		–	(685)	–	(685)
Dividend paid	8	–	–	(49,839)	(49,839)
Balance at 31 December 2014		**81**	**847,837**	**39,411**	**887,329**

Statement of Changes in Equity in 2013

	Notes	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total £'000s
Restated balance at 1 January 2013*	14, 15	51	518,224	24,124	542,399
Profit for the year	16	–	–	31,057	31,057
Total comprehensive income for the year		–		31,057	31,057
Ordinary shares issued	14, 15	26	278,569	–	278,595
Costs of shares issued		–	(848)	–	(848)
Dividend paid	8	–	–	(33,089)	(33,089)
Restated Balance at 31 December 2013		77	795,945	22,092	818,114

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

CASH FLOW STATEMENT
for the year ended 31 December

	Notes	**2014 £'000s**	2013 Restated* £'000s
Profit from operations		**67,153**	31,056
Adjustments for:			
(Increase)/decrease in accrued interest income		**(23,762)**	(2,413)
Net gain on investments at fair value through profit or loss		**(27,721)**	(4,854)
Operating cash flows before movements in working capital		**15,670**	23,789
Decrease/(Increase) in receivables		**14**	(36)
(Decrease)/Increase in payables		**(183)**	917
Cash inflow from operations		**15,501**	24,670
Net cash inflow from operating activities		**15,501**	24,670
Investing activities			
Loan to subsidiaries		**(16,500)**	(269,223)
Net cash used in investing activities		**(16,500)**	(269,223)
Financing activities			
Dividends paid – equity shareholders	8	**(47,258)**	(28,151)
Net finance income	6	**5**	-
Proceeds on issue of share capital (net of costs)	15	**49,315**	272,810
Net cash from financing activities		**2,062**	244,659
Net increase in cash and cash equivalents		**1,063**	106
Cash and cash equivalents at beginning of the year		**3,190**	3,084
Cash and cash equivalents at end of year		**4,253**	3,190

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 the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. GENERAL INFORMATION

John Laing Infrastructure Fund Limited (the “Company”, or “JLIF”) is a company domiciled and incorporated in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange under a Premium Listing. The financial statements of the Company as at and for the year ended 31 December 2014 have been prepared on the basis of the accounting policies set out below. The financial statements comprise the Company and its investment in JLIF Luxco 1 S.à.r.l. The Company and its subsidiaries invest in PPP infrastructure projects in the UK, Europe and North America.

During the year, the Company has early adopted the narrow-scope amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures. Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) introduces clarifications to the requirements when accounting for investment entities which has been adopted by JLIF. On 18 December 2014, the IASB has clarified that the requirement for an investment entity to consolidate a subsidiary providing services related to its investment activities such as certain subsidiaries of the Company, applies only to subsidiaries that are not themselves investment entities. The amendments can be applied immediately and become mandatory for annual periods beginning on or after 1 January 2016.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 28, the Company no longer consolidates its subsidiaries that provide investment services and is required instead to hold such subsidiaries at fair value. The Company accounts for its investment in its direct subsidiary JLIF Luxco 1 S.à.r.l. at fair value. The Company, together with its direct subsidiary JLIF Luxco 1 S.à.r.l. and all the intermediate holding subsidiaries compose the Group investing in PPP assets (the “Group”).

The net assets of the intermediate holding companies, which at 31 December principally comprise working capital balances, are required to be included at fair value in the carrying value of investments. The primary impact of this change is that the cash balances in some intermediate subsidiaries are presented as part of the fair value of the Company’s investment in JLIF Luxco 1 S.à.r.l.. This change does not affect the Net Assets.

The comparative financial information for the year ended 31 December 2013 included in this annual report have been restated to reflect the adoption of the amendments to IFRS 10, IFRS 12 and IAS 28.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

The 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:

Amendments to IAS 1 (Dec 2015): Disclosure Initiative

Amendments to IAS 27 (Aug 2014): Equity Method in Separate Financial Statements

IFRS 9 Financial Instruments Amendments to IAS 16 and IAS 41 (Jun 2014): Agriculture: Bearer Plants

IFRS 15: Revenue from Contracts with Customers

Amendments to IAS 16 and IAS 38 (May 2014) Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IFRS 11 (May 2014): Accounting for Acquisitions of Interests in Joint Operations

IFRS 14: Regulatory Deferral Accounts

Amendments to IAS 19 (Nov 2013): Defined Benefit Plans: Employee Contributions

Amendments to IAS 39 (Jun 2013): Novation of Derivatives and Continuation of Hedge Accounting

Amendments to IAS 36 (May 2013): Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21: Levies

Changes in accounting policy

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

Amendments to IFRS 10, IFRS 12 and IAS 28 (Dec 2015): Investment Entities: Applying the Consolidation Exception

Amendments to IFRS 10 and IAS 28 (Sep 2014) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Annual Improvements to IFRSs: 2012-2014 Cycle (Sep 2014): Annual Improvements to IFRSs: 2012-2014 Cycle

Annual Improvements to IFRSs: 2011-13 Cycle (Dec 2013): Annual Improvements to IFRSs: 2011-13 Cycle

Annual Improvements to IFRSs: 2010-12 Cycle (Dec 2013): Annual Improvements to IFRSs: 2010-12 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Following the adoption of the Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) the Company no longer consolidates on a line by line its Group but recognises the subsidiaries at fair value.

As a result of adopting the amendments, the Company recognises its investment in its subsidiary JLIF Luxco 1 S.à.r.l. at fair value through profit or loss. The fair value estimate of JLIF Luxco 1 S.à.r.l. includes the fair value of both this company and all of that company's subsidiaries and investments.

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

Balance sheet	Balance at 1 January 2013 £'000s	Impact of change in accounting policy £'000s	Restated balance at 1 January 2013 £'000s	Balance at 31 December 2013 £'000s	Impact of change in accounting policy £'000s	Restated balance at 31 December 2013 £'000s
Investments at fair value through profit or loss	537,395	3,804	541,199	795,849	21,841	817,690
Trade and other receivables	710	(658)	52	2,121	(2,034)	87
Derivative financial instruments	–	–	–	523	(523)	–
Cash and cash equivalents	8,266	(5,182)	3,084	24,348	(21,158)	3,190
Total assets	**546,371**	**(2,036)**	**544,335**	**822,841**	**(1,874)**	**820,967**
Trade and other payables	(3,003)	1,067	(1,936)	(3,664)	811	(2,853)
Current tax liabilities	(969)	969	–	(1,063)	1,063	–
Total liabilities	**(3,972)**	**2,036**	**(1,936)**	**(4,727)**	**1,874**	**(2,853)**
Net assets	**542,399**	**–**	**542,399**	**818,114**	**–**	**818,114**
Retained earnings	**24,124**	**–**	**24,124**	**22,092**	**–**	**22,092**

The effects on the Income Statement were as follows.

