Interim Report 2016

JLIF

PARTNERS

DELIVER

ENHANCE

INSIGHT

COMMUNITIES

ADAPTABILITY

OPENNESS

RESPONSIBILITY

DEVELOP

Actively generating long term sustainable value

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Please see the 2015 Annual Report Glossary for definitions of capitalised terms.

Fund at a Glance

Introduction

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 public-sector clients and partners such that their changing infrastructure needs can be met in a timely and cost-effective manner.

Key facts

	30 June 2016	31 December 2015[1]
Market Capitalisation	**£1,146.8m**	£950.8m
Ordinary shares in issue	**898,268,982**	814,751,471
Share price	**128.0p**	116.7p
Number of assets	**59**	57
Fair value of investments through profit and loss	**£1,022.7m**	£883.1m
Portfolio Value	**£1,038.1m**	£867.8m
Net Assets	**£1,022.2m**	£883.1m
NAV per share	**113.8p**	108.4p
Interim dividend per share	**3.41p**	3.375p
Company Cash	**£2.9m**	£2.5m
Group[2] Cash	**£28.3m**	£33.8m
Group Borrowings	**£41.0m**	£0.0m
Profit before tax	**£72.3m**	£14.5m
Management Fees	1.1% on APV[3] up to £500m; 1.0% from £500m to £1bn; 0.9% above £1bn	
Board	**Six independent Directors**	Six independent Directors

1 Dividend per share and Profit before tax both at 30 June 2015.

2 Group is defined as 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 27 wholly-owned subsidiaries of the English Limited Partner that together held the investments in the 59 assets at 30 June 2016.

3 Adjusted Portfolio Value as defined in the Company's Annual Report 2015.

£1,146.8m

Market Capitalisation

£1,038.1m

Portfolio Value

59

Number of Assets

02. / Chairman's Statement

> **I am pleased to report another period of good financial performance, supported by further international expansion and the divestment of two projects at a significant premium to holding value.**

Paul Lester CBE Chairman

Introduction

I am pleased to report to you JLIF's interim financial results for the six months to 30 June 2016. These results have been founded on good overall performance of the Portfolio, supported by several significant new investments, which have greatly enhanced JLIF's global diversification. However, as has been noted in previous results, there remain a small number of operational issues at a few of our UK health and education projects that continue to be worked through. These have been provided for in the valuation of our Portfolio. Further detail on these issues can be found in the Investment Adviser Report on page 11.

Dividends

In February 2016 we announced a dividend for the six-month period ended 31 December 2015 of 3.41 pence per share, which was paid in May 2016. This represented a 1.04% year-on-year uplift in the dividend, an increase in-line with UK inflation, and the fifth consecutive year of dividend progression. Today we are announcing a dividend for the six-months to 30 June 2016 of 3.41 pence per share, resulting in total dividends paid or to be paid in 2016 of 6.82 pence per share. On the closing share price as at 30 June 2016, this represents a dividend yield of 5.3%.

Financial and Portfolio Performance

Since launch in November 2010, JLIF has delivered a NAV total return of 48.3% and a share price total return of 69.7%. The latter equates to 9.9% on a compound annualised basis, well ahead of our long term target shareholder IRR of 7-8% per annum. JLIF's share price benefitted in the latter half of the period as a result of uncertainty and volatility within the wider markets, with infrastructure stocks seen to be 'safe havens' in times of market turbulence.

JLIF's profit before tax for the first six-months of 2016 was £72.3 million, driven primarily by underlying portfolio growth, positive unrealised exchange rate movements, a reduction in discount rates and profits from disposals. JLIF's earnings per share for the six months to 30 June 2016 was 8.4 pence.

The return generated from the Portfolio during the first half of the year was 3.95%, being 0.36% ahead of the level of growth that would be expected from the unwind of the discount rate (and adjusted for the timing of acquisitions/disposals in the period and distributions in the period).

Capital Raising and Gearing

In March 2016 the Company raised gross proceeds of approximately £92.9 million by way of a non pre-emptive issue of 10% of the Company's share capital resulting in the issue of approximately 81.2 million new ordinary shares. The issue was oversubscribed reflecting the ongoing support by investors for the Company's business performance and prospects. The Company's authority to issue up to 10% of its share capital non pre-emptively was reset at the AGM in May 2016, having been approved by shareholders.

The Company's revolving credit facility was drawn on several occasions over the first six months of the year to finance new investments. While repaid in full in late March 2016 using the net proceeds of the tap issue, the facility was re-drawn in late May 2016 to make an acquisition and again in late June 2016. As at 30 June the Group had borrowings of £41.0 million.

Going Concern

As stated in note 2(b) of the notes to the condensed set of financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, we continue to adopt the going concern basis in preparing this interim financial report.

Risk

The risks to which the Group is exposed and the strategies employed to manage and mitigate those risks have not changed materially since 31 December 2015 with the exception of the following.

On 23 June 2016, the UK public voted in favour of leaving the European Union. This has had a number of short-term impacts, while the longer term implications are still evolving. The greatest direct short-term impact on the Company relates to the depreciation of Sterling in the period since the outcome of the vote. JLIF's Portfolio comprises a number of overseas projects with cash flows denominated in currencies other than Sterling, whose valuations have increased as a result. At the same time however, the weakening of Sterling represents a challenge to JLIF's competitiveness when bidding for new overseas investments, which have become relatively more expensive. There is a risk that in acquiring overseas projects in a period of weakened Sterling the value of these assets could be reduced should Sterling strengthen again. However, JLIF's multi-currency revolving credit facility can be drawn in the required currency and serviced using distributions of the same currency from our Portfolio, thereby partly removing the exchange rate exposure, although this may result in debt being held on the Company's balance sheet for longer than has been the case historically.

Further to the most recent consultation document published by HMRC in April 2016 in respect of the OECD's Base Erosion Profit Shifting initiatives, JLIF has undertaken a review of the potential impact of the draft proposals. If implemented in their current form, our analysis suggests they are unlikely to have a material impact on the valuation of the Portfolio.

Acquisitions and Disposals

JLIF made several new investments in the first half of 2016, which resulted in the Company entering two new PPP markets; the US and Spain. While both have strong pipelines, the US in particular is likely to represent a significant source of future deal flow over the longer term and so we are pleased to have established a strong initial presence. This particular investment was in a motorway service station P3 project in Connecticut, USA while in Spain JLIF acquired an interest in Section II of the Barcelona Line 9 metro stations project. As a post balance sheet event, JLIF acquired an additional 13.5% interest in this same project, as well as a 13.5% interest in Section IV of the Barcelona Line 9 metro stations project (which is a separate concession).

Elsewhere we added to the UK-based, social infrastructure projects that have formed the core of our Portfolio, acquiring interests in the British Transport Police project and the Oldham Social Housing project (in March and May respectively). While these UK investments were made under the First Offer Agreements in place with John Laing Group plc, it was pleasing that the four other investments noted above were all acquired on a bilateral-basis.

During the period we also accepted offers for and completed the disposal of two of our investments, being the Newham Hospital project and the Barnsley Building Schools for the Future project. The Board considered the valuations to be significantly ahead of the value that could be achieved by retaining JLIF's interests, while the pipeline of opportunities available to the Company at the time bolstered our confidence in being able to re-invest and re-deploy the capital more effectively and at better value elsewhere. Indeed, the disposal proceeds were invested almost immediately, being used to part-fund the investment in the US project noted above. Further details on these disposals were provided in a separate announcement made by the Company at the time. The Board and Investment Adviser will continue to consider and evaluate potential disposals, taking account of the best interests of shareholders.

Outlook

In the aftermath of the EU Referendum vote, we expect to see a slowdown in market activity while investors take stock of the political and economic situation. However, given that there remains an oversupply of capital seeking investment in UK infrastructure and limited supply of projects, we do not expect this to last long. We also expect to see dual pressure on asset pricing with non-Sterling denominated investors seeking to take advantage of a weakened Sterling, offset by the 'wait and see' attitude likely to be adopted by some investors in the short term.

Brexit implications aside, the UK continues to represent a challenging market in which to find value with an imbalance between supply and demand for assets, a result of the lack of pipeline in recent years. Competition remains stiff with a consequential upward pressure on pricing. JLIF is increasingly considering overseas markets where the same imbalance is not as prevalent and where better value is more readily attainable. However, with this comes a requirement to ensure a detailed understanding of the political and legal risks associated with these overseas markets, ensuring that our Company's interests remain protected accordingly, and that investment characteristics align with the risk tolerance and expectations of our shareholders.

P Lester CBE
Chairman

12 September 2016

04. / Financial and Operational Highlights

- **Portfolio Value of £1,038.1 million at 30 June 2016** versus £867.8 million as at 31 December 2015
- **Underlying growth of 3.95% on a rebased Portfolio Value of £998.7 million**, 0.4% or £3.6 million ahead of the level of growth that would be expected from the unwind of the discount rate (adjusted for the timing of acquisitions, disposals and distributions)
- **Net Asset Value ("NAV") as at 30 June 2016 of £1,022.2 million, up 15.7%,** primarily as a result of acquisitions and unrealised exchange rate movements and the shareholder tap issue which was accretive to NAV
- **NAV per share of 113.8 pence, up 5.0%** against that as at 31 December 2015
- **12.6% total shareholder return** in the period (4.3% FTSE All-Share)
- **Profit before tax for the six-month period of £72.3 million** (30 June 2015 – £14.5 million) driven primarily by underlying portfolio growth, positive unrealised exchange rate movements, a reduction in discount rates and profits from disposals

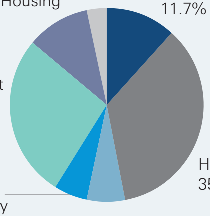
- **In June 2016, sold JLIF's entire interests in the Newham Hospital and Barnsley BSF projects to Equitix** for a combined consideration of £43.4 million, an uplift on the carrying value of the investments as at 31 March 2016 of approximately 36%
- **New investments of £178.6 million**
- **Paid a dividend of 3.41 pence per share in May 2016** relating to the six-month period to 31 December 2015, a 1.0% increase on the dividend paid in May 2015
- **Declaring a dividend of 3.41 pence per share** relating to the six-months to 30 June 2016, payable in October 2016
- **Completed the acquisition of a 40% interest in the Barcelona Metro Stations Line 9 Section II project** in January 2016 from Iridium, representing JLIF's entry into the Spanish PPP market

- **Acquired a 100% interest in the British Transport Police project** from John Laing Group plc in February 2016
- **Acquired a 95% interest in the Oldham Social Housing project** from John Laing Group plc in May 2016
- **In June 2016, acquired a 100% interest in the Connecticut Service Stations P3 project,** JLIF's first US investment
- **In May 2016, agreed the acquisition of an additional 13.5% interest in the Barcelona Metro Stations Line 9 Section II project, and a 13.5% interest in the Barcelona Metro Stations Line 9 Section IV project,** both from Acsa. Completed as a post balance sheet event in July
- **Strong cash flows continue from the diversified Portfolio of 59 projects**

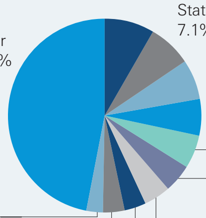
Group Investment Portfolio as at 30 June 2016

Portfolio Value of £1,038.1 million

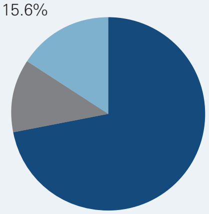
SECTOR BREAKDOWN



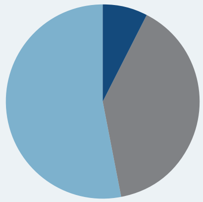
ASSET BREAKDOWN



GEOGRAPHIC BREAKDOWN

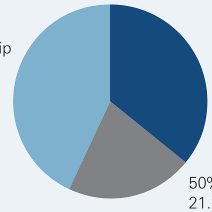


REMAINING CONCESSION LENGTH

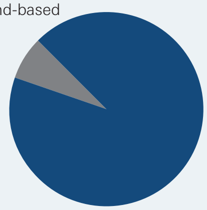


Weighted average remaining concession length is 19.5 years (18.5 years at 31 December 2015).

