JLIF

interim report 2013

Actively generating long term sustainable value

Cautionary Statement

Pages 1 to 13 of this report (including the Chairman's Statement and Investment Adviser's Report, the "Review Section") have been prepared solely to provide additional information to shareholders to assess the JLIF 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", "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 document 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, and distribution policy of the Company and the markets in which it invests.

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. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

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.

This Interim Report has been prepared for the JLIF Group as a whole and therefore gives greater emphasis to those matters which are significant to JLIF Limited and its subsidiary undertakings when viewed as a whole.

Contents

Fund at a Glance

INTRODUCTION

JLIF is a FTSE 250 company with a Primary Listing on the London Stock Exchange, which invests in low risk, operational, PPP infrastructure projects located in the UK, Continental Europe and North America. As at 30 June 2013, JLIF had a market capitalisation of £604.8 million, having raised over £525 million of equity capital since launch in November 2010. JLIF's target dividend of 6.0 pence per share[1] was increased by 4.2% in March 2013, recognising the growth in the Portfolio and the success of the underlying projects. The Portfolio has grown in value by £34.5 million in the first half of 2013 and JLIF's share price total return since launch until 30 June 2013 is 31.7%.

JLIF has substantially increased its presence in the secondary market. Since January 2012, and after acquisition of the portfolio described in Section 11 of the Investment Adviser Report, 70%[2] of acquisitions have originated from vendors other than John Laing. JLIF seeks to increase the value of the projects that it owns, and value continues to be added through efficient management and operation of the assets, supported by underlying growth in the first half of this year of 4.9%, exceeding a forecast growth of 3.9%.

The Company at a Glance[3]

	30 June 2013	30 June 2012
Market Capitalisation	**£604.8m**	£484.3m
Net Assets	**£550.0m**	£475.7m
NAV per share	**106.8p[4]**	104.6p
Dividend per share	**Target 6.25p**	Target 6.00p
Net Cash	**£3.5m**	£28.2m
Management Fees	1.1% on Adjusted Portfolio Value[5] <= £500 million; 1% on Adjusted Portfolio Value > £500 million to £1 billion; 0.9% on Adjusted Portfolio Value > £1 billion	
Board	Five independent Directors chaired by Paul Lester, CBE	

£604.8 million

Market Capitalisation

£550.0 million

Net Assets

£3.5 million

Net cash

1 On the IPO issue price of 100 pence per share.

2 By value.

3 As explained in note 2 to the accounts, the Company has adopted the amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities) in the period. The comparative values have been restated to reflect these changes in accounting policies and approximate to the Investment Basis column, as presented in prior period financial statements.

4 This value excludes the impact of the tap issue discussed in Section 11 of the Investment Adviser Report that was a post-balance sheet event.

5 As defined in the Company's Annual Report 2012.

2. Chairman's Statement

Paul Lester, Chairman

"JLIF has performed strongly in the first half of 2013, executing two high quality acquisitions in the period"

Introduction

I am pleased to report that JLIF has performed strongly in the first half of 2013. We have completed two new high quality acquisitions in the six months to 30 June 2013. Subsequent to this reporting period, we have raised £35.0 million of equity through a tap issue, completed our single largest acquisition since launch and entered into an agreement to increase our stake in LUL Connect. I would like to thank our existing shareholders for their continued support and participation as well as welcoming our new shareholders.

Deliver

JLIF's performance is attributable to both the maturity and performance of the Portfolio and the attractiveness of the infrastructure sector as an asset class, which has reached new levels given the yield it generates over time versus a UK Gilt investment. PPP assets continue to become increasingly familiar to the equity market thereby enhancing demand for JLIF and other infrastructure funds.

The Directors and I are pleased to confirm that the dividend increased from 6.00 pence per share to 6.25 pence per share (on an annualised basis) in line with our expectations. JLIF continues to offer a scrip dividend alternative to its shareholders.

Our Portfolio has performed well during the first half of 2013, which is discussed further in the Investment Adviser Report on pages 6 and 13.