Income statement	Results in the year ended 31 December 2013 £'000s	Impact of change in accounting policy £'000s	Restated results 31 December 2013 £'000s
Operating income	48,512	(7,995)	40,517
Administrative expenses	(12,846)	3,385	(9,461)
Other (losses)/gains	(387)	387	–
Operating expenses	**(13,233)**	**3,772**	**(9,461)**
Finance costs	(3,156)	3,157	1
Profit before tax	**32,123**	**(1,066)**	**31,057**
Tax	(1,066)	1,066	–
Profit after tax	**31,057**	**–**	**31,057**

The impact of adopting Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) is the non-consolidation of assets, liabilities, income and expenses of the subsidiaries which were previously consolidated on a line by line basis and the recognition of the Company's investment in JLIF Luxco 1 S.à.r.l. at fair value through profit or loss. The above table also shows the effect of reclassification of these assets, liabilities, income and expenses to Investment at fair value through profit or loss.

Net assets

The Net Assets at 1 January 2013 and 31 December 2013 reflects the recognition of the Company's investment in JLIF Luxco 1 S.à.r.l. at fair value. This means that previously consolidated assets accounted at book value are now recognised at fair value and included in the Company's investment at fair value. The categories of assets and liabilities have changed and the net impact of the restatement on the overall net assets is £nil.

Profit after tax

Prior to adoption of the Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), the Company consolidated its subsidiaries that were investment entities and recognised in its income statement, Interest and Dividend income received from PPP investments and the net gain or losses on investments at fair value.

The Company recognises in the restated profit after tax for the year ended 31 December 2013 and in this year's operating profit, the operating income which reflects the change in fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. comprising the intermediate holding companies and the public-private partnership ("PPP") asset portfolio.

Cash flow statement
The restated Cash Flow Statement at 1 January 2013 and 31 December 2013 reflects the adoption of Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). In the 2013 financial statements, the Cash Flow Statement included the Company's and the intermediate holding companies' transactions. As the Company now accounts for its investment in its sole direct subsidiary at fair value through profit or loss, the net cash inflow from operations only includes the Company's transactions and not those within the Group as presented in the annual statements at 31 December 2013. Similarly, the closing bank balance only includes the Company's balance. The intermediate holding companies cash balances are included in investments at fair value in the balance sheet.

(b) Basis of consolidation
The Company

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

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

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

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

The financial statements incorporate the financial statements of the Company only.

Following the adoption of 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)' issued in December 2014, the Company recognises its investment in its subsidiary JLIF Luxco 1 S.à.r.l. at fair value through profit or loss (see note 10). The fair value estimate of JLIF Luxco 1 S.à.r.l. includes the fair value of both this company and all of the Company's subsidiaries and PPP investments. The Company holds its portfolio of investments indirectly through JLIF Luxco 1 S.à.r.l.

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

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

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

(c) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Company's and the Group's committed banking facilities, that it is appropriate to prepare the financial statements of the Company on the going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £26.5 million (including £4.5 million for the Company) 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 and a £11.9 million commitment (refer to note 19 for details) which can be fulfilled by the use of the Company's and the intermediate holding companies' cash available. The Directors and the Investment Adviser are currently in the process of securing a new banking facility which should be available to the Group upon expiry of the existing facility.

As at 31 December 2014, 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 raises in the year:

- in May 2014, additional equity of £1.1 million was raised through Offer of a Scrip Dividend alternative to the dividend for the period 1 July 2013 to 31 December 2013;

- in September 2014, additional equity of £50.0 million was raised following a tap issue of 43.1 million shares; and

- in October 2014, additional equity of £1.5 million was raised through Offer of a Scrip Dividend alternative to the proposed dividend for the period 1 January 2014 to 30 June 2014.

The Company, through its intermediate holding companies, holds investments in 56 operational 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 Company and its intermediate holding companies have sufficient financial resources together with their PPP investments' public sector long-term contracts across a range of infrastructure projects. As a consequence, the Directors believe that the Company and its intermediate holdings companies are well placed to manage its business risks successfully.

Certain risks and uncertainties, as detailed in the note 18 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) Revenue recognition – Operating income

Operating income in the income statement represents the movement in the fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. refer to note 10 for details.

(e) Cash and cash equivalents

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

(f) Foreign currencies

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

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

(g) Taxation

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

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company 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 Company classifies its financial assets in the following categories: fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

a) Investments at fair value through profit or loss

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

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

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

b) *Loans and receivables*
Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and other receivables’. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the Balance Sheet date which are classified as Non-Current Assets. The Company’s loans and receivables comprise ‘trade and other receivables’ and ‘cash and cash equivalents’ in the 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 which are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and
ve interest method less any impairment losses.

iii) *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.

iv) *Fair value estimation*
The Company’s investments at fair value are not traded in active markets.

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

Fair value of the PPP investments is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the group intermediate holdings, from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments). 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 PPP investments at 31 December 2014 were in the range 7.40% to 8.54% (31 December 2013 – 7.50% to 8.85%) which are relevant and in the range of those applied in the market for similar PPP investments. Refer to note 10 for details of the areas of estimation in the calculation of the fair value.

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

(i) Segmental reporting

In the financial statements, the Company recognises one investment into its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. The Board of Directors considers and analyses the performance of the Company by considering the Group's main activity which is to invest into PPP investments through its intermediate holding companies. Information reported to the Company's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the sector risk associated within the Group. The Group has investments in the Health, Education, Justice & Emergency Services, Transport, Regeneration & Social Housing, Government Buildings and Street Lighting sectors and therefore these form the Group's reportable segments under IFRS 8.

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

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

Fair value of PPP investments
Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to risk free rates, specific risks and the evidence of recent transactions. Underlying assumptions and discount rates are disclosed in note 10. The Directors have satisfied themselves that the PPP investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

4. OPERATING SEGMENTS

Information reported to the Company's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the sector risk associated within the Group. The Company has changed the structure of its internal organisation in a manner that causes the composition of its reportable segment to change to a sectorial split. The change in internal organisation is due to experience gained in the past years and that different sectors have different amount of management time, required level of maintenance and generally different risk profiles. As such, and because the Fund has grown, the Board now receives the Portfolio Valuation analysis by sector and the Directors, Investment Advisers and Asset Management teams monitor the business in those lines. Currently the Company, via its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. has investments in Health, Education, Justice & Emergency Services, Transport, Regeneration & Social Housing, Government Buildings and Street Lighting sectors and therefore these form the Company's reportable segments under IFRS 8.