SHAREHOLDING



PAYMENT BASIS



JLIF's Portfolio is 100% operational.

4 A proportion of the income received by the SPV for the Connecticut Service Stations P3 project is variable, relating to retail and fuel sales. This project is therefore considered to be exposed to demand risk.

5 Although the revenue streams for the investments in the M40, M6/M74 and Sirhowy Way projects include full or partial shadow toll mechanism they are not regarded as carrying demand risk due to their relative insensitivity to traffic movement.

Note: Figures in charts may not sum to 100% due to rounding

06. / Group Investment Portfolio

as at 30 June 2016

Health	Education	Justice & Emergency Services	Transport	Regeneration & Social Housing	Government Buildings	Street Lighting
Abbotsford Regional Hospital and Cancer Centre, Canada 100%	Bexley Schools 100%	Avon & Somerset Courts 40%	Barcelona Line 9 Section II Metro Stations, Spain 53.5%[6]	Bentilee Hub Community Centre 100%	Groningen Tax Office, Netherlands 40%	Barnet Street Lighting 100%
Forth Valley Royal Hospital 100%	Bristol BSF 37.5%	British Transport Police, London 100%	Barcelona Line 9 Section IV Metro Stations, Spain 13.5%[7]	Brockley Social Housing PPP 100%	Kromhout Barracks PPP Project, Netherlands 100%	Enfield Street Lighting 100%
Kelowna and Vernon Hospitals, Canada 50%	Edinburgh Schools 20%	Cleveland Police Station and HQ 50%	E18 Road 50%	Camden Social Housing 50%	MoD Main Building, London 26%	Lambeth Street Lighting 100%
Kingston Hospital 60%	Enfield Schools 100%	Greater Manchester Police Stations 27.08%	LUL Connect (CityLink), London 33.5%	Canning Town Social Housing 100%		Manchester Street Lighting 50%
Newcastle Hospital 15%	Glasgow Schools 20%	Metropolitan Specialist Police Training Centre 27.08%	M6/M74 Motorway (UK) 11%	Islington I Housing 45%		Redcar and Cleveland Street Lighting 100%
North Birmingham Mental Health 100%	Highland School, Enfield 100%	North East Fire and Rescue 100%	M40 Motorway (UK) 50%	Islington II Housing 45%		Surrey Street Lighting 50%
North Staffordshire Hospital 75%	Leeds Combined Secondary Schools 100%	South East London Police Stations 50%	Connecticut Service Stations P3, USA 100%	Kirklees Social Housing 100%		Wakefield Street Lighting 50%
Northampton Mental Health 100%	Newham Schools 100%		Sirhowy Way 100%	Miles Platting Social Housing, Manchester 50%		Walsall Street Lighting 100%
Peterborough Hospital 30%	North Swindon Schools 100%			Oldham Social Housing 95%		
Queen Elizabeth Hospital, Greenwich 27.5%	Peterborough Schools 100%					
Realise Health LIFT (Colchester) 60%	South Lanarkshire Schools 15%					
Roseberry Park Hospital, Middlesbrough 100%						
Tunbridge Wells Hospital 37.5%						
Vancouver General Hospital, Canada 100%						

6 Including a 13.5% stake acquired post the balance sheet date.

7 Acquired post the balance sheet date.

Investment Adviser Report

1. ABOUT THE INVESTMENT ADVISER

JLIF is advised by John Laing Capital Management Limited ("JLCM"). JLCM, a wholly owned subsidiary of John Laing Group plc, 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 FCA (previously FSA) since December 2004.

2. INVESTMENT PERFORMANCE

During the first half of 2016 JLIF's share price increased from 116.7p at the start of the year and closed at 128.0p. Dividends of 3.41p per share were paid during the period resulting in JLIF delivering a share price total return of 12.6% for the half year. The chart below plots JLIF's share price over the six-month period against the capital performance of the prevailing 15-year index-linked UK gilt (the "Gilt"). Whilst JLIF is not managed with regard to any benchmark, the share price of JLIF, with its government-backed and partially inflation-linked revenues, should, in theory, broadly track the capital performance of the Gilt. The chart shows JLIF's share price over the period as a whole broadly tracked the Gilt capital performance.

In the early part of the period, the shares underperformed the capital performance of the Gilt, the main factors being the announcement of JLIF's equity capital raise on 25 February, and the shares trading "ex-dividend" on 3 March. The interest in the capital raise saw investor orders in the book-build having to be scaled back on completion of the capital raise on 7 March, resulting in a strong performance in the share price in the subsequent weeks. In addition, the shares performed well versus wider equity markets in the days following the announcement of the outcome of the UK referendum on EU membership on 24 June, with infrastructure stocks viewed as defensive "safe havens" in times of wider market volatility. Overall, JLIF's share price continued to trade at a premium to NAV throughout the period and outperformed broader UK equity markets, for example, the 12.6% total return stated above compares to a 4.3% return from the FTSE All-Share.

The premium to Net Asset Value ("NAV") at which JLIF's shares traded over the period reflects both the historical performance of the Company and general market appetite for income and infrastructure stocks. From launch in November 2010 to the end of June 2016, JLIF has delivered total shareholder returns of 69.7%.

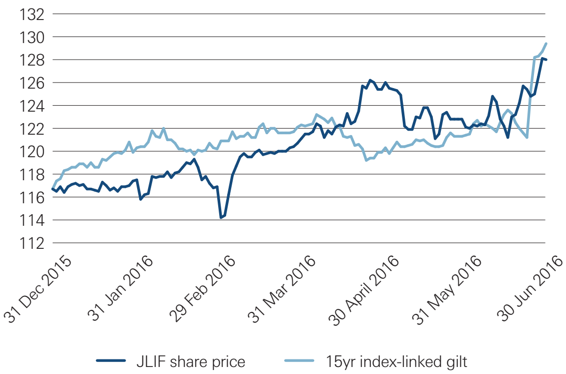
In recognition of the performance of the Portfolio and of the Company in 2015, JLIF announced an increase of its dividend to 3.41 pence per share in February 2016. This represented an increase of 1.0% on the previous dividend of 3.375 pence per share, a level of growth in-line with UK RPI for the same period. The dividend was paid in May 2016, with election for the scrip option resulting in the issue of 2,357,416 new ordinary shares. With respect to the six-month period ended 30 June 2016, JLIF has today announced that it has maintained the dividend of 3.41 pence per share, which will be paid in October 2016. As on previous occasions, JLIF will continue to offer a scrip dividend alternative to shareholders.

JLIF's NAV as at 30 June 2016 was £1,022.2 million, a significant increase on the NAV of £883.1 million as at 31 December 2015. On a per share basis it increased from 108.4 to 113.8 pence. The increase in NAV was primarily the result of new capital raised via the shareholder tap issue in March 2016 (gross proceeds of £92.9 million), unrealised positive exchange rate movements increasing the valuation of JLIF's non-Sterling denominated investments (£25.4 million) and a reduction in discount rates applied to the projects comprising the Portfolio at the beginning of the period (£19.2 million), offset by dividends paid in the period (£25.0 million).

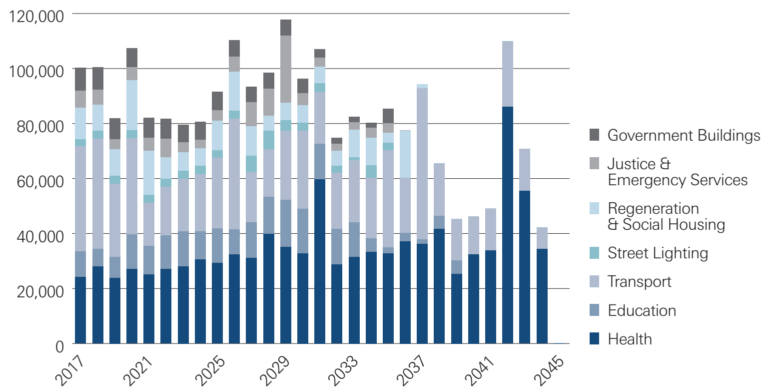
The average remaining concession length across the Portfolio as at 30 June 2016 is 19.5 years, an increase of 1.0 year from the average remaining concession length of the Portfolio as at 31 December 2015 of 18.5 years, reflecting the impact of the new acquisitions.

The graph below shows the forecast annual cash flows from JLIF's Portfolio (as at 30 June 2016) broken down by sector.

JLIF Share Price and 15-year index-linked Gilts (pence)



Anticipated cash flows from JLIF's Portfolio (£'000s)



3. VALUATION

3.1 Portfolio Value

The Portfolio was valued as at 30 June 2016 at £1,038.1 million, compared to £867.8 million as at 31 December 2015. The increase of £170.3 million is the net impact of acquisitions, disposals, cash received from investments, exchange rate movements resulting from the depreciation of Sterling against the Euro and Canadian Dollar and underlying growth in the Portfolio. A reconciliation of the factors contributing to the growth in the Portfolio during the period is shown in the table below and chart on page 10.