Enhance

The Portfolio has seen an increase of £34.5 million over the period. After rebasing the Portfolio to take into account acquisitions made during the year, distributions received from the Portfolio and exchange rate movements, the Portfolio realised real growth of £26.7 million or 4.9%. This equates to approximately 10% on a compounded annualised basis and exceeds our forecast for this half year.

The growth the Portfolio has experienced is in part due to the value enhancements achieved by the Investment Adviser, John Laing Capital Management Limited ("JLCM"). JLCM has delivered £4.6 million of value over the period and continues to identify future value for shareholders.

Develop

We acquired two stakes in assets in the first six months of this year: an additional 9% stake in the E18 project, acquired from one of our co-shareholders; and a 30% stake in Peterborough Hospital, won in competitive tender, from Brookfield. JLCM continues to provide JLIF with new, carefully selected opportunities to tender where JLIF is in a strong position to win, thereby reducing abortive bid costs and enhancing shareholder value.

Post the balance sheet date, JLIF has also completed the acquisition of a further 11 assets in a portfolio transaction from Investors in the Community, and has contracted to increase our stake in LUL Connect to 33.5%. We look forward to reporting on this in more detail in the annual report.

These transactions have demonstrated JLIF's credible presence in the market, with a reputation of delivering against our tenders and achieving completion in an efficient and pragmatic manner. Together with JLCM, we have identified a significant pipeline over the next 24 months, stretching beyond the UK and into Continental Europe, Canada and Australia, and we are excited about the opportunities within these markets.

Corporate Governance

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, they continue to adopt the going concern basis in preparing the interim financial report.

Outlook

The outlook for the near future remains favourable, stemming from a robust and buoyant secondary market, particularly in the UK. PF2 in the UK continues to emerge and JLIF remains positive about its longer term impact on the market. We are also confident of the emergence of secondary markets overseas, recognising that these take time to develop and deal flow may not be immediate.

Given JLIF's activity this year and its current bidding activity, we are confident that there remains sufficient asset flow to continue to meet JLIF's growth targets.

P Lester CBE, Chairman

27 August 2013

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Completed the acquisition of additional 9% stake in the E18 road project in Finland** from co-shareholder Lemminkäinen taking JLIF's total shareholding in the asset to 50%
- **Completed the acquisition of a 30% stake in Peterborough Hospital** from Brookfield Infrastructure Partners LP for £26.7 million
- **Successfully signed a new three year £150 million revolving credit facility with National Westminster Bank plc, Lloyds Bank plc and ING Bank NV** affording JLIF greater flexibility when pursuing acquisition opportunities
- **Paid dividend of 3.125 pps in May relating to period July 2012 to December 2012.** Offer of Scrip Dividend Alternative resulted in issue of 2,050,226 new shares at 114.0 pps
- **Portfolio Value increased by 6.4% or £34.5 million since 31 December 2012 to £571.9 million at 30 June 2013** (including acquisitions and investments)
- **Net Asset Value as at 30 June 2013 of £550.0 million**
- **Higher than expected underlying growth on a rebased Portfolio Value of 4.9% taking the portfolio valuation to £571.9 million**
- **NAV per share is 106.8 pence** (excluding the dividend of 3.125p paid in May 2013)
- **Post balance sheet events:** Successful tap issue of £35.0 million; acquisition of a portfolio of 11 new operational assets from Investors in the Community, the fund's largest acquisition since launch; and agreement to acquire an additional stake in LUL Connect (CityLink)

4.