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

Segment results
The following is an analysis of the Company's operating income and results by reportable segment for the year ended 31 December 2014.

	Year ended 31 December 2014								
	Health £'000s	**Education £'000s**	**Justice & Emergency Services £'000s**	**Transport £'000s**	**Regeneration & Social Housing £'000s**	**Government Buildings £'000s**	**Street Lighting £'000s**	**Unallocated £'000s**	**Total group £'000s**
Operating income	**34,644**	**15,214**	**4,201**	**11,097**	**9,206**	**5,118**	**3,461**	**(5,257)**	**77,684**
Profit/(loss) before tax	**34,644**	**15,214**	**4,201**	**11,097**	**9,206**	**5,118**	**3,461**	**(15,783)**	**67,158**
Reportable segment profit/(loss)	**34,644**	**15,214**	**4,201**	**11,097**	**9,206**	**5,118**	**3,461**	**(15,783)**	**67,158**

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

	Year ended 31 December 2013*								
	Health £'000s	Education £'000s	Justice & Emergency Services £'000s	Transport £'000s	Regeneration & Social Housing £'000s	Government Buildings £'000s	Street Lighting £'000s	Unallocated £'000s	Total group £'000s
Operating income	8,452	5,726	1,971	13,376	8,188	8,252	1,046	(6,494)	40,517
Profit/(loss) before tax	8,452	5,726	1,971	13,376	8,188	8,252	1,046	(15,954)	31,057
Reportable segment profit/(loss)	8,452	5,726	1,971	13,376	8,188	8,252	1,046	(15,954)	31,057

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

No inter-segment income was earned in the year ended 31 December 2014.

The following is an analysis of the Company's assets and liabilities by reportable segment for the year ended 31 December 2014.

	As at 31 December 2014								
	Health £'000s	**Education £'000s**	**Justice & Emergency Services £'000s**	**Transport £'000s**	**Regeneration & Social Housing £'000s**	**Government Buildings £'000s**	**Street Lighting £'000s**	**Unallocated £'000s**	**Total group £'000s**
Total assets	**343,041**	**142,819**	**50,134**	**134,684**	**90,852**	**68,855**	**36,131**	**23,483**	**889,999**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,670)**	**(2,670)**
Total net assets	**343,041**	**142,819**	**50,134**	**134,684**	**90,852**	**68,855**	**36,131**	**20,813**	**887,329**

The following is the restated analysis of the Company's assets and liabilities by reportable segment for the year ended 31 December 2013.

	As at 31 December 2013*								
	Health £'000s	Education £'000s	Justice & Emergency Services £'000s	Transport £'000s	Regeneration & Social Housing £'000s	Government Buildings £'000s	Street Lighting £'000s	Unallocated £'000s	Total group £'000s
Total assets	330,464	135,769	24,259	137,478	76,022	71,499	24,757	20,719	820,967
Total liabilities	–	–	–	–	–	–		(2,853)	(2,853)
Total net assets	330,464	135,769	24,259	137,478	76,022	71,499	24,757	17,866	818,114

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

Analysis by geographical areas

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

	UK	Continental Europe	North America	Other – (incl Guernsey)	Total
	As at 31 December 2014				
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Operating income	**70,412**	**1,663**	**5,609**	**–**	**77,684**
Profit/(loss) before tax	**70,412**	**1,663**	**5,609**	**(10,526)**	**67,158**
Profit/(loss)	**70,412**	**1,663**	**5,609**	**(10,526)**	**67,158**

	UK	Continental Europe	North America	Other – (incl Guernsey)	Total
	As at 31 December 2013*				
	£'000s	£'000s	£'000s	£'000s	£'000s
Operating income	36,242	5,969	(1,694)	–	40,517
Profit/(loss) before tax	36,242	5,969	(1,694)	(9,460)	31,057
Profit/(loss)	36,242	5,969	(1,694)	(9,460)	31,057

The operating income included in the above tables is derived from the distributions received from the PPP investments.

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

	UK	Continental Europe	North America	Other – (incl Guernsey)	Total
	As at 31 December 2014				
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Total assets	**764,689**	**38,147**	**82,838**	**4,325**	**889,999**
Total liabilities	**–**	**–**	**–**	**(2,670)**	**(2,670)**
Total net assets	**764,689**	**38,147**	**82,838**	**1,655**	**887,329**

	As at 31 December 2013*				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total £'000s
Total assets	697,991	36,728	82,970	3,277	820,967
Total liabilities	–	–	–	(2,853)	(2,853)
Total net assets	697,991	36,728	82,970	424	818,114

5. OPERATING EXPENSES

	Year ended 31 December	
	2014 £'000s	2013* £'000s
Investment advisory fees & asset origination fee	**9,085**	8,178
Directors' fees and expenses	**239**	209
Administration fee	**111**	114
Other expenses	**1,096**	960
	10,531	9,461

The Company 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 17.

An amount of £146,000 (2013* – £126,000) was paid to Deloitte LLP by the Company for the audit of the Company for the year ended 31 December 2014.

No amount (2013 – £98,000) was paid to Deloitte LLP by the Company in respect of non-audit services for the year ended 31 December 2014.

6. NET FINANCE INCOME

	Year ended 31 December	
	2014 £'000s	2013* £'000s
Bank Interest Income	**5**	1

Net finance income	**5**	1

7. TAX

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying project companies in which the Group invests provide for and pay taxation at the appropriate rates in the countries in which they operate.

Following the adoption of 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)', the underlying tax within the subsidiary PPP assets, and intermediate holding companies which are now all held as investments at fair value through profit or loss, is no longer consolidated in the Company's results.

8. DIVIDENDS

	2014 £'000s	2013 £'000s
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2013 of 3.25 pence (final dividend for the year ended 31 December 2012-3.125 pence) per share	**24,905**	16,035
Interim dividend for the six months ended 30 June 2014 of 3.25 pence (six months ended 30 June 2013 – 3.125 pence) per share	**24,934**	17,054
	49,839	33,089
Proposed final dividend for the year ended 31 December 2014 of 3.375 pence (2013 – 3.25 pence) per share	**27,392**	24,905

The proposed final dividend for the year ended 31 December 2014 is 3.375 pence per share, amounting to £27.4 million (2013 – £24.9 million). The final dividend was approved by the Board on 23 March 2015 and is payable in May 2015. The dividend has not been included as a liability at 31 December 2014.