	£'000s	% growth
Value at 31 December 2015	**867,830**	
Acquisitions	178,636	
Disposals	(43,380)	
Cash received from investments	(49,068)	
Discount rate movements	19,212	
Exchange rate movements	25,431	
Opening value rebased at 31 December 2015	**998,661**	
Growth from discount rate unwind	35,864	3.59%
Growth from net value enhancements & other movements	3,562	0.36%
Value at 30 June 2016	**1,038,087**	

The weighted average discount rate ("WADR") of the Portfolio at 30 June 2016 was 7.85%, an increase of 3bps on the WADR at the most recent financial year end (31 December 2015 – 7.82%). This reflects the net effect of a reduction in discount rates applied to the investments comprising the Portfolio at the beginning of the financial year, offset by the effect of acquisitions made during the period at higher discount rates.

Adjusting for the impact of the timing of acquisitions, disposals and distributions received during the period, the expected underlying growth based on the unwind of the discount rate (the Adjusted DRU) in the first half of 2016 was £35.9 million (3.59%). The actual underlying growth in value of the Portfolio during the first half of the year was £39.4 million (3.95%), £3.6 million (or 0.36%) greater than expected growth based on the Adjusted DRU. The table on the next page shows a breakdown of the growth ahead of expectations.

Oldham Social Housing

Oldham / United Kingdom

The project includes a full master-planning solution to regenerate four housing estates in Oldham, comprising new builds and refurbishment of 633 units, two new community centres and new open public spaces.

		£'m		% growth
Unwinding of discount rate (adjusted for timing of acquisitions, disposals and distributions)		**35.9**		**3.59**
Profits from disposals	10.1		1.01	
Other value enhancements	5.8		0.58	
Additional cost provisions on certain projects with ongoing operational issues	(4.7)		(0.47)	
Actual inflation below assumed rate	(4.1)		(0.41)	
Decrease in long term UK deposit rate assumption	(3.5)		(0.35)	
Growth ahead of expectations		**3.6**		**0.36%**
Underlying portfolio growth		**39.4**		**3.95**

3.2 Valuation Assumptions

3.2.1 Discount Rates

The projects comprising in JLIF's Portfolio are valued by discounting the future cash flows forecast by the underlying project financial models to the valuation date. The discount rates applied to the project cash flows are therefore a key determinant of the valuation. Since launch in 2010 JLIF has used a consistent methodology in determining the discount rate applicable for each asset based on the representative gilt rate for the project plus a risk premium that reflects the particular risk profile and characteristics of each project. Using this methodology, the weighted average discount rate ("WADR") of the Portfolio at 30 June 2016 was 7.85%. The small increase in WADR from that as at 31 December 2015 (of 7.82%) is a consequence of a decrease in the discount rates used to value the projects comprising JLIF's Portfolio as at 31 December 2015, offset by acquisitions made in the period at discount rates higher than the weighted average. The range of discount rates used in the valuation of the Portfolio as at 30 June 2016 was 7.11% to 10.00%.

JLCM continues to monitor market pricing closely to ensure the discount rates used in the valuation of JLIF's Portfolio remain appropriate. As in previous years the valuation of JLIF's Portfolio will be appraised by an external independent valuer at the year end.

An analysis of movements in the weighted average risk free rate and risk premium for the Portfolio is shown below.

	June 2016	December 2015	Movement
Government bond yield	**3.01%**	2.89%	**0.12%**[8]
Risk premium	**4.84%**	4.93%	**(0.09%)**
Discount rate	**7.85%**	7.82%	**0.03%**

8 This increase is a consequence of a change in relative weightings of the projects due to movements in asset valuations between 31 December 2015 and 30 June 2016, new acquisitions and disposals in the period.

The sensitivity of the Portfolio Valuation to movements in the discount rate is presented below.

	June 2016	December 2015
- 1%	**Increases by 9.0% (£93.5m)**	Increases by 8.6% (£74.8m)
+ 1%	**Decreases by 7.8% (£81.0m)**	Decreases by 7.5% (£65.1m)

The increase in the sensitivity of the Portfolio to discount rate movements is caused by changes to the profile of the underlying forecast Portfolio cash flows as a result of acquisitions in the period and value enhancements.

3.2.2 Macroeconomic Assumptions

The long term inflation assumptions used in the valuation of the Portfolio at 30 June 2016 remain unchanged from those used in the valuation at 31 December 2015. These are based on (although slightly below) long term inflation swap rates currently available in the market.

The long term UK deposit rate assumption was reduced from 3.25% to 3.00% for the 30 June 2016 valuation, while the deposit rate assumptions for all other geographies remained unchanged.

The long term assumptions by country are as set out in the table below.

	Deposit Rates	Inflation	Corporation tax rates
UK	3.0%	2.75%	18%
The Netherlands	2.5%	1.90%	20-25%
Spain	2.5%	2.00%	25%
Finland	2.5%	3.00/2.50%	20%
Canada	3.0%	2.10%	26%
USA	2.2%	2.10%	35%/9%[9]

9 Federal tax rate/Connecticut State tax rate.

3.3 Valuation Drivers

The table below presents a breakdown of the growth in NAV per share over the period.

Pence per share

NAV per share at 31 December 2015		**108.4p**
Dividends to shareholders		**(3.4p)**
Uplift from net proceeds raised at a premium to NAV		**0.5p**
Portfolio growth		
Expected NAV growth	4.0p	
Growth above expectations	0.4p	
Changes to discount rates	2.1p	
Exchange rate movements	2.8p	
		9.3p
Other movements (fund costs, creditors, debtors, scrip dividend saving)	(1.0p)	
		(1.0p)
NAV per share at 30 June 2016		**113.8p**

3.3.1 Acquisitions and Disposals

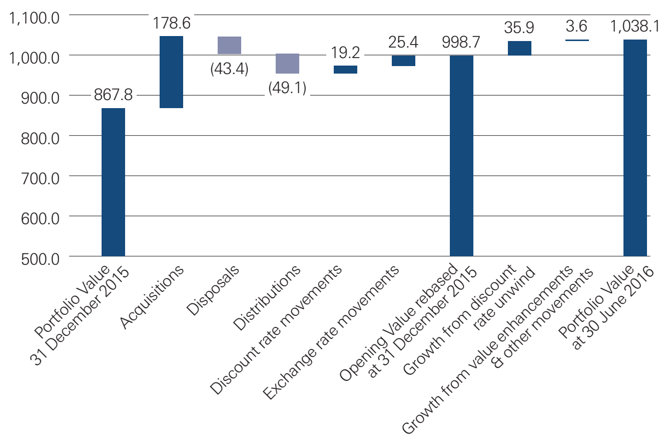
During the period JLIF completed acquisitions totalling £178.6 million, which included entry into two new markets. This comprised a 40% interest in the Barcelona Metro Stations Line 9 Section II project in January 2016, a 100% interest in the British Transport Police project in February 2016, a 95% interest in the Oldham Social Housing project in May 2016, and a 100% interest in the Connecticut Service Stations P3 project in June 2016. Each acquisition was the subject of separate announcements made at the time.

JLIF's investment in the Connecticut Service Stations P3[10] project saw it acquire a 100% interest in the project company, Project Service LLC, which is the exclusive provider of 23 highway service areas in the State of Connecticut (USA). The project involves the renovation (completed in August 2015), operation and maintenance of 23 highway service areas under a 35-year concession signed in 2009 with the State of Connecticut. Project Service LLC is the exclusive provider of Connecticut's on-highway fuel and food facilities along three distinct corridors between New York and Boston (with service plazas located on the I-95, I-395 and Rt-15). Long term tenant agreements are in place (15-35 years) with major food and fuel providers, including four key anchor tenants – McDonalds, Dunkin' Donuts, Subway Restaurants and Alliance Energy (Mobil brand).

The majority of the revenues from the concession are generated from these tenants. The majority of revenues are inflation-linked rental payments from tenants while the project company also receives a proportion of sales income from its tenants that offers potential upside (forecast at c.37% of total forecast revenues over the concession). A share of both the rental and variable amounts is paid to the public sector concession counterparty ensuring strong alignment of interests. There is no residual value risk at the end of the concession period, but there is the possibility of an extension to the concession. JLIF has experience of corporate leasing arrangements through its portfolio of hospital projects, where space is commonly leased to retailers such as WHSmith and Costa Coffee. The senior debt related to the original financing of the project was refinanced on a seven-year term at acquisition. The project was acquired from a fund managed by The Carlyle Group on a bilateral-basis, for a Sterling-equivalent consideration of approximately £76.6 million.

Also during the period, JLIF sold its entire interests in the Newham Hospital and the Barnsley Building Schools for the Future projects for a combined consideration of £43.4 million, an uplift on the carrying value of the investments at 31 March 2016 of c.36%. These realisation values resulted in an aggregate realised IRR of approximately 16%. Given that the Board considered these offers to be significantly ahead of the value that could be achieved by retaining the interests, the decision was made to sell and to re-deploy the capital more effectively and at better value elsewhere. Indeed, the disposal proceeds were re-deployed almost immediately, being used to part-fund the investment in the Connecticut Service Stations P3 project noted above.

Portfolio Value movements (£'000s)



10 P3 is the US-term for concessions or contracts of the same structure that in the UK are otherwise known as PPP.

3.3.2 Distributions from investments

Cash received from investments during the period was £49.1 million, supported by distributions received from investments made in the period (£9.1 million) and exchange rate movements (£0.5 million).

3.3.3 Exchange rate impact

As at 30 June 2016 the Portfolio included eight assets that have non-Sterling cash flows. In Canada, the Abbotsford, Vancouver and Kelowna and Vernon hospital projects have Canadian Dollar cash flows, while the Barcelona Metro Stations Line 9 Section II, E18 road, Kromhout Barracks and Groningen Tax Office projects have Euro cash flows, and the Connecticut Service Stations P3 project has US Dollar cash flows. As at 30 June 2016 these eight assets represented 28.0% of the Portfolio by value.

During the six months to 30 June 2016 the value of Sterling depreciated against the Canadian Dollar and the Euro. This was in part a consequence of the uncertainty in the build-up to the EU Referendum and its outcome. The weakening of Sterling resulted in an increase in the value of these investments of £25.4 million.

JLIF does not currently have in place any hedging instruments for its foreign currency denominated cash flows due from its overseas projects for 2016 or beyond, although it has used various natural hedging solutions, such as using currency reserves and drawing in Euros on the multi-currency revolving credit facility for the follow-on acquisition in Barcelona in July 2016.

In order to mitigate the risk of Sterling devaluing against the US Dollar, prior to the EU Referendum JLIF acquired just over half the US Dollars required to complete the acquisition of the Connecticut Service Stations P3 project, thereby hedging subsequent exchange rate movements against the remaining half of the consideration.