→ JLIF has made £29.6 million of acquisitions during the first half of 2013






Health	Education	Justice & Emergency Services	Roads & Transport	Regeneration & Social Housing	Defence	Street Lighting
Kingston Hospital 60%	Glasgow Schools 20%	Greater Manchester Police Stations 27.08%	E18 Road (Finland) 50% ▫	Brockley Social Housing PPP 100%	MoD Main Building 26%	Manchester Street Lighting 50%
Newham Hospital 50%	South Lanarkshire Schools 15%	Metropolitan Specialist Police Training Centre 27.08%	M40 Motorway (UK) 50%	Bentilee Hub Community Centre 100%	Kromhout Barracks PPP Project 40%	Walsall Street Lighting 100%
Forth Valley Royal Hospital 100%	Edinburgh Schools 20%	North East Fire and Rescue 100%	Sirhowy Way 100%	Camden Social Housing 50%		Wakefield Street Lighting 50%
Queen Elizabeth Hospital, Greenwich 27.50%	North Swindon Schools 100%	Avon & Somerset Courts 40%	M6 Motorway (Scotland) 11%	Canning Town Social Housing PPP 100%		
Abbotsford Regional Hospital and Cancer Centre 100%	Highland School, Enfield 100%	Cleveland Police HQ 50%	LUL Connect (CityLink) 28.5%	Islington Social Housing I 45%		
Vancouver General Hospital 100%	Newham Schools 100%			Islington Social Housing II 45%		
Roseberry Park Hospital 100%	Enfield Schools 100%					
Pembury Hospital 37.5%						
Newcastle Hospital 15%						
Peterborough Hospital 30% ◆						

Key

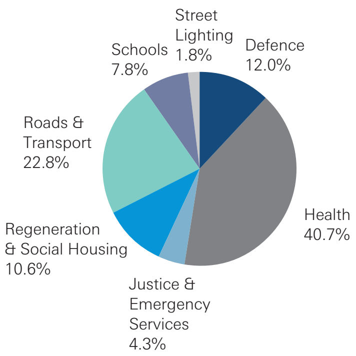
◆ Newly acquired

▫ Increased stake

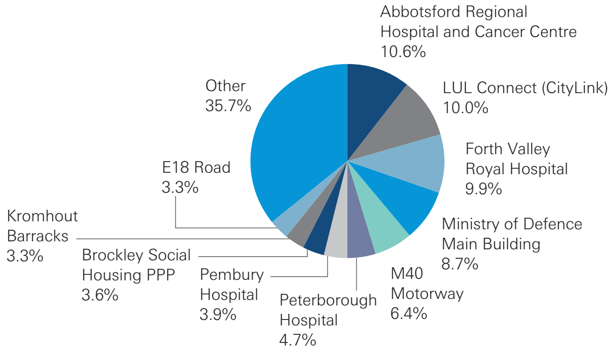
Portfolio Value Breakdown

at 30 June 2013

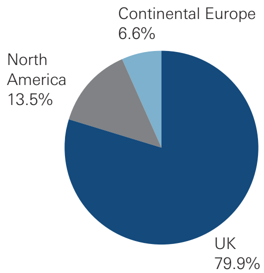
SECTOR BREAKDOWN



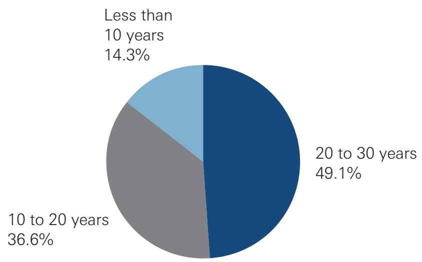
ASSET BREAKDOWN



GEOGRAPHICAL ANALYSIS

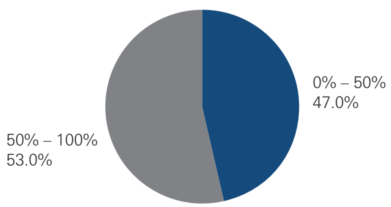


REMAINING CONCESSION LENGTH



Weighted average remaining concession length of 19.6 years

% SHAREHOLDING



→ JLCM has generated £4.9 million of value during the first six months of 2013

Investment Adviser Report

Sirhowy Way, Wales

Avon & Somerset Courts

1. ABOUT THE INVESTMENT ADVISER

JLIF is advised by John Laing Capital Management Limited ("JLCM"). JLCM, a wholly owned subsidiary of John Laing, acts as the Investment Adviser to the Company and as the Operator of the Partnership. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and has been authorised and regulated in the UK by the FCA (previously FSA) since December 2004.