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

9. EARNINGS PER SHARE

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

	2014 **£'000s**	2013* £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**67,158**	31,057
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**780,116,201**	580,347,589

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	**8.61**	5.35

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The table below shows the Company's investment in JLIF Luxco 1 S.à.r.l.in the year as recorded in the Company balance sheet:

	2014 **£'000s**	2013* £'000s
Fair value of PPP investments	**864,887**	795,849
Fair value of intermediate holding companies	**20,787**	21,841
Fair value at 31 December	**885,674**	817,690

Reconciliation of movement in fair value of the portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of PPP investments. These investments are held through other intermediate holding companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company balance sheet as at 31 December 2014, by incorporating the fair value of these intermediate holding companies.

	Portfolio Value 2014 £'000s	**Cash and other FV in intermediate holdings £'000s**	**Total £'000s**	2013* £'000s	Cash and other FV in intermediate holdings £'000s	Total £'000s
Opening balance	**795,849**	**21,841**	**817,690**	537,395	3,804	541,199
Acquisitions	**50,779**	**–**	**50,779**	264,648	–	264,648
Dividends received from PPP investments	**(27,189)**	**27,189**	**–†**	(24,865)	24,865	–†
Interest received from PPP investments	**(30,269)**	**30,635**	**366†**	(23,258)	23,667	409†
Loan stock and equity repayments	**(6,170)**	**6,170**	**–**	(6,574)	6,574	–
Movement in accrued interest	**(901)**	**–**	**(901)**	1,050	–	1,050
Discount rate movements	**14,552**	**–**	**14,552†**	(184)	–	(184)†
Foreign currency exchange rate movements	**(4,497)**	**–**	**(4,497)†**	(6,100)	–	(6,100)†
Growth in value	**73,013**	**–**	**73,013†**	53,737	–	53,737†
Other fees income	**(280)**	**280**	**–**	–	–	–†
Administrative expenses	**–**	**(5,750)**	**(5,750)†**	–	(7,345)	(7,345)†
PPA Interest costs distributed	**–**	**(49,963)**	**(49,963)**	–	(35,663)	(35,663)
Difference in timing of capital movements between the Company and the intermediate holding companies	**–**	**(9,615)**	**(9,615)**	–	5,939	5,939
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l at 31 December	**864,887**	**20,787**	**885,674**	795,849	21,841	817,690

† Operating income for the year ended 31 December 2014 is £77.7 million (2013 restated – £40.5 million).

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

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

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

	2014 **£'000s**	2013 £'000s
Portfolio valuation at 1 January	**795,849**	537,395
Acquisitions	**50,779**	264,648
Distributions	**(64,809)[19]**	(53,647)[19]
Growth due to discount rate	**14,552**	(184)
Decline due to exchange rate	**(4,497)**	(6,100)
Growth from discount rate unwind	**61,821[20]**	47,352[20]
Growth from valuation enhancements	**11,192[20]**	6,385[20]
Portfolio valuation at 31 December	**864,887**	795,849
Fair value of intermediate holding companies	**20,787**	21,841
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l. at 31 December	**885,674**	817,690

The Investment Adviser has carried out fair market valuations of the PPP investments as at 31 December 2014. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation of the PPP investments. The Directors have also obtained an independent opinion from a third party, with considerable expertise in valuing these type of investments, supporting the reasonableness of the Portfolio Value. Investments in PPP projects are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Portfolio since launch in 2010. Discount rates applied range from 7.40% to 8.54% (weighted average 7.94%) (2013 – 7.50% to 8.85% (weighted average 8.18%).

The following economic assumptions were used in the discounted cashflow valuations:

	2014	2013
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 2015 rising to 3.5% from 2018**	1% for 2015, rising to 3.5% from 2018

[19] Distributions include dividends, interest, loan stock and equity repayments (including movement in accrued interest) and other fees.
[20] In 2014, the growth in value of the Portfolio is £73,013,000 (2013 – £53,737,000).

The prevailing Sterling exchange rate at 31 December was:

	2014	2013
Canadian dollar	**1.8054**	1.7585
Euro	**1.2808**	1.1991

Following the substantive enactment of UK corporation tax rate reduction to 20% from April 2015 on 2 July 2013, the long-term UK corporation tax rate assumed in the Portfolio Valuation is 20%. 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 £75.6 million higher or £65.6 million lower (2013 – estimated £70.8 million higher or £61.2 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 2014 was 7.94% (2013 – 8.18%).

The fair value of the PPP investments would be an estimated £33.0 million higher (2013 – £34.0 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 £30.8 million lower (2013 – £30.5 million lower) if the inflation rate was an absolute 1% lower. The inflation rate assumed for all future periods from 31 December 2014 was 2.75% (2013 – 2.75%) for all UK projects, 2.1% (2013 – 2.1%) for Canadian projects, for the Finnish project a rate of 3.0% (2013 – 3.0%) was assumed for the MAKU index (Finnish construction price index) and a rate of 2.5% (2013 – 2.5%) was assumed for the Elspot index (Finnish utilities price index) and for the Dutch project a CPI index of 1.9% (2013 – 1.9%) was assumed.

The fair value of the PPP investments would be an estimated £6.3 million higher or £5.7 million lower (2013 – estimated £6.3 million higher or £5.7 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 £17.8 million higher or £17.6 million lower (2013 – estimated £16.7 million higher or £16.2 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 2014 were 1% for 2015, gradually rising to 3.5% from 2018 for all projects except for the Canadian projects where the deposit rates assumed were 2.5% in 2015, rising to 3% from 2016 and the Finnish and Dutch projects where the deposit rates assumed were 1% in 2015, gradually rising to 2.5% from 2017.