3.3.4 Portfolio return performance

During the six-month period to 30 June 2016, the Portfolio demonstrated underlying growth of £39.4 million (or 3.95%) on a rebased opening Portfolio Value of £998.7 million. The rebased value represents the Portfolio Value after adjusting for acquisitions, disposals, cash income from investments received during the period, changes to the discount rates used to value the projects and unrealised foreign exchange movements. The rebased valuation is an alternative financial measure not defined within IFRS, but which the Directors consider is an important component in measuring the operational performance of the Company.

The underlying growth on the rebased valuation of 3.95% exceeded that expected of 3.59% by 0.36% (£3.6 million). The expected growth is the level of growth that would arise solely from the unwind of the discount rate, adjusted to take into account the timing of acquisitions, disposals and distributions in the period (the "Adjusted DRU").

The growth of 0.36% (£3.6 million) ahead of that expected is described under Section 3.1 above and is a result of a combination of disposals in the period, a number of value enhancements delivered across the Portfolio (including refinancing of senior debt, insurance cost savings, reduced project company management costs and better than forecast actual performance), offset by the negative impact of lower than forecast inflation, a reduction in long term UK deposit rate assumptions and cost provisions included within certain project valuations. The paragraphs below describe the current status of issues surrounding the Company's portfolio including those where there are cost provisions.

In 2013 a legal dispute arose 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, and other operational aspects. This resulted in court action between the construction contractor, the SPV and the Trust. During 2016, negotiations took place amongst all parties which resulted in a settlement agreement being reached in August 2016. The final outcome of this agreement is broadly in line with expectations and consistent with the basis on which the project was valued as at 30 June 2016. JLIF is confident that the final outcome therefore will not result in a material impact on the valuation of the project, the Portfolio or its expected investment income.

In 2015 a legal dispute also arose between the Peterborough Hospital SPV (in which JLIF holds a 30% shareholding) and the public sector clients regarding certain alleged construction defects relating to fire compartmentation within the buildings. 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.

During the period to 30 June 2016 a dispute arose between the Roseberry Park Mental Health project SPV (100% owned by JLIF) and the public sector client regarding the provision of certain Hard FM services, the operation of the Helpdesk at the project, as well as certain alleged construction defects. Settlement negotiations between all parties are taking place, the final outcome of which is not yet known.

During the period, a dispute arose in respect of the Edinburgh Schools project in which JLIF holds a 20% shareholding, following the identification of material construction defects at the Oxgangs Primary School. Consequently, all of the project's 17 schools were closed pending further surveys, in agreement with the City of Edinburgh Council. All the schools re-opened prior to the start of the new academic year in August. While the focus of all parties so far has rightly been on rectifying the building defects at the schools and making them available for use, commercial discussions will commence more fully now this has been achieved. The magnitude of the financial loss is unknown at present and will not be known until the dispute over cost allocation between project company, construction contractor and operator is concluded.

A provision based on what is our current view of the most likely outcome has been included in the Portfolio valuation at 30 June 2016 for the potential impact of the disputes described above in respect of the Roseberry Park and Peterborough Hospital projects and the Edinburgh Schools project.

4. INFLATION

Each project in the Portfolio receives a revenue stream from its public sector counterparty which is either fully or partially inflation linked[11]. After taking account of the indexation of the cost base of the assets, cash flows from the Portfolio are positively correlated to inflation. As at the 30 June 2016, the approximate correlation of the Portfolio to inflation was 0.43; i.e. for every 1 percentage point increase in inflation, returns from the Portfolio increase by 0.43%.

[11] With the exception of the Connecticut Service Stations P3 project, which receives inflation-linked revenues from corporate counterparties.

5. RISK

There are a number of risks that could have a material impact on the performance of the Company over the remaining six months of 2016, thereby causing actual performance to differ materially from expectations. The Board regularly reviews the principal risks facing the Company, as well as the systems and controls designed to manage and mitigate these and considers that the principal risks and uncertainties have not materially altered from those published in the Annual Report for the year ended 31 December 2015, with the exception of the three items noted below. A detailed description of these risks and the way by which each risk is mitigated can be found on pages 10 to 13 of the 2015 Annual Report.

5.1 EU Referendum

On 23 June 2016, the UK public voted in favour of leaving the European Union. This has resulted in a significant degree of political and economic uncertainty and market volatility which could have an effect on Company.

5.1.1 Competition for assets

JLIF's competitiveness when bidding for overseas assets is affected by a weakened Sterling as such assets become relatively more expensive in Sterling terms. There is a risk that in acquiring overseas assets in a period of weakened Sterling the value of these assets could be reduced should Sterling strengthen again. JLIF's multi-currency revolving credit facility mitigates this risk as it can be drawn and repaid in the required currency if necessary. This is of particular relevance bearing in mind the relative paucity of deal flow in the UK at the current time. At the same time, those UK assets that do come to market will appear relatively less expensive for non-Sterling denominated investors meaning there is likely to be even more competition for such assets. This may be balanced by overseas investors being cautious of investing significantly into the UK economy with the longer-term outcome and impact of the EU Referendum unknown. This environment may reduce JLIF's ability to continue to grow through acquisitions at the same rate in the past through a cautious approach to acquisitions, although it has a positive impact on JLIF's current Portfolio valuation.

5.1.2 Portfolio valuation

Subsequent to the EU Referendum there have been few transactions within the market by which to benchmark the valuation of JLIF's portfolio. This implies that there is arguably a greater degree of judgement exercised in establishing a fair market valuation, especially with respect to the continued validity of macroeconomic assumptions. It could be argued that constrained supply of assets could result in higher valuations of those that are brought to market, although conversely reduced liquidity could imply a decrease in valuations.

5.1.3 Ability to raise new equity

There is a risk that in times of heightened market volatility JLIF is unable to raise new equity to repay debt drawn on its revolving credit facility. JLIF's corporate broker, JP Morgan Cazenove and its Investment Adviser, JLCM, continue to monitor market appetite and will not recommend drawing on JLIF's facility should it be considered unlikely that the Company would be able to raise equity in order to repay it in a timely manner, as has historically been the case. It is reassuring that even in the wake of the EU Referendum, primary equity issuance by other listed infrastructure funds have been strongly supported indicating appetite remains for the wider asset class.

5.2 Base Erosion Profit Shifting

Further to the most recent consultation document published by HMRC in April 2016 in respect of the OECD's Base Erosion Profit Shifting initiatives, JLIF has undertaken a review of the potential impact of the draft proposals. If implemented in their current form, our analysis suggests they are unlikely to have a material impact on the valuation of the Portfolio.

5.3 Project Operations

In June 2016, John Laing Group plc ("John Laing") announced the conditional sale of its Project Management Services activities in the UK to HCP Management Services Limited ("HCP"). As at 30 June 2016, John Laing provided such services to 33 of JLIF's UK based projects, each under separate agreements. HCP is already the provider of such services to three of JLIF's UK projects. The services provided are separate to those provided to JLIF by the Investment Adviser, which will continue to be provided by JLCM. JLIF consent will be required to approve the transfer to HCP of the agreements in respect of any JLIF projects effected. The Board is considering such requests carefully, especially as regards the ongoing service provision to these projects and in the light of requirements under the Listing Rules of the UK Listing Authority.

6. GEARING

JLIF's £180 million revolving credit facility was drawn by £41.0 million as at 30 June 2016. The debt is held within the group structure by JLIF Limited Partnership.

The facility was drawn to finance the acquisition of the initial 40% interest in the Barcelona Metro Stations Line 9 Section II project and the 95% interest in the Oldham Social Housing project, and to part fund the 100% interest in the British Transport Police project. In June, the facility was again drawn to part-finance the acquisition of the 100% investment in the Connecticut Service Stations P3 project, with the balance of this acquisition funded using the cash proceeds from the sale of JLIF's interests in the Newham Hospital and Barnsley BSF projects. In July, the facility was drawn to finance the acquisition of the incremental 13.5% investment in the Barcelona Metro Stations Line 9 Section II project and a new 13.5% interest in the Barcelona Metro Stations Line 9 Section IV project. On this occasion, the facility was drawn in Euros to mitigate the exchange rate risk, currently providing a natural hedge.

Attached to the revolving credit facility is an accordion capability. In June 2016, with two large transactions at relatively advanced stages of development, JLIF agreed and signed the terms of this accordion facility. The accordion facility, which expires in June 2019, provides JLIF with access to an additional £150 million of debt finance. The margin on the accordion facility of 175bps is the same as that on the main facility. Subsequent to signing, in part as a consequence of the outcome of the EU Referendum and in part due to an indefinite delay to one of the transactions, at the time of writing the accordion facility remains undrawn.

7. FINANCIAL RESULTS

The condensed financial statements of JLIF (or "the Company") for the six months ended 30 June 2016 are on pages 20 to 39.

The Company prepared the condensed financial statements for the six-month period ended 30 June 2016 in accordance with International Financial Reporting Standards ("IFRS") as published by the EU and in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU.

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

Basis of accounting

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

These accounting standards are consistent with those adopted by JLIF for the year ended 31 December 2015.

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

The Group comprises the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), JLIF (GP) Limited (the General Partner), JLIF Limited Partnership (the English Limited Partnership) and 27 (31 December 2015: 27) wholly owned subsidiaries of the English Limited Partnership.

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

As at 30 June 2016, the Group held investments in the 59 (31 December 2015: 57) 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 six months ended 30 June 2016

All amounts presented in £'000s (except as noted)	**Six months ended 30 June 2016**	Year ended 31 December 2015	Six months ended 30 June 2015
Net assets[12]	**1,022,153**	883,096	875,760
PPP Assets[13, 14]	**1,038,087**	867,830	871,963
Intermediate Holding companies (liabilities) / assets[13]	**(15,407)**	15,302	1,235
Operating income (including unrealised foreign exchange movements)	**79,748**	58,359	20,424
Net assets per share (pence)	**113.8**	108.4	107.8
Distributions, repayments and fees from PPP investments	**49,384**	73,261	30,090
Profit before tax	**72,252**	46,966	14,518

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

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

14 Also referred to as Portfolio Value.

Key points to note:

- Interim dividend of 3.41 pence per share declared in February 2016 and paid in May 2016
- 3.95% underlying growth on a rebased Portfolio Value to £1,038.1 million

Net assets

The movement in net assets since 31 December 2015 is primarily driven by the capital raise in March 2016 and a positive variance in the exchange rate movements.

The Company's Net Assets increased from £883.1 million to £1,022.2 million at 30 June 2016. The Net Assets include investments at fair value through profit or loss of £1,022.7 million (£1,038.1 million relate to the PPP investments less £15.4 million to the intermediate holding companies' fair value) and, a cash balance of £2.9 million, offset by other net liabilities of £3.4 million.

The intermediate holding companies' negative fair value of £15.4 million comprises outstanding debt of £41.0 million drawn on the revolving credit facility offset by cash balances of £25.4 million and other net assets of £0.2 million.