2. INVESTMENT PERFORMANCE

JLIF's share price increased substantially during the six months to 30 June 2013 as illustrated in the graph on page 7. The share price increased from 107.9 pence at the end of 2012 to 117.4 pence at the end of the period. This strong performance, built on growing investor appetite for and knowledge of the PPP investment sector along with JLIF's increased liquidity and maturity of its Portfolio, is testament to the growing attractiveness of infrastructure as an asset class. The decrease in share price of approximately three pence in March was due to the shares trading ex-dividend (for the increased dividend of 3.125 pence announced for the six month period ended 31 December 2012).

With continuing financial market volatility and uncertainty surrounding the future path of economic growth, and with low real returns from government bonds, JLIF benefitted from strong investor appetite for stable and secure income, trading throughout the period at a premium to the Net Asset Value[6] ("NAV"). As a result of its continuing investment performance since IPO, JLIF increased its previous interim dividend to 3.125 pence per share and has generated total shareholder return of 31.7% from launch in November 2010 to the end of June 2013.

JLIF's NAV as at 30 June 2013 increased to £550.0 million from £542.4 million as at 31 December 2012, representing an uplift of 1.40%. On a per share basis it increased from 105.7 to 106.8 pence, after taking account of the dividend of 3.125 pence per share paid to shareholders in May 2013. This increase has been primarily driven by an increase in the fair value of the assets comprising the Portfolio, but was countered by outstanding drawings on JLIF's revolving credit facility of £22.7 million. See Section 3 for further details.

The distributions received from the underlying projects within JLIF's portfolio in the first half of 2013 were ahead of budget by 2.9%. The graph below presents a forecast of the future cash flows JLIF expects to receive from its Portfolio as at 30 June 2013 over the whole life of the assets. This demonstrates that cash flows are reasonably steady throughout with localised peaks in 2026 and 2042. These represent the stage in a project's life, having repaid project debt, where shareholder distributions increase as more cash is available. The average remaining concession length across the Portfolio as at the 30 June 2013 is 19.6 years (30 June 2012 – 19.4 years).

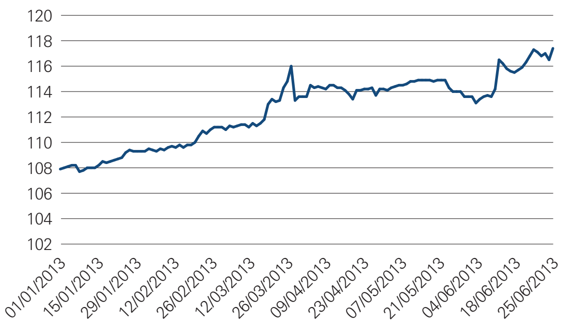
6 As defined in the Company's Annual Report 2012

In May 2013, JLIF paid a dividend of 3.125 pence per share for the six month period ended 31 December 2012 which represented a 4.2% increase in the previous comparable dividend paid. For the next dividend payment with respect to the first half of 2013, JLIF has announced that it has maintained the interim dividend of 3.125 pence per share (representing an annualised rate of 6.25 pence per share per annum) and that this is to be paid in October 2013. This reflects the robustness of the cash flows and the growth of the fund in the year to date. As previously, a scrip dividend alternative will continue to be offered to shareholders.

The "Ongoing Charges" ratio was prepared in accordance with the Association of Investment Companies' ("AIC") recommended methodology. The "Ongoing Charges" ratio is an indicator of operational expenses incurred in managing JLIF, and the AIC recommend annual calculation of this figure. The ratio for the year ended 31 December 2012 was 1.23% (as shown in the table below). JLCM believes this to be competitive and to demonstrate that management of the fund is efficient with minimal expenses incurred in its ordinary operation. JLIF has chosen to make an additional disclosure of the Ongoing Charges ratio to show the expense ratio including acquisition fees. JLIF continues to represent both an attractive and competitive investment.