Details of PPP investments were as follows:

	% holding 31 December 2014		% holding 31 December 2013	
Investments (project name – see note 21 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%
Barnet Lighting	**100.0%**	**100.0%**	85.0%	100.0%
Bentilee Community Centre	**100.0%**	**100.0%**	100.0%	100.0%
Bexley Schools	**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%
Enfield Lighting	**100.0%**	**100.0%**	85.0%	100.0%
Enfield Schools	**100.0%**	**100.0%**	100.0%	100.0%
Forth Valley Royal Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Highlands School Enfield	**100.0%**	**100.0%**	100.0%	100.0%
Lambeth Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Leeds Combined Secondary Schools	**100.0%**	**100.0%**	100.0%	100.0%
Newham School	**100.0%**	**100.0%**	100.0%	100.0%
North East Fire and Rescue Authority	**100.0%**	**100.0%**	100.0%	100.0%
North Swindon Schools	**100.0%**	**100.0%**	100.0%	100.0%
Northampton Mental Health	**100.0%**	**100.0%**	100.0%	100.0%
Peterborough Schools	**100.0%**	**100.0%**	100.0%	100.0%
Redcar and Cleveland Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Roseberry Park Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Sirhowy Way	**100.0%**	**100.0%**	100.0%	100.0%
Vancouver General Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Walsall Street Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Kirklees Social Housing	**80.0%**	**80.0%**	–	–
North Staffs Hospital	**75.0%**	**75.0%**	75.0%	75.0%
Kingston Hospital	**60.0%**	**60.0%**	60.0%	60.0%
Realise Health LIFT	**60.0%**	**60.0%**	60.0%	60.0%
Camden Social Housing	**50.0%**	**50.0%**	50.0%	50.0%
Cleveland Police Headquarters	**50.0%**	**50.0%**	50.0%	50.0%
E18 Road - Ykkostie	**50.0%**	**50.0%**	50.0%	50.0%
Kelowna and Vernon Hospitals	**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%
Miles Platting Social Housing	**50.0%**	**66.7%**	33.3%	66.7%
Newham Hospital	**50.0%**	**50.0%**	50.0%	50.0%
South East London Police Stations	**50.0%**	**50.0%**	–	–

Surrey Street Lighting	**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%
Barnsley BSF	**40.0%**	**40.0%**	40.0%	40.0%
Groningen Tax Office	**40.0%**	**40.0%**	–	–
Kromhout Barracks	**40.0%**	**40.0%**	40.0%	40.0%
Avon and Somerset Courts	**40.0%**	**40.0%**	40.0%	40.0%
Bristol BSF	**37.5%**	**36.0%**	37.5%	36.0%
Pembury Hospital	**37.5%**	**37.5%**	37.5%	37.5%
LUL Connect (Citylink)	**33.5%**	**33.5%**	33.5%	33.5%
Peterborough Hospital	**30.0%**	**30.0%**	30.0%	30.0%
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%

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 Investor in the Community LP in August 2013.

On 10 April 2014, the Group completed the acquisition of a further 16.67% in the Miles Platting Social Housing project. This acquisition takes the Group’s holding in the investment to 50%.

On 29 September 2014, the Group completed the acquisition of 40% stake in the Groningen Tax Office project in Netherlands for a total of £3.7 million.

On 1 October 2014, the Group completed the acquisition of 50% stake in the Services Support (SEL) project for a consideration of £23.6 million.

On 19 December 2014, the Group completed the acquisition of 80% stake in the Kirklees Social Housing project and a 50% stake in the Surrey Street Lighting project for a total consideration of £21.6 million.

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

11. TRADE AND OTHER RECEIVABLES

	31 December 2014 £'000s	31 December* 2013 £'000s
Other debtors	**12**	12
Prepayments and accrued income	**60**	75
Balance at 31 December	**72**	87

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

There were no overdue amounts included in trade receivables.

12. TRADE AND OTHER PAYABLES

	31 December 2014 £'000s	31 December* 2013 £'000s
Accruals and deferred income	**2,668**	2,851
Other payables	**2**	2
Balance at 31 December	**2,670**	2,853

13. LOANS AND BORROWINGS

The Company's indirect subsidiary, JLIF Limited Partnership (the "Limited Partnership") as Borrower and the Company as Guarantor benefit from a £150 million multicurrency revolving credit facility with three banks, Lloyds Bank plc, Royal Bank of Scotland plc and ING Bank NV. The three year facility which expires in February 2016 can 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 raise. As at 31 December 2014 and 31 December 2013 there were no amounts drawn down on the facility.

There were no other outstanding loans and borrowings (31 December 2013 – £nil).

14. SHARE CAPITAL

Issued and fully paid	**2014 £'000s**	2013 £'000s
811,600,961 (31 December 2013 – 766,294,564) ordinary shares of 0.01p each	**81**	77

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

On 14 May 2014, 924,343 new Ordinary Shares of 0.01 pence each at an Issue Price of 115.52 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 2013.

On 17 September 2014, 43,103,448 new ordinary shares of 0.01 pence each were issued and fully paid up at an Issue Price of 116.0 pence.

On 15 October 2014, 1,278,606 new ordinary shares of 0.01 pence each at an issue price of 118.36 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 2014.

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.

All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

15. SHARE PREMIUM ACCOUNT

	2014 £'000s	2013 £'000s
Opening balance	**795,945**	518,224
Premium arising on issue of equity shares	**52,577**	278,569
Expenses of issue of equity shares	**(685)**	(848)
Balance at 31 December	**847,837**	795,945

16. RETAINED EARNINGS

	2014 £'000s	2013* £'000s
Opening balance	**22,092**	24,124
Net profit for the year	**67,158**	31,057
Dividends paid (note 8)	**(49,839)**	(33,089)
Balance at 31 December	**39,411**	22,092

17. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Details of transactions between the Company its related parties are disclosed below. This note also details the terms of engagement by the Company with John Laing Capital Management Limited ("JLCM") as Investment Adviser and Operator of JLIF Limited Partnership ("the Limited Partnership") together with the details of further investment acquisitions from 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 ("the General Partner"). JLIF (GP) Limited was acquired on 22 December 2014 by JLIF Luxco 1 S.à.r.l. from John Laing plc. 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.

JLCM is entitled to fees 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, Operator fee and asset origination fee charged to the Income Statement for the year was £9,085,000 (2013 – £8,178,000) of which £2,410,000 remained payable at year end (2013 – £2,340,000).

*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 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.

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to ‘Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)’. Refer to note 2(a) for details.

The Group acquired four PPP projects from John Laing plc under an arm’s length sale and purchase agreement. The Group paid £37.1 million to John Laing and £11.8 million to The John Laing Pension Trust for these projects.