Analysis of the Group's net assets

£'000s (except as noted)	**30 June 2016**	31 December 2015
Portfolio value	**1,038,087**	867,830
Intermediate holding companies cash	**25,377**	31,255
Intermediate holding companies credit facility debt	**(41,000)**	(17,000)
Intermediate holding companies other net assets	**216**	1,047
Fair value of the Company's investment in JLIF Luxco 1 S.à.r.l.	**1,022,680**	883,132
Company's cash	**2,938**	2,533
Company's other net liabilities	**(3,465)**	(2,569)
Net Asset Value	**1,022,153**	883,096
Number of shares	**898,268,982**	814,751,471
Net Asset Value per share (pence)	**113.8**	108.4

At 30 June 2016, the Group (Company plus intermediate holdings companies) had a total cash balance of £28.3 million (£2.9 million in the Company's balance sheet (31 December 2015: £2.5 million) and £25.4 million in the intermediate holding companies which amount is included in the Company's balance sheet under Investment at fair value though profit or loss (31 December 2015: £31.3 million).

The intermediate holding companies' other net liabilities include the outstanding debt of £41.0 million (31 December 2015: £17.0 million) under the Group's revolving credit facility.

The Portfolio Value is the fair value of the investments in 59 (31 December 2015: 57) PPP projects calculated using the discounted cash flow method.

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

		£'000s
Portfolio value at 31 December 2015		867,830
Acquisitions		178,636
Disposals		(43,380)
Growth from discount rate unwind	35,864	
Growth from value enhancements & other movements	3,562	
Underlying growth of the PPP investments		39,426
Positive unrealised exchange rate movements		25,431
Discount rate movements		19,212
Increase in movement in accrued interest receivable on subordinated loans		522
Subordinated debt and equity repayments		(5,685)
Distributions received from the PPP investments		(43,905)
Portfolio value at 30 June 2016		**1,038,087**

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

Profit before tax

The Company's profit before tax ("PBT") for the six month ended 30 June 2016 is £72.3 million (six-month period ended 30 June 2015: £14.5 million), generating earnings per share of 8.3 pence (six-month period ended 30 June 2015: 1.8 pence).

In the six-month period ended 30 June 2016, the operating income was £79.7 million (six-month period ended 30 June 2015: £20.4 million). This reflects the underlying growth of the Portfolio Value of £39.7 million, the impact of discount rate movements of £19.2 million, positive unrealised foreign exchange rate movements of £25.4 million, offset by the intermediate holding companies' expenses and other net costs of £4.6 million.

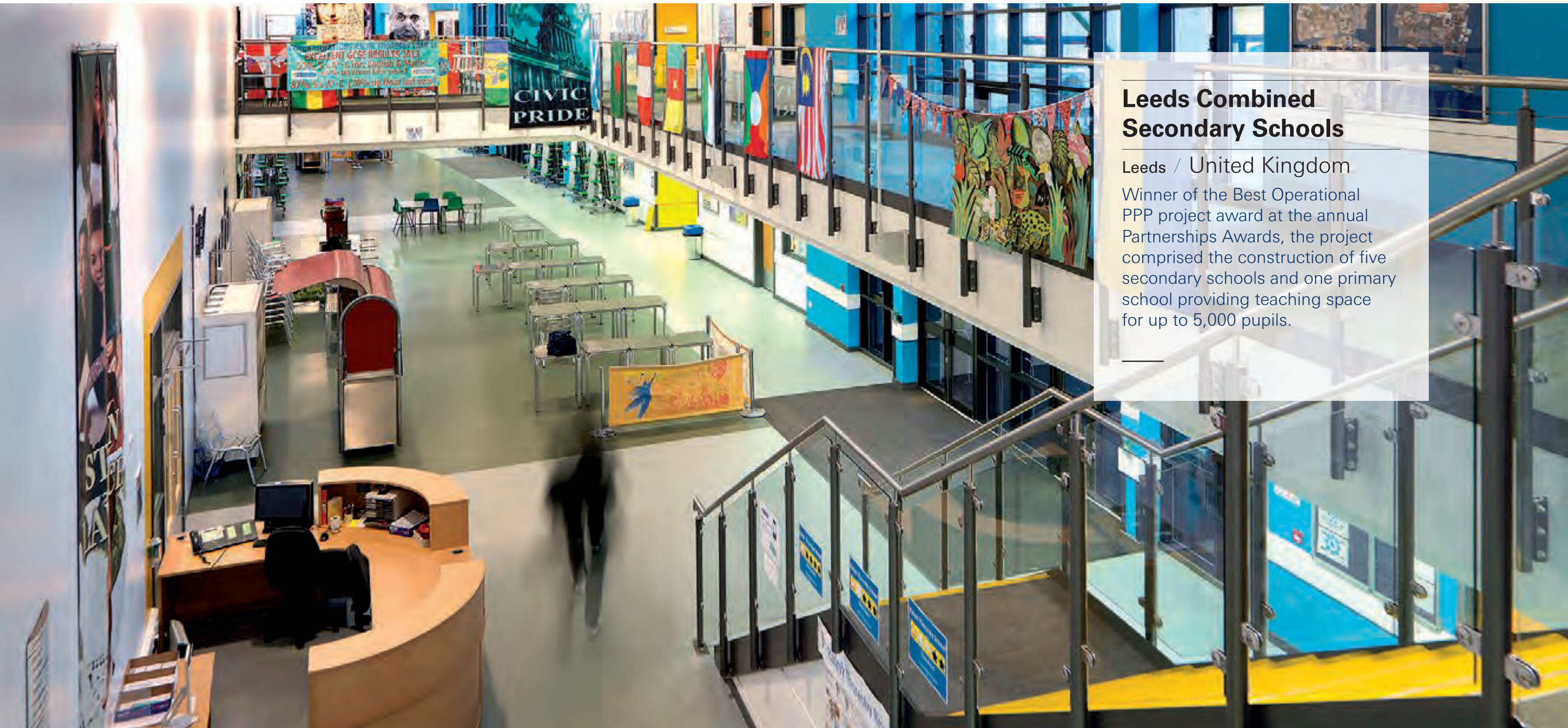
The operating costs included in the income statement were £7.5 million in the period (six-month period ended 30 June 2015: £5.9 million) reflecting higher administrative expenses principally arising from the higher investment advisory fee due to the increased value of the Portfolio.

Cash flow statement

The Company had a total cash balance at 30 June 2016 of £2.9 million (30 June 2015: £5.3 million). The breakdown of the movements in cash is shown below.

Cash flows of the Company for the six-month period ended 30 June (£ million):

	Six-month period ended 30 June 2016	Six-month period ended 30 June 2015
Cash balance as at 1 January	**2.5**	4.3
Capital raising	**92.9**	–
Listing / share issue costs	**(1.1)**	(0.1)
Loan to JLIF Luxco 1 S.à.r.l.	**(91.5)**	–
Interest received from JLIF Luxco 1 S.à.r.l.	**31.7**	32.9
Directors fee and expenses	**(0.2)**	(0.1)
Investment Adviser and origination fee	**(5.6)**	(4.8)
Administrative expenses and other	**(0.8)**	(0.9)
Dividends paid in cash to shareholders	**(25.0)**	(26.0)
Cash balance at 30 June	**2.9**	5.3



Leeds Combined Secondary Schools

Leeds / United Kingdom

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

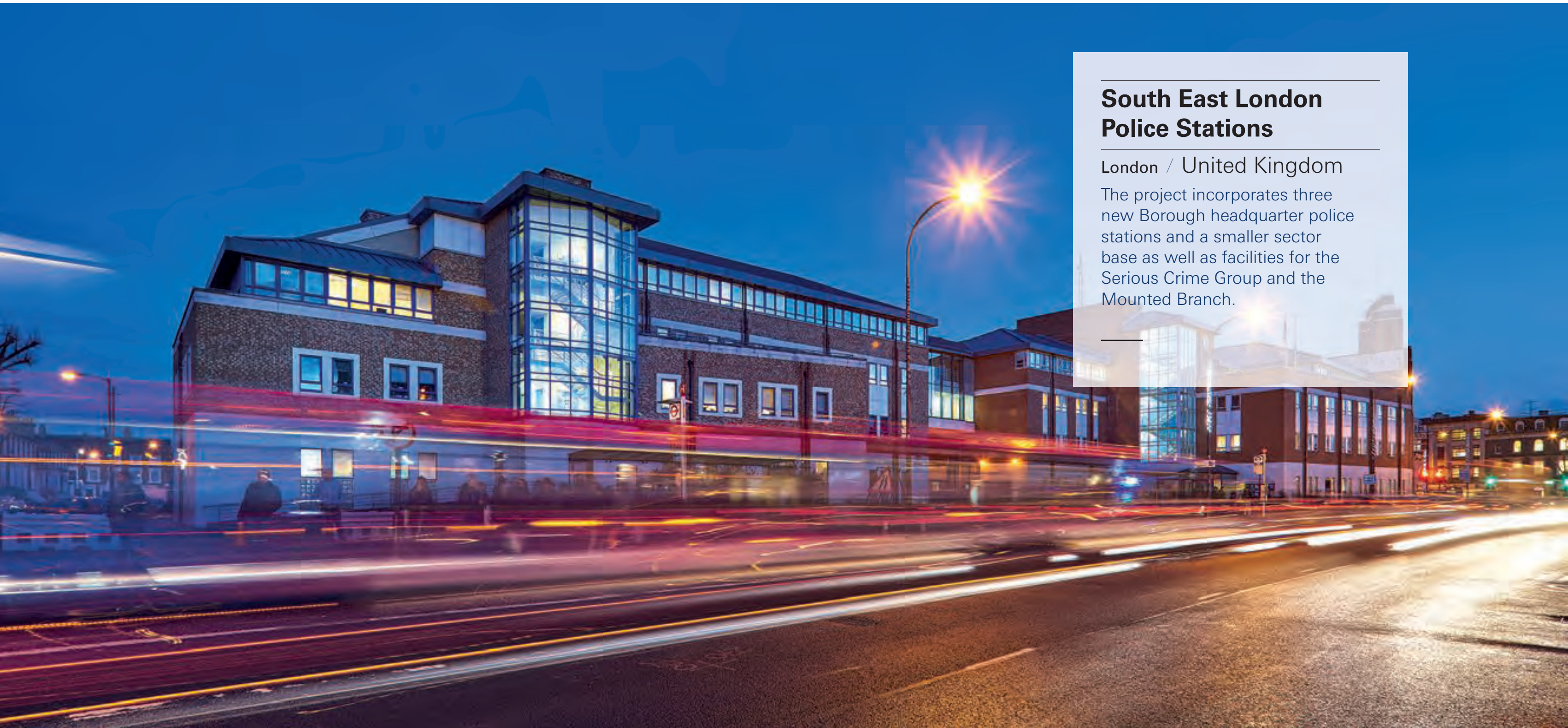
The Group had a total cash balance at 30 June 2016 of £28.3 million (31 December 2015: £26.5 million), and borrowings of £41.0 million (31 December 2015: £17.0 million). The breakdown of the movements in cash is shown below.