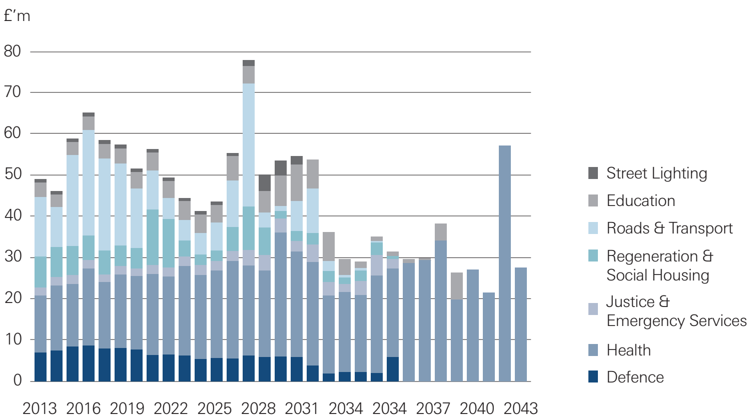
	2012	2011
Ongoing Charges (using AIC recommended methodology)	**1.23%**	0.99%
Performance fees	**–**	–
Ongoing Charges plus Performance fees	**1.23%**	0.99%
Acquisition fees	**0.08%**	0.05%
Ongoing Charges plus performance fees and acquisition fees	**1.31%**	1.04%

JLIF Share Price movements during the six month period ending 30 June 2013



Source: Datastream

Anticipated cash flows from JLIF's Portfolio



Source: The Company

3. VALUATION

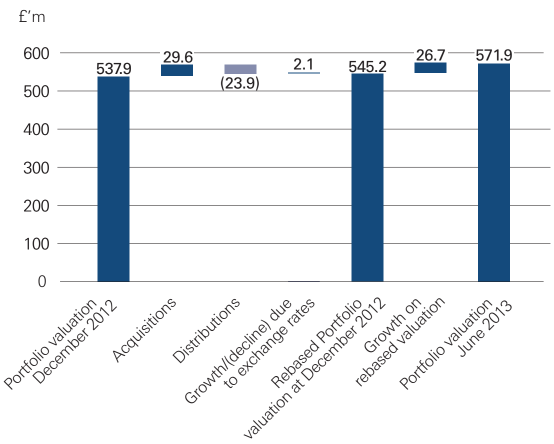
3.1 Portfolio Value

The Portfolio value at 30 June 2013 was £571.9 million, compared to a value of £537.4 million at 31 December 2012. This increase of £34.5 million is the net impact of acquisitions, cash received from investments, exchange rate movements 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 and chart below.

	£'000s	% change
Value at 31 December 2012	**537,395**	
Acquisitions	29,624	5.5%
Cash received from investments	(23,895)	(4.4%)
Exchange rate movements	2,063	0.38%
Rebased value	**545,187**	
Growth in value	26,726	4.9%
Value at 30 June 2013	**571,913**	

The weighted average discount rate ("WADR") of the Portfolio at 30 June 2013 is 8.29% (31 December 2012 – 8.29%). Adjusting for the impact of the timing of acquisitions completed and distributions received during the period, the expected Portfolio value growth in the first half of the year can be calculated as approximately £21.0 million (3.86%). The actual underlying growth in value of the Portfolio during the first half is £26.7 million (4.9%), £5.7m (1.04%) greater than anticipated by unwind of the discount rate. This is a result of value enhancements identified across the Portfolio through the reduction of costs combined with the net impact of changes in macroeconomic assumptions. These are discussed in further detail in Section 3.2.2.

Portfolio Value movements



3.2 Valuation Assumptions

3.2.1 Discount Rate

The assets in the Portfolio continue to be valued using discounted cash flow methodology. The discount rate applied to the asset cash flows is 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 in the portfolio. Using this methodology the weighted average discount rate[7] ("WADR") of the Portfolio at 30 June 2013 was 8.29%, and the acquisition of Peterborough Hospital is held at acquisition value in line with JLIF's procedures.