The Company has loans under a Profit Participating Agreement under which it received interest income from its direct subsidiary JLIF Luxco 1 S.à.r.l. As at 31 December 2014 the Profit Participating Agreements loans balance was £806,599,000 (31 December 2013 – £782,736,000). The interest income accrued for the year ended 31 December 2014 is £49,963,000 (2013 – £35,663,000) of which £35,562,000 (2013 – £71,688,000) was received. As at 31 December 2014, the outstanding balance of interest receivable was £23,413,000 (31 December 2013 – £7,012,000). The company accounts for the Profit Participating Agreement as part of its investment into JLIF Luxco 1 S.à.r.l. which has been fair valued.

The Directors of the Company, who are considered to be key management, received fees for their services. Further details are provided in the Report of the Directors on page 45. Total fees for the year were £272,500 (2013 – £202,000). The Directors were paid £10,400 of expenses in the year (2013 – £7,700). The interests of the Directors in the shares of the Company as at 31 December 2014 and 31 December 2013 are detailed in the Report of Directors on page 45.

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

The Directors were paid dividends in the year of £13,203 (2013 – £10,195). Furthermore, as part of the shares issued in September 2014, Paul Lester subscribed for and was issued with 19,379 ordinary shares for a consideration of £22,480.

In connection with the Company’s responsibilities under the UK Listing Authority Rules, it discloses that on 17 September 2014 the following investors subscribed for and were issued with the following shares in relation to the Tap issue.

Investor	No of share issue	Consideration
Newton Investment Management Limited	5,172,414	£6,000,000
JP Morgan Secs Limited	5,158,089	£5,983,383
Insight Investment Management Limited	5,000,000	£5,800,000
Canaccord Adams Limited	5,000,000	£5,800,000
Brewin Dolphin Securities Ltd.	3,677,500	£4,265,900

18. FINANCIAL INSTRUMENTS

Capital risk management

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Company consists of equity comprising issued capital, share premium account, reserves and retained earnings as detailed in notes 14 to 16.

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

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

The Group aims to deliver its objective by investing available cash and using leverage whilst maintaining sufficient liquidity to meet ongoing expenses and dividend payments. The Group’s Investment Policy is set on pages 18 to 19 of the Annual Report.

Gearing ratio

The Group’s Investment Adviser reviews the capital structure of the Company and the Group on a semi-annual basis. The Company and its subsidiaries intend to make prudent use of leverage (leverage in the context of the Group excluding senior debt in place at the PPP investment entities level) for financing acquisitions of investments and working capital purposes. Under the company's articles, and in accordance with JLIF’s Investment Policy, JLIF’s outstanding borrowings, excluding intra-group borrowings and the debts of underlying PPP Investments but including any financial guarantees to support subscription obligations, will be limited to 25% of JLIF’s Total Assets. The Group may borrow in currencies other than Sterling as part of its currency hedging strategy.

As at the balance sheet date, the Company had no outstanding debt, however, as set out in note 2 (c), the Company's indirect subsidiary, JLIF Limited Partnership benefits from a Revolving Credit Facility of £150 million of which the Company is a guarantor. As at 31 December 2014, there was no amount drawn under the facility.

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

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

Financial risk management – Company only
The Company accounts for its investments in its subsidiaries at fair value. Accordingly, to the extent there are changes as a result of the risks set out below, these impact the fair value of the Company's investments.

Capital risk
The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises its equity only (refer to the Statement of Changes in Equity). As at 31 December 2014 the Company had no debt (2013 – £nil).

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

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

The Company was in a net cash position and had no outstanding debt at the balance sheet date.

Market risk – foreign currency exchange rate risk

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

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

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

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

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

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

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

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

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

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

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

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

The Board have considered the above factors and the discount rate sensitivities disclosed in note 10 and does not consider it appropriate to present a detailed analysis of credit risk.

Market risk – inflation risk
Each of the Group's PPP asset investments 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 10.

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

As at 31 December 2014 the fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. includes six (2013 – five) overseas investments. The Company and its subsidiaries' 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 2014 the Company's investment at fair value through profit or loss in the balance sheet includes the fair value of four foreign exchange forward contracts of (£27,000) (31 December 2013 restated – £523,000), three in Canadian Dollar currency and one in Euro which are entered into by one of the Company's indirect intermediate holding companies.

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

	Fair Value 2014 £'000s	2013 £'000s
Canadian Dollar	**82,824**	83,581
Euro	**38,966**	36,893
	121,790	120,474

The following table details the Company'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 fair valued within the Company's investment in JLIF Luxco 1 S.à.r.l. 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 2014	
Effect on operating profit of relevant currency weakening by 5% against Sterling	**Profit before tax £'000s**	**Investments at fair value £'000s**
Canadian Dollar	**(4,143)**	**(4,143)**
Euro	**(1,948)**	**(1,948)**
	(6,091)	**(6,091)**

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

Market risk – interest rate risk

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

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

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

The Group was in a net cash position and had no outstanding debt at 31 December 2014. The interest rate sensitivity of the Group's assets and liabilities had nil impact.

For a sensitivity analysis of investments at fair value through profit or loss, refer to note 10.

The Company held the following financial instruments at fair value at 31 December 2014. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Financial instruments by category

	31 December 2014				
	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)	**–**	**–**	**885,674**	**–**	**885,674**
Current assets					
Trade and other receivables	**–**	**72**	**–**	**–**	**72**
Cash and cash equivalents	**4,253**	**–**	**–**	**–**	**4,253**
Total financial assets	**4,253**	**72**	**885,674**	**–**	**889,999**
Current liabilities					
Trade and other payables	**–**	**–**	**–**	**(2,670)**	**(2,670)**
Total financial liabilities	**–**	**–**	**–**	**(2,670)**	**(2,670)**
Net financial instruments	**4,253**	**72**	**885,674**	**(2,670)**	**887,329**

31 December 2013 – 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)	–	–	817,690	–	817,690
Current assets					
Trade and other receivables	–	87	–	–	87
Cash and cash equivalents	3,190	–	–	–	3,190
Total financial assets	3,190	87	817,690	–	820,967
Current liabilities					
Trade and other payables	–	–	–	(2,853)	(2,853)
Total financial liabilities	–	–	–	(2,853)	(2,853)
Net financial instruments	3,190	87	817,690	(2,853)	818,114

* FVTPL = Fair value through profit or loss

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

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There were no Level 1 assets or liabilities during the year (2013 – none). There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the year (2013 – none).

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

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 10.

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

The fair value of the company's direct subsidiary and the intermediate holding companies mainly comprises cash and working capital balances. The fair value of these companies are equivalent to their Net Assets.