Cash flows of the Group for the six-month period ended 30 June (£ million):

	2016	2015
Cash balance as at 1 January	**33.8**	26.5
Capital raising	**92.9**	–
Listing / share issue costs	**(1.1)**	(0.1)
Acquisition of projects	**(178.6)**	(14.4)
Acquisition costs	**(1.9)**	(1.2)
Proceeds from divestments	**43.4**	–
Cash received from projects (net of withholding tax)	**49.1**	30.1
Administrative and other expenses	**(6.8)**	(6.2)
Proceeds from borrowings	**24.0**	11.7
Financing costs (net of interest income)	**(1.7)**	(0.9)
Exchange rate gain on non-Sterling cash	**0.2**	0.1
Dividends paid in cash to shareholders	**(25.0)**	(26.0)
Cash balance at 30 June	**28.3**	19.6

During the period, the Group received cash of £49.1 million (six-month period to 30 June 2015: £30.1 million) from its Portfolio. 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 the Portfolio will continue to be in line with expectations and therefore will continue to fully cover future costs as well as planned dividends payable to its shareholders.

The Company has declared an interim dividend of £30.6 million (3.41 pence per share) for the six-month period ended 30 June 2016, payable on 24 October 2016. JLIF continues to offers a scrip dividend alternative that is the subject of a separate shareholder communication.



South East London Police Stations

London / United Kingdom

The project incorporates three new Borough headquarter police stations and a smaller sector base as well as facilities for the Serious Crime Group and the Mounted Branch.

8. OUTLOOK

In the first half of 2016, the UK market remained relatively subdued, with only a handful of new projects reaching financial close. Just as infrastructure investment was hailed by many in the wake of the global financial crisis as a means by which to stimulate growth, provide jobs and support the economy, there are similar calls being made again by those in power that infrastructure investment could act as a mitigant against the expected adverse impact on the UK economy following the decision to leave the European Union. What that potential investment could look like in terms of the level and nature of any private sector involvement is unclear but it provides at least some optimism that a UK secondary pipeline may start to emerge after several years of declining deal flow.

The Continental European secondary market has been more active, particularly Spain, where investor confidence has returned as Spain's economic recovery continues. Italy has also seen a number of transactions and new market entrants, with several international participants seeking to establish a footprint there. In terms of primary deal flow, Norway is at the start of a process to bring to market a number of road projects, while similar opportunities continue to arise in Germany and The Netherlands. Continental Europe continues to offer more deals and better value than the UK, however, it is unclear what impact the UK's decision to leave the European Union may have on European economies over the next few years and the implications this may have on deal flow. The weakened Sterling may also make it more difficult for JLIF to compete in these markets.

While the Canadian market remains relatively active and generally stable, there has been some disruption at the provincial level. In April 2016, the Province of Alberta announced that it would not launch any new P3 projects while it undertakes a review of the procurement model. However, support for the model at federal level remains strong with the Infrastructure Minister recently noting that "the Canadian experience has demonstrated the value that P3s can bring to large and complex infrastructure projects".

The US remains a mixed market with certain States embracing the model and developing genuine pipelines of projects, while others are either slowing down or even, in the case of North Carolina, turning away from the model, with proposals to terminate the I-77 Express Lanes P3 contract. Overall, however, support for the procurement method remains strong, with a recent court ruling declaring that the Davis-Bacon Act does not apply to P3s, add support and impetus to P3s as providing good value for the taxpayer.

Further afield JLIF continues to see opportunities in Australia, including having been unsuccessful in one competitive process there during the period, while in Chile JLIF has been invited to review a number of projects in the transport sector that have been brought to market.

In our update to the market in mid-May 2016 JLIF disclosed that it was in advanced discussions on £130 million of assets. These comprised a portfolio of Western European assets, and we note discussions around this portfolio have been delayed indefinitely.

9. POST BALANCE SHEET EVENTS

In July 2016, JLIF completed the acquisition of an additional 13.5% interest in the Barcelona Metro Stations Line 9 Section II project and a new 13.5% interest in the Barcelona Metro Stations Line 9 Section IV project, both from Acsa, Obras e Infraestructuras for a total consideration of around €62.5 million. A separate announcement was made in respect of this transaction at the time of signing in May 2016.

18. / **Responsibility Statement**

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

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year;

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein); and

d) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R.

By order of the Board

Paul Lester CBE
Chairman

12 September 2016

British Transport Police

London / United Kingdom

The project involves the construction of two new police stations in West Ham and Tottenham Court Road. In addition to the two new sites, facilities management services are provided at five existing stations.

Independent Review Report to John Laing Infrastructure Fund Limited

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Guernsey, Channel Islands

12 September 2016

Condensed Income Statement

six months ended 30 June

	Notes	2016 £'000s	2015 £'000s
Operating income		**79,748**	20,424
Operating expenses	4	**(7,498)**	(5,908)
Operating profit		**72,250**	14,516
Finance income		**2**	2
Profit before tax		**72,252**	14,518
Tax	5	**–**	–
Profit for the period		**72,252**	14,518
Attributable to:			
Owners of the Company		**72,252**	14,518
		72,252	14,518
Earnings per share			
From continuing operations			
Basic and diluted (pence)	7	**8.35**	1.79

All results are derived from continuing operations.

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

Condensed Statement of Financial Position

	Notes	30 June 2016 £'000s	31 December 2015 £'000s
Non-current assets			
Investments at fair value through profit or loss	8	**1,022,680**	883,132
Total non-current assets		**1,022,680**	883,132
Current assets			
Trade and other receivables	9	**160**	159
Cash and cash equivalents		**2,938**	2,533
Total current assets		**3,098**	2,692
Total assets		**1,025,778**	885,824
Current liabilities			
Trade and other payables	10	**(3,625)**	(2,728)
Total current liabilities		**(3,625)**	(2,728)
Total liabilities		**(3,625)**	(2,728)
Net assets		**1,022,153**	883,096
Equity			
Share capital	12	**90**	81
Share premium account	13	**946,038**	851,459
Retained earnings	14	**76,025**	31,556
Equity attributable to owners of the Company		**1,022,153**	883,096
Total equity		**1,022,153**	883,096
Net Asset Value per share		**113.8**	108.4

The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2016. They were signed on its behalf by:

P Lester
Chairman

C Spencer
Director

Condensed Statement of Changes in Equity

six months ended 30 June

	Notes	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
		Six months ended 30 June 2016			
Balance at 1 January 2016	12, 13 & 14	**81**	**851,459**	**31,556**	**883,096**
Profit for the period	14	**–**	**–**	**72,252**	**72,252**
Total comprehensive income for the period		**–**	**–**	**72,252**	**72,252**
Ordinary shares issued	12 & 13	**9**	**95,735**	**–**	**95,744**
Costs of shares issued		**–**	**(1,156)**	**–**	**(1,156)**
Dividend paid	6	**–**	**–**	**(27,783)**	**(27,783)**
Balance at 30 June 2016		**90**	**946,038**	**76,025**	**1,022,153**

	Notes	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
		Six months ended 30 June 2015			
Balance at 1 January 2015	12	81	847,837	39,411	887,329
Profit for the period		–	–	14,518	14,518
Total comprehensive income for the period		–		14,518	14,518
Ordinary shares issued		–	1,363	–	1,363
Costs of shares issued		–	(58)	–	(58)
Dividend paid	6	–	–	(27,392)	(27,392)
Balance at 30 June 2015		81	849,142	26,537	875,760

Condensed Cash Flow Statement

six months ended 30 June

	Note	2016 £'000s	2015 £'000s
Profit from operations		**72,250**	14,516
Adjustments for:			
(Increase)/decrease in accrued interest income		**(44,037)**	12,377
Net (gain)/loss on investments at fair value through profit or loss		**(4,011)**	99
Operating cash flows before movements in working capital		**24,202**	26,992
(Increase)/decrease in receivables		**(1)**	6
Increase in payables		**897**	114
Cash inflow from operations		**25,098**	27,112
Net cash inflow from operating activities		**25,098**	27,112
Investing activities			
Loan to subsidiaries		**(91,500)**	–
Net cash used in investing activities		**(91,500)**	–
Financing activities			
Dividends paid – equity shareholders		**(24,968)**	(26,028)
Finance income		**2**	2
Proceeds on issue of share capital (net of costs)	13	**91,773**	(58)
Net cash from financing activities		**66,807**	(26,084)
Net increase in cash and cash equivalents		**405**	1,028
Cash and cash equivalents at beginning of the period		**2,533**	4,253
Cash and cash equivalents at end of period		**2,938**	5,281

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

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

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 with a Premium Listing on the London Stock Exchange . The interim condensed unaudited financial statements of the Company as at and for the six months ended 30 June 2016 have been prepared on the basis of the accounting policies set out in the Company's 2015 Annual Report, available at www.jlif.com. The financial statements comprise the Company and its investment in JLIF Luxco 1 S.à.r.l. The Company and its subsidiaries invest in Public Private Partnerships ("PPP") infrastructure projects in the UK, Continental Europe and North America.

The financial information for the period ended 30 June 2016 and the comparative for the period ended 30 June 2015 are prepared on a consistent basis with the accounting policies for the year ended 31 December 2015.

The Company, together with its direct wholly-owned subsidiary JLIF Luxco 1 S.à.r.l. and all the intermediate holding subsidiaries comprise the Group investing in PPP assets (the "Group").

The net assets of the intermediate holding companies, which at 30 June 2016 principally comprise working capital balances, are included at fair value in the carrying value of investments.

The condensed set of 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 preparation

The annual financial statements of John Laing Infrastructure Fund Limited are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and IFRS as issued by the IASB using the historical cost basis, except that the financial instruments classified at fair value through profit or loss are stated at their fair value. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The same accounting policies, presentations and methods of computation are followed in this condensed set of financial statements as applied in the Company's latest annual audited financial statements for the year ended 31 December 2015.

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

The Company continues to recognise 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 the Company's subsidiaries and PPP investments.