During the first half of 2013 there has been significant activity in the secondary market for PPP assets. As discussed further below JLIF has completed two acquisitions during the period to 30 June 2013:

- an additional 9% interest in the E18 road project in Finland; and
- a 30% interest in Peterborough Hospital.

There continues to be significant interest for infrastructure investments of this nature which potentially results in downward pressure on discount rates. However, transaction pricing has varied depending on the specific characteristics and cash flows associated with the particular assets. JLCM continues to closely monitor market pricing to ensure the discount rates used in the valuation of the Portfolio remain appropriate, and evidence from recent acquisitions supports JLIF's on-market asset valuations.

3.2.2 Macroeconomic Assumptions

The long term inflation assumptions used in the valuation of the JLIF Portfolio at 30 June 2013 remain unchanged from those used in the valuation at 31 December 2012 at 2.75%.

UK corporation tax rates assumed in the valuation at 30 June 2013 have been reduced from 23% to 21% with effect from April 2014 in line with the rates enacted by the UK government. Similarly Canadian corporation tax rates have increased to 26% from 25% from 2013 onwards.

The UK deposit rates assumed in the valuation range from 0.75% in 2013 with a gradual increase to a long term rate of 3.5% with effect from 2018 onwards. This is a reduction of 0.25% from the long term rate assumed at 31 December 2012 and reflects market wide expectations of a continued low interest rate environment in the UK. The net impact of the changes to corporation tax and deposit rate assumptions is a £1.1 million (0.20%) increase in value across the Portfolio.

There has been no change made to the macroeconomic assumptions used to value JLIF's European assets.

7 The WADR is the average of the discount rates used to value each of the assets within the Portfolio weighted by the value of each asset

3.2.3 Value Enhancements

JLIF continues to seek value enhancements from its Portfolio through identifying cost savings and revenue enhancements. During the period ended 30 June 2013 value enhancements increased the underlying growth of the Portfolio by £4.6 million (0.84%) largely resulting from those items discussed under Portfolio Performance below.

3.3 Portfolio Performance

The Portfolio performed ahead of expectations during the period ended 30 June 2013 both in terms of cash received from investments and underlying growth in the Portfolio value.

The cash received from investments during the period of £23.9 million was £0.7 million greater than anticipated at the beginning of the period. This was largely due to the identification of cost efficiencies across a number of assets allowing the release of increased distributions.

Value enhancements for the first half of 2013 contributed £4.6 million (0.84%) to the underlying growth in the Portfolio. The material movements in value were;

- Identification of forecast cost savings for project management and ensuring the financial model reflects the underlying cost base across a number of projects including the Glasgow schools project, and the Islington II and Brockley social housing projects,
- Good performance from the Kromhout Barracks project in the Netherlands, and the UK Ministry of Defence project resulting from improved cost and cash management,
- Delivery of embedded value enhancements related to the acquisition of a further 9% interest in the E18 project in Finland.

These increases in value were partly offset by the adoption of a more conservative view in respect of potential future contractual cost sharing payments to the clients at Newham Hospital and the Islington I Social Housing Project and a marginal reduction in value at Abbotsford Hospital, Canada relating to the later recognition of certain Canadian tax allowances.

During the period, HM Treasury launched the Code of Conduct for Operational PPP Contracts which sets out the basis on which the public sector bodies and their PPP partners will engage to identify and deliver savings in operational PPP contracts. JLIF welcomes this development and is pleased to be one of the founding signatories to the Code.

3.4 Foreign Exchange

As at 30 June 2013 the Portfolio contained four assets that have exposure to foreign exchange. Vancouver and Abbotsford hospitals in Canada have cash flows denominated in Canadian dollars and the E18 and Kromhout Barracks have cash flows denominated in Euros. As at 30 June 2013 these four assets comprised 20.1% of the Portfolio.

In the period from 31 December 2012 to 30 June 2013 both the Canadian Dollar and Euro have appreciated against sterling resulting in an increase in the sterling value of the future cash flows from these four assets. This increased the value of the Portfolio by £2.1 million.