The Group's PPP investments 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 7.94% (year ended 31 December 2013 – 8.18%). 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 PPP investments of £65.6 million (year ended 31 December 2013 – £61.2 million).

The remaining investments at fair value through profit or loss is composed of the fair value of the intermediate holding companies which mainly comprises cash and working capital balances. The fair value of these companies are equivalent to their Net Assets.

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to note 10.

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

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

Foreign currency and interest rate profile of financial liabilities
The Company's financial liabilities at 31 December 2014 were £2.7 million (2013* – £2.9 million). These principally comprise accruals.

		31 December 2014 Financial liabilities			
	Currency	**Floating rate £'000s**	**Fixed rate £'000s**	**Non-interest bearing £'000s**	**Total £'000s**
Trade and other payables < 1 year	**– Sterling**	**–**	**–**	**2,670**	**2,670**
Total		**–**	**–**	**2,670**	**2,670**

		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	–	–	2,853	2,853
Total		–	–	2,853	2,853

19. GUARANTEES AND OTHER COMMITMENTS

On 11 September 2014 the Group committed to the purchase of the North Birmingham Mental Health Hospital project for an amount of £11.9 million.

The Company has provided a guarantee under the JLIF Limited Partnership's £150 million multi-currency revolving credit facility which expires in February 2016.

As at 31 December 2014 the Company and the intermediate holding companies had no other commitments.

20. EVENTS AFTER BALANCE SHEET DATE

On 21 January 2015, the Group completed the acquisition of a further 20% interest in the PPP infrastructure asset Kirklees Social Housing from Wates. This acquisition takes the Group's total holding to 100% following the acquisition of 80% stake from John Laing plc in December 2014.

*All comparative information, including relevant notes, has been restated to reflect the clarified amendments to 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)'. Refer to note 2(a) for details.

21. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS

The Group holds investments in 56 service concession arrangements in the Health, Education, Justice and Emergency Services, Government Buildings, Regeneration and Social Housing, Transport and Street Lighting sectors. The concessions vary on the obligations required but typically require the construction and operation of an asset during the concession period. The concession may require the acquisition or replacement of an existing asset or the construction of a new asset. The operation of the asset may include the provision of facilities management services such as cleaning, catering, caretaking and major maintenance. As at 31 December 2014, for all but two (2013 – one) of the Company's investments, the residual interest will be transferred to the relevant government/public authorities at the end of each concession term. There are two (2013- one) concessions for which the head lease will be retained by the concession provider at the end of the concession period. The value of these head leases is not considered to be material. As at 31 December 2014 all of the service concessions were fully operational (31 December 2013 – 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.

					Period of concession			
Sector	Company name	Project name	% owned	Short description of concession arrangement	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	100%	Design, build, finance and operate new hospital in Abbotsford, British	07-Dec-2004	06-May-2038	33	Construction of hospital costing CAN$355 million.

AHV Access Health Vancouver Limited	Cancer Centre Vancouver General Hospital	100%	Columbia, Canada. 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 Kent and East Sussex Weald Hospital Limited	Newcastle Hospital Tunbridge Wells Hospital	15% 37.5%	Design, build, finance and operate hospitals in Newcastle. Finance, constriction, operation and maintenance of District General hospital in Tunbridge Wells	04-May-2005 01-Mar-2008	03-May-2043 25-Sep-2042	38 35	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. Construction of hospital costing £232 million.
Peterborough (Progress Health) plc	Peterborough Hospital	30%	Design, build, finance and operate three healthcare premises in Peterborough.	31-Jan-2007	31-Oct-2042	36	Construction of three hospitals costing £347 million.
IIC (C&T) Limited	Realise Health	60%	Design, build, finance and operate a primary care centre	31-Jul-2004	30-Apr-2031	27	Construction of two medical buildings

		LIFT (Colchester)		in Colchester and a medical centre in Harwich				costing £39 million.
	IIC Northampton Limited	Northampton Mental Health	100%	Design, build, finance and operate a mental health facility in Northampton	31-Oct-2007	31-Oct-2037	30	Construction of hospital costing £39 million.
	Infusion Health KVH General Partnership	Kelowna & Vernon Hospitals	50%	Design, build, finance and operate three new healthcare premises in Kelowna and Vernon, Canada.	31-Aug-2008	31-Aug-2042		Construction of two hospitals costing CAN$342 million.
	Healthcare Support (North Staffs) Limited	North Staffordshire Hospital	75%	Design, build, finance and operate new acute hospital at the City General site and a new community hospital in Stoke-on-Trent.	30-Jun-2007	31-Aug-2044	37	Construction of two hospitals costing £306 million.
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	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	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	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	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	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 three 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 two 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 three PFI secondary schools.	31-Oct-2010	30-Sep-2037	27	New schools construction costing £126 million.
Investors in the Community (Bexley Schools) 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 six 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 three new secondary schools costing £55 million.
Justice and Emergency Services							
Service Support (Avon & Somerset)	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.

	Limited						
	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%	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%	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.
	Services Support (SEL) Limited	South East London	50%	Design, build, finance and operate four police	20-Oct-2001	30-Jan-2029	27	Construction costing £80 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.

Duo2 BV	Groningen Tax Office Project	40%	Design, build, finance and operate the Information Management and Tax Authority Office	26-Jun-2008	28-Feb-2031	23	Total expenditure of €135 million.
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 Social Housing II	45%	Refurbish, finance and maintain in excess of 4000 council housing properties	15-Sep-2006	07-Jul-2022	16	Construction costing £151 million.

	Islington 2 Limited			in Islington.				
	Renaissance Miles Platting Limited	Miles Platting Social Housing	50%	Refurbish, maintain and manage in excess of 1500 social housing properties in Manchester.	31-May-2007	31-Mar-2037	30	Refurbishment of existing buildings costing £89 million.
	JLW Excellent Homes for Life Limited	Kirklees Social Housing	80%*	Design, build, finance and operate 466 social housing units.	20-Dec-2011	30-Jun-2034	23	Construction costing £70 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 existing road and	Upgrade and maintain part of 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 Concessionair es (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	24-Apr-1997	29-Jul-2027	30	Upgrade and maintain existing motorway costing £95 million.

				south of Glasgow). Project includes the upgrade of the A74 to a 29 km stretch of dual three lane motorway.				
	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	100%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £26 million.
	Lambeth Lighting	Lambeth	100%	Installation and maintenance of street lighting.	30-Nov-2005	31-Dec-2029	24	Replacement column programme

Services Limited	Street Lighting						costing £16 million.
Enfield Lighting Services	Enfield Street Lighting	100%	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.
Surrey Lighting Services Limited	Surrey Street Lighting	50%	Installation and maintenance of street lighting.	27-Nov-2009	28-Feb-2035	25	Replacement column programme costing £79 million.

22. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2014 are as follows:

Name	Category	Place of Incorporation	Proportion of ownership interest	Proportion of voting power held
JLIF Luxco 1 S.á.r.l.	Intermediate holding	Luxembourg	100%	100%
JLIF Luxco 2 S.á.r.l.	Intermediate holding	Luxembourg	100%	100%
JLIF Limited Partnership Limited[21]	Intermediate holding	United Kingdom	100%	100%
JLIF (GP) Limited[22]	Intermediate holding	United Kingdom	100%	100%
Palio (No 1) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 2) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 3) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 4) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 5) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 6) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 7) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 8) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 9) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 10) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 11) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 12) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 13) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 14) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 15) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 16) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 17) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 18) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 19) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Pembury Hospital) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Investments Limited	Intermediate holding	United Kingdom	100%	100%

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

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

JLIF Holdings (Justice and Emergency Services) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Regeneration and Social Housing) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Street Lighting) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Peterborough Hospital) Limited	Intermediate holding	United Kingdom	100%	100%
LouiseCo Limited	Intermediate holding	United Kingdom	100%	100%
AHA Access Health Abbotsford Limited	Operating Subsidiary	Canada	100%	100%
AHA Holdings Abbotsford Limited	Operating Subsidiary	Canada	100%	100%
AHV Access Health Vancouver Limited	Operating Subsidiary	Canada	100%	100%
AHV Holdings Vancouver 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 Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
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%

All the above subsidiaries are not consolidated.

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

*Reporting date 31 March

**Reporting date 30 June

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

GLOSSARY

Adjusted DRU	means the natural unwind of the discount rate, adjusted for the timing of acquisitions and distributions in the period.
Adjusted Portfolio Value	(a) the Fair Value of the Investment Portfolio (see Portfolio Value); plus (b) any cash owned by or held to the order of the Company (the Group); plus (c) the aggregate amount of payments made to shareholders by way of dividend in the period ending on the relevant valuation day, less (i) any borrowings and any other liabilities of the Company; and (ii) any uninvested cash.
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.
Company	means John Laing Infrastructure Fund Limited.
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 Agreements	means the first offer agreements between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 29 October 2010, and 21 January 2014.
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	The group of companies comprised of the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), the English Limited Partnership (JLIF Limited Partnership), the General Partner (JLIF (GP) Limited) and the 24 wholly owned subsidiaries of the English Limited Partnership that together held the investments in the 56 assets at 31 December 2014.
Initial Public Offering (IPO)	means JLIF’s first sale of stock to the public on 29 November 2010.

Investment Adviser	John Laing Capital Management Limited, acting in its capacity as investment adviser to John Laing Infrastructure Fund Limited pursuant to the Investment Advisory Agreement.
Investment Advisory Agreement	The investment advisory agreement between the Investment Adviser and John Laing Infrastructure Fund Limited dated 27 October 2010, as amended on 10 September 2014.
Investment/Investment Capital	Partnership equity, loans, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the fund invests or in which it may invest.
John Laing or John Laing Group	John Laing plc and all of its wholly owned subsidiaries, including John Laing Capital Management Limited.
John Laing Capital Management Limited ("JLCM")	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 Group.
Net Asset Value (NAV) per share	Net Asset Value (NAV) divided by the total number of Ordinary Shares issued as at 31 December 2014.
New FOA	means the new first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 21 January 2014.
OECD	countries means the member countries of The Organisation for Economic Co-operation and Development.
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 56 assets in which JLIF had a shareholding as at 31 December 2014.
Portfolio Value	The sum of all of the individual assets' net present values ("NPV"). Each asset's NPV is calculated by discounting the future cash flows entitled to be received by JLIF, as shareholder, to the 31 December 2014.
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 into financing arrangements with senior lenders or bond providers to finance the development of the asset. The company contracts with the public sector to design, build, finance and operate an asset. It enters into subcontracts with contractors and operating companies to carry out the required works and services.
Total Assets	means the Fair Value of the investment in JLIF Luxco 1 S.à.r.l. (which includes the Portfolio Value and the fair value of the intermediate holding companies) + the Company's cash + the Company's debtors + other receivables of the Company.

GROUP STRUCTURE

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

The Company invests in equity and profit participation instruments of JLIF Luxco 1 S.à.r.l. ('Luxco 1'), a société à responsabilité limitée ('S.à.r.l.') established in Luxembourg, which in turn invests in equity and debt of a similar entity, JLIF Luxco 2 S.à.r.l. ('Luxco 2'). Both Luxco 1 and Luxco 2 (together 'the Luxcos') are wholly owned subsidiaries of the Company (direct and indirect respectively, with Luxco 2 being wholly owned by Luxco 1).

Luxco 2 is the sole limited partner in the Partnership, an English limited partnership which has a special purpose vehicle as its general partner, JLIF (GP) Limited (the 'General Partner'). The General Partner is a wholly owned subsidiary of Luxco 1. The General Partner, on behalf of the Partnership, has appointed JLCM as Operator of the Partnership.

Luxco 2 primarily invests the contributions it receives from Luxco 1 in capital contributions and partner loans to the Partnership, which acquires and holds infrastructure investments directly or indirectly through intermediate wholly owned companies and/or other entities.

During 2014, JLIF Luxco 1 acquired JLIF (GP) Limited from John Laing. 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 to those companies.

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

DIRECTORS, AGENTS AND ADVISERS

DIRECTORS (ALL NON-EXECUTIVE)
Paul Lester CBE (Chairman)
David MacLellan (Deputy Chairman)
Helen Green
Talmai Morgan
Christopher Spencer
Guido Van Berkel

INVESTMENT ADVISER AND OPERATOR
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ADMINISTRATOR TO COMPANY, COMPANY SECRETARY AND REGISTERED OFFICE
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CAUTIONARY STATEMENT

Pages 4 to 35 of this annual report (including but not limited to the Chairman's Statement, Risk Committee Report and the Investment Adviser Report, together the "Review Section") have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

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

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

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. The Company's actual investment performance, results of operations, financial condition, liquidity, prospects, opportunities, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this annual report.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts.

This annual report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to John Laing Infrastructure Fund Limited and its subsidiary undertakings when viewed as a whole.