The financial information for the year ended 31 December 2015 is derived from the financial statements delivered to the UK Listing Authority. The financial information for the year ended 31 December 2015 included in this Interim Report does not constitute statutory accounts as defined in The Companies (Guernsey) Law, 2008. The auditors reported on the statutory accounts for the year ended 31 December 2015: their audit report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 263(2) and (3) of the Companies Act (Guernsey) Law 2008.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern

The Directors, in their consideration of going concern, have reviewed cash flow forecasts prepared by the Investment Adviser, which are based on prudent market data and past experience. The Directors 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 Company has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £28.3 million (including £2.9 million for the Company) and a five-year revolving credit facility (available for investment in new or existing projects and working capital) of £180 million, which expires in August 2020 and an accordion facility of £150 million which expires in June 2019.

As at 30 June 2016, £41 million was drawn under the £180 million revolving credit facility. The debt is held within the group structure by JLIF Limited Partnership. The Group borrowed €63 million in July 2016 to finance the post balance sheet acquisitions detailed in note 18 of these financial statements. All key financial covenants are forecast to continue to be complied with.

The Company, through its intermediate holding companies, has investments in 59 operational PPP project companies that yield annual interest, dividends, loan repayments and other fees. The cash flow yields from the projects comfortably cover the Group's expected cash flow requirements for overheads, debt servicing 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 holding companies are well placed to manage its business risks successfully.

Certain risks and uncertainties, as detailed in the 2015 Annual Report on pages 10 to 13 and in this report in the Chairman's Statement and Investment Adviser Report have been considered by the Board as detailed on pages 12 and 13. 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 the condensed financial statements.

(c) Segmental reporting

In the condensed 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 in PPP assets 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.

(d) 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.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

3. 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 with the Company's core activity which is to invest in PPP assets. This information is centred on the typical profile of the PPP assets including asset risk profile, the required level of maintenance and the demand in management time, all of which can vary significantly depending on the sector. Currently the projects in which the Company, via its 100% owned subsidiary JLIF Luxco 1 S.à.r.l., holds investments cover the following 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 revenue and results

The following is an analysis of the Company's operating income and results by reportable segment for the six-month period ended 30 June 2016.

	Six months to 30 June 2016								
	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/(loss)	**34,493**	**13,118**	**2,375**	**18,830**	**5,589**	**6,647**	**1,051**	**(2,355)**	**79,748**
Profit/(loss) before tax	**34,493**	**13,118**	**2,375**	**18,830**	**5,589**	**6,647**	**1,051**	**(9,851)**	**72,252**
Reportable segment profit/(loss)	**34,493**	**13,118**	**2,375**	**18,830**	**5,589**	**6,647**	**1,051**	**(9,851)**	**72,252**

The following is the analysis of the Company's operating income and results by reportable segment for the six-month period ended 30 June 2015.

	Six months to 30 June 2015								
	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/(loss)	2,741	7,347	2,012	5,173	4,912	496	110	(2,367)	20,424
Profit/(loss) before tax	2,741	7,347	2,012	5,173	4,912	496	110	(8,273)	14,518
Reportable segment profit/(loss)	2,741	7,347	2,012	5,173	4,912	496	110	(8,273)	14,518

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 period ended 30 June 2016.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

3. OPERATING SEGMENTS (CONTINUED)

Segment net assets

The following is an analysis of the Company's assets and liabilities by reportable segment for the period ended 30 June 2016.

	As at 30 June 2016								
	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	**366,866**	**121,733**	**58,496**	**283,105**	**109,713**	**67,697**	**33,839**	**(15,671)**	**1,025,778**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,625)**	**(3,625)**
Total net assets	**366,866**	**121,733**	**58,496**	**283,105**	**109,713**	**67,697**	**33,839**	**(19,296)**	**1,022,153**

The following is the analysis of the Company's assets and liabilities by reportable segment for the year ended 31 December 2015.

	As at 31 December 2015								
	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	354,460	145,700	52,393	125,042	93,018	65,169	34,282	15,760	885,824
Total liabilities	–	–	–	–	–	–	–	(2,728)	(2,728)
Total net assets	354,460	145,700	52,393	125,042	93,018	65,169	34,282	13,032	883,096

Information about major customers

The Company, via its subsidiaries, has two investments (period ended 30 June 2015: four) from which it receives more that 10% of the Company's operating income. The operating income was £22.5 million (period ended 30 June 2015: £10.5 million) which was reported within the Health and the Transport segments (period ended 30 June 2015: Health, Transport and Education). The Company has treated each PPP asset as a separate customer.

Analysis by geographical areas

The following is an analysis of the Company's operating income and results by geographical area for the six-month period ended 30 June 2016:

	Six months to 30 June 2016				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total group £'000s
Operating income	**44,363**	**17,600**	**17,785**	**–**	**79,748**
Profit/(loss) before tax	**44,363**	**17,600**	**17,785**	**(7,496)**	**72,252**
Reportable segment profit/(loss)	**44,363**	**17,600**	**17,785**	**(7,496)**	**72,252**

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

3. OPERATING SEGMENTS (CONTINUED)

Analysis by geographical areas (continued)

The following is the analysis of the Company's operating income and results by geographical area for the six-month period ended 30 June 2015:

	Six months to 30 June 2015				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total group £'000s
Operating income	26,425	(2,231)	(3,770)	–	20,424
Profit/(loss) before tax	26,425	(2,231)	(3,770)	(5,906)	14,518
Reportable segment profit/(loss)	26,425	(2,231)	(3,770)	(5,906)	14,518

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

No inter-segment income was earned in the six-month period ended 30 June 2016 (six-month period ended 30 June 2015: £nil).

The following is an analysis of the Company's assets and liabilities by geographical area as at 30 June 2016:

	As at 30 June 2016				
	UK £'000s	**Continental Europe £'000s**	**North America £'000s**	**Other – (incl Guernsey) £'000s**	**Total group £'000s**
Total assets	**732,301**	**128,695**	**161,684**	**3,098**	**1,025,778**
Total liabilities	**–**	**–**	**–**	**(3,625)**	**(3,625)**
Total net assets	**732,301**	**128,695**	**161,684**	**(527)**	**1,022,153**

The following is the analysis of the Company's assets and liabilities by geographical area for the year ended 31 December 2015.

	As at 31 December 2015				
	UK £'000s	Continental Europe £'000s	North America £'000s	Other – (incl Guernsey) £'000s	Total group £'000s
Total assets	774,659	35,254	73,219	2,692	885,824
Total liabilities	–	–	–	(2,728)	(2,728)
Total net assets	774,659	35,254	73,219	(36)	883,096

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

4. OPERATING EXPENSES

	Six months ended 30 June	
	2016 £'000s	2015 £'000s
Investment advisory fees & asset origination fee	**6,481**	4,804
Directors' fees and expenses	**163**	107
Administration fee	**80**	90
Other expenses	**774**	907
	7,498	5,908

5. 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 jurisdictions in which they operate.

6. DIVIDENDS

	Six months ended 30 June	
	2016 £'000s	2015 £'000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2015 of 3.41 pence per share (final dividend for the year ended 31 December 2014: 3.375 pence per share)	**27,783**	27,392

The final dividend for the year ended 31 December 2015 of 3.41 pence per share, amounting to £27.8 million, was approved by the Board in February 2016 and was paid in May 2016. This dividend has been recognised in the condensed statement of changes in equity for the six months ended 30 June 2016.

An interim dividend for the six months ended 30 June 2016 of 3.41 pence per share, amounting to £30.6 million, was approved by the Board in September 2016 and is payable in October 2016. The dividend has not been included as a liability at 30 June 2016.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016 £'000s	2015 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**72,252**	14,518
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**865,763,816**	812,277,540

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	**8.35**	1.79

8. 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 period as recorded in the Company's statement of financial position:

	30 June 2016 £'000s	31 December 2015 £'000s
Fair value of PPP investments	**1,038,087**	867,830
Fair value of intermediate holding companies	**(15,407)**	15,302
Fair value	**1,022,680**	883,132

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

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

Reconciliation of movement in fair value of the portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of PPP assets. These assets 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 30 June 2016, by incorporating the fair value of these intermediate holding companies.

	Six months ended 30 June 2016			Year ended 31 December 2015		
	Portfolio Value 30 June 2016 £'000s	**Cash and other FV in intermediate holdings £'000s**	**Total £'000s**	Portfolio Value 31 December 2015 £'000s	Cash, working capital and other FV in intermediate holdings £'000s	Total £'000s
Opening balance	**867,830**	**15,302**	**883,132**	864,887	20,787	885,674
Acquisitions	**178,636**	**–**	**178,636**	14,363	–	14,363
Disposals	**(43,380)**	**–**	**(43,380)**	–	–	–
Dividends received from PPP investments	**(27,045)**	**27,045**	**–†**	(36,782)	36,782	–†
Interest received from PPP investments	**(16,646)**	**16,646**	**–†**	(31,758)	31,758	–†
Loans and equity repayments	**(5,685)**	**5,685**	**–**	(9,558)	9,558	–
Movement in accrued interest	**522**	**–**	**522**	5,200	–	5,200
Discount rate movements	**19,212**	**–**	**19,212†**	7,462	–	7,462†
Foreign currency exchange rate movements	**25,431**	**–**	**25,431†**	(12,435)	–	(12,435)†
Growth in value	**39,426**	**–**	**39,426†**	66,814	–	66,814†
Other fee income	**(214)**	**214**	**–†**	(363)	363	–†
Administrative expenses	**–**	**(4,321)**	**(4,321)†**	–	(3,482)	(3,482)†
PPA Interest costs distributed	**–**	**(75,737)**	**(75,737)**	–	(73,261)	(73,261)
Movement in external borrowing	**–**	**(24,000)**	**(24,000)**	–	(17,000)	(17,000)
Difference in timing of capital movements between the Company and the intermediate holding companies	**–**	**23,759**	**23,759**	–	9,797	9,797
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l.	**1,038,087**	**(15,407)**	**1,022,680**	867,830	15,302	883,132

† Operating income for the period ended 30 June 2016 is £79.7 million (31 December 2015: £58.4 million; six months ended 30 June 2015: £20.4 million).

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.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

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

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

	30 June 2016 £000's	31 December 2015 £000's
Portfolio valuation opening balance	**867,830**	864,887
Acquisitions	**178,636**	14,363
Disposal	**(43,380)**	–
Distributions	**(49,068)***	(73,261)*
Growth due to discount rate	**19,212**	7,462
Increase / (decline) due to exchange rate	**25,431**	(12,435)
Growth from discount rate unwind	**35,864†**	65,064†
Growth from valuation enhancements	**3,562†**	1,750†
Portfolio valuation closing balance	**1,038,087**	867,830
Fair value of intermediate holding companies	**(15,407)**	15,302
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l.	**1,022,680**	883,132

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

† In the six-month period ended 30 June 2016, the underlying growth in value of the Portfolio is £39,426,000 (Year ended 31 December 2015: £66,814,000 and six-month period ended 30 June 2015: £32,888,000).

The fair value of the intermediate holding companies comprises cash of £25.4 million (31 December 2015: £31.3 million), working capital balances of £0.2 million (31 December 2015: £1.0 million), offset by debt drawn under JLIF Limited Partnership's revolving credit facility of £41.0 million (31 December 2015: £17 million).

The Investment Adviser has carried out fair market valuations of the PPP investments as at 30 June 2016. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation of the PPP investments. 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 7.11% to 10.00% (weighted average 7.85%) (year ended 31 December 2015: 7.19% to 8.46% (weighted average 7.82%). Note 15 details further the fair value of financial instruments.

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

	30 June 2016	31 December 2015
Inflation rates –		
UK	**2.75%**	2.75%
USA	**2.10%**	–
Canada	**2.10%**	2.10%
The Netherlands	**1.90%**	1.90%
Spain	**2.00%**	–
Finland	**3% (MAKU) and 2.5% (ELSPOT)**	3% (MAKU) and 2.5% (ELSPOT)
Deposit interest rates (UK)	**1% for 2016, rising to 3.0% from 2019**	1% for 2016, rising to 3.25% from 2019

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

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

The prevailing Sterling exchange rate were:

	30 June 2016	31 December 2015
Canadian Dollar	**1.7422**	2.0599
Euro	**1.2086**	1.3592
US Dollar	**1.3410**	–

The UK Finance Bill enacted in October 2015 provides for a reduction in UK corporation tax rates to 19% from 1 April 2017 and to 18% from 1 April 2020. These reductions are reflected in the valuation at 30 June 2016. The fair value of the Canadian, US and European investments include assumed tax payments at the appropriate local rates.

On 27 January 2016, the Group completed the acquisition of a 40% stake in the Barcelona Line 9 Section II Metro Stations project for approximately £85 million, funded through existing cash resources and the Group's £180 million multi-currency revolving credit facility.

On 29 February 2016, the Group acquired a 100% interest in the British Transport Police PPP project from John Laing Group plc and John Laing Pension Trust and on 30 May 2016, the Group completed the purchase of a 95% interest in the Oldham Social Housing project for a combined amount of approximately £22 million.

On 1 June 2016 and 22 June 2016 respectively the Group sold to Equitix its entire 50% equity and sub-ordinated debt interest in the Newham Hospital PPP project and its entire 40% equity and sub-ordinated debt interest in the Barnsley BSF project, for a combined consideration of £43.4 million.

On 30 June 2016, the Group completed the acquisition of a 100% interest in Project Service LLC, the provider of 23 motorway service plazas in the State of Connecticut (USA), between New York and Boston. The interest was acquired from Carlyle Infrastructure Service Plazas, L.P. (an affiliate of The Carlyle Group), Doctor's Associates Inc. (the parent company of Subway Restaurants) and Subcon, Inc. (a major Subway franchisee and developer) for approximately £72.5 million.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

9. TRADE AND OTHER RECEIVABLES

	30 June 2016 £'000s	31 December 2015 £'000s
Other debtors	**63**	64
Prepayments and accrued income	**97**	95
	160	159

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.

10. TRADE AND OTHER PAYABLES

	30 June 2016 £'000s	31 December 2015 £'000s
Accruals and deferred income	**3,623**	2,726
Other payables	**2**	2
	3,625	2,728

11. LOANS AND BORROWINGS

On 22 June 2016, the Company's indirect subsidiary, JLIF Limited Partnership agreed and signed the terms of an accordion facility of £150 million, thereby increasing the Group's borrowing capability to £330 million.

At 30 June 2016, the Company had no outstanding loans and borrowings (31 December 2015: £nil).

The Company's indirect subsidiary, JLIF Limited Partnership had £41 million outstanding loans under its revolving credit facility. The outstanding amount is included in the 'Investment at fair value through profit or loss' in the Company's condensed statement of financial position.

There were no other outstanding loans and borrowings (31 December 2015: £nil).

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

12. SHARE CAPITAL

Issued and fully paid	**30 June 2016 £'000s**	31 December 2015 £'000s
898,268,982 (31 December 2015: 814,751,471) ordinary shares of 0.01p each	**90**	81

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

On 9 March 2016, the Company placed an additional 81,160,095 new ordinary shares via a shareholder tap issue, raising gross proceeds of £92.9 million, which was used primarily to repay debt drawn for the acquisition of the Barcelona Metro Stations Line 9 Section II and British Transport Police PPP projects.

On 13 May 2016, 2,357,416 new Ordinary Shares of 0.01 pence each at an Issue Price of 119.40 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 2015.

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.

13. SHARE PREMIUM ACCOUNT

	Six months ended 30 June 2016 £'000s	Year ended 31 December 2015 £'000s
Opening balance	**851,459**	847,837
Premium arising on issue of equity shares	**95,735**	3,707
Expenses of issue of equity shares	**(1,156)**	(85)
	946,038	851,459

14. RETAINED EARNINGS

	Six months ended 30 June 2016 £'000s	Year ended 31 December 2015 £'000s
Opening balance	**31,556**	39,411
Net profit for the period/year	**72,252**	46,966
Dividends paid (note 6)	**(27,783)**	(54,821)
	76,025	31,556

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURE

The Company held the following financial instruments at fair value at 30 June 2016. 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:

	30 June 2016				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL † £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	**1**	**1**	**3**	**1**	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	**–**	**–**	**1,022,680**	**–**	**1,022,680**
Current assets					
Trade and other receivables	**–**	**160**	**–**	**–**	**160**
Cash and cash equivalents	**2,938**	**–**	**–**	**–**	**2,938**
Total financial assets	**2,938**	**160**	**1,022,680**	**–**	**1,025,778**
Current liabilities					
Trade and other payables	**–**	**–**	**–**	**(3,625)**	**(3,625)**
Total financial liabilities	**–**	**–**	**–**	**(3,625)**	**(3,625)**
Net financial instruments	**2,938**	**160**	**1,022,680**	**(3,625)**	**1,022,153**

	31 December 2015				
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL † £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	
Non-current assets					
Investments at fair value through profit or loss (Level 3)	–	–	883,132	–	883,132
Current assets					
Trade and other receivables	–	159	–	–	159
Cash and cash equivalents	2,533	–	–	–	2,533
Total financial assets	2,533	159	883,132	–	885,824
Current liabilities					
Trade and other payables	–	–	–	(2,728)	(2,728)
Total financial liabilities	–	–	–	(2,728)	(2,728)
Net financial instruments	2,533	159	883,132	(2,728)	883,096

† FVTPL = Fair value through profit or loss

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURE (CONTINUED)

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 2 assets or liabilities during the period (year ended 31 December 2015: none). There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the period (2015: 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 8.

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 of government bond rates, adjusted by an appropriate premium to reflect, *inter alia*, PPP specific risk, the phase of the PPP project (e.g. construction or operations) and counterparty credit risk. The weighted average discount rate applied in the valuation of the Portfolio at 30 June 2016 was 7.85% (year ended 31 December 2015: 7.82%). 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 of 1% in the weighted average discount rate would cause a decrease in the fair value of the investments of £92.7 million (year ended 31 December 2015: £65.1 million) and a decrease of 1% in the weighted average discount rate would cause an increase in the fair value of the investments of £81.8 million (year ended 31 December 2015: £74.8 million).

As at 30 June 2016, there were no material changes to the other sensitivities, which are disclosed in the Company's 2015 Annual Report although there was a marginal reduction in the Portfolio's sensitivity to inflation as detailed in Section 4 of the Investment Adviser Report.

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.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

16. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

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

Transactions with the Investment Adviser

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

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

JLCM is entitled to fees equal to: i) a Base fee of a) 1.1 per 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 Group plc, its subsidiary undertakings, or funds or holdings managed by John Laing Group plc or any of its subsidiary undertakings.

The total Investment Adviser fee, Operator fee and Asset Origination Fee charged to the Income Statement for the period to 30 June 2016 was £6,482,000 (six months ended 30 June 2015: £4,804,000) of which £3,303,000 remained payable at the period end (31 December 2015: £2,420,000).

* 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.

** Fund means the Company, JLIF Luxco 1 S.a.r.l., JLIF Luxco 2 S.a.r.l., and the Partnership (together with their wholly owned subsidiaries (including companies or other entities wholly owned by them together, individually or in any combination, as appropriate)) but excluding project entities.

Notes to the Condensed set of Financial Statements

for the period ended 30 June 2016

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

Transactions with related parties

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 30 June 2016, the Profit Participating Agreements loans balance was £921,511,000 (31 December 2015: £830,011,000).

The balance of interest receivable increased from £12,361,000 at 31 December 2015 to £56,398,000 as at 30 June 2016. This is due to the interest earned for the period ended 30 June 2016 of £75,737,000 (six-month period ended 30 June 2015: £20,523,000), offset by the receipt of £31,700,000 (six-month period ended 30 June 2015: £32,900,000).

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. Total fees for the six-month period ended 30 June 2016 were £153,154 (six-month period ended 30 June 2015: £101,906). The Directors were paid £9,999 of expenses in the period (six-month period ended 30 June 2015: £4,665). There have been no shares acquired by the Directors during the period.

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

The Directors and their close family members were paid dividends in the period of £7,587 (six-month period ended 30 June 2015: £7,510).

17. GUARANTEES AND OTHER COMMITMENTS

As at 30 June 2016, the Company has provided a guarantee under JLIF Limited Partnership's £180 million multi-currency revolving credit facility, which expires in August 2020, and under the accordion facility of £150 million which expires in June 2019.

As at 30 June 2016 the Company and the intermediate holding companies had no other commitments.

18. EVENTS AFTER BALANCE SHEET DATE

On 20 July 2016, the Group completed the acquisition of an additional 13.5% interest in the Barcelona Metro Stations Line 9 Section II project and a 13.5% interest in the Barcelona Metro Stations Line 9 Section IV project. The interests were acquired from co-shareholder Acsa, Obras e Infraestructuras, S.A.U. ("Acsa"), a member of the Sorigué group for an aggregate consideration was approximately €62.5 million, fully financed by drawing in Euros on the Group’s multi-currency revolving credit facility.

Directors and Advisers

DIRECTORS (ALL NON-EXECUTIVE)

Paul Lester CBE (Chairman)
David MacLellan (Deputy Chairman & Senior Independent Director)
Helen Green
Talmai Morgan
Christopher Spencer
Guido Van Berkel

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Cautionary Statement

Pages 2 to 17 of this report (including but not limited to the Chairman's Statement, the Investment Adviser's 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 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 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 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 report has been prepared for the JLIF 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.

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