4. ACQUISITIONS

JLIF completed the acquisition of two investments during the first half of 2013, including the January acquisition of an additional 9% interest in the E18 road project in Finland for €3.1 million (£2.6 million) from co-shareholder Lemminkäinen. This increased JLIF’s total interest in the asset to 50%.

In April, JLIF acquired a 30% interest in a new asset, Peterborough Hospital, for £26.7 million from Brookfield Infrastructure Partners LP.

Subsequent to the balance sheet date of this Interim Report, JLIF has acquired a portfolio of 11 assets from Investors in the Community LP for approximately £123.0 million, and entered into an agreement to acquire a further 5% of the LUL Connect (CityLink) project bringing JLIF’s total shareholding to 33.5%. Further information on this acquisition is provided on pages 13 and 36 of this report.

5. INFLATION

Each project in JLIF’s Portfolio receives a revenue stream from its government counterparty which is either fully or partially inflation linked. After taking account of the indexation of the cost base of the assets, cash flows from the Portfolio are positively correlated to inflation. The approximate correlation to inflation is 0.5; i.e. for every 1 percentage point increase in inflation returns from the Portfolio increase by 0.5%.

The acquisitions made during the period are all positively correlated to inflation, and support the current level of inflation correlation within the Portfolio.

6. RISK

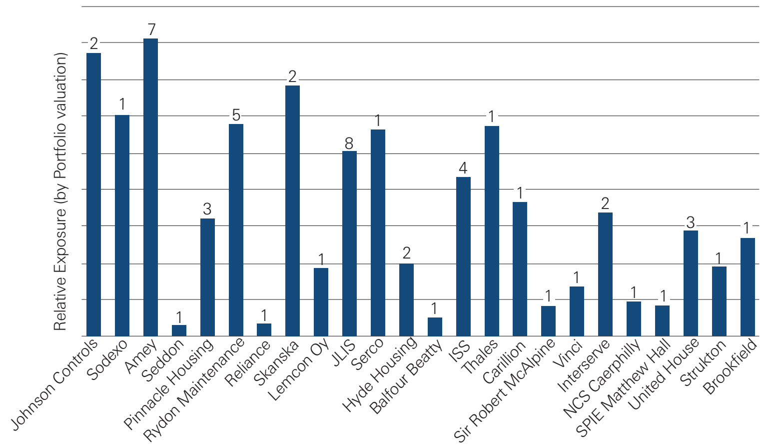
There are a number of potential risks and uncertainties which could have a material impact on the performance of JLIF over the remaining six months of the financial year and cause actual results to differ materially from expectations. The Directors do not consider that the principal risks and uncertainties have materially altered from those published in the annual report for the year ended 31 December 2012. A detailed description of these risks and uncertainties can be found on pages 25 to 27 of the annual report, the key risk areas being currency risk, inflation risk, lack of future pipeline and/or funding, increased competition, changes to the PPP legislative framework and operational risks in the Portfolio.

One of the major operational risks in the Portfolio is its exposure to sub-contractor counterparties. This risk is mitigated through due diligence on the sub-contractors prior to acquisition and through the spreading of risk from contracting with a wide range of sub-contractors. The chart below shows the exposure of the JLIF Portfolio to each sub-contractor by both Portfolio value and number of assets to which each sub-contractor provides services.

7. GEARING

As reported in its Annual Report 2012, in February 2013 JLIF secured a £150 million revolving credit facility with Royal Bank of Scotland plc, Lloyds Bank plc and ING Bank NV, which expires in February 2016. In March 2013, JLIF drew £27.1 million on its facility to help fund the acquisition of a 30% interest in the Peterborough Hospital PPP project. Distributions received at the end of June allowed the outstanding debt balance on the facility to be reduced to £22.7 million. A shareholder tap issue announced on 27 June raised £35 million, part of which was used to repay the outstanding debt on the facility in early July 2013. The facility continues to allow JLIF to respond promptly to appropriate acquisition opportunities presented to it.

Spread of Facilities Management Contracts



8. FINANCIAL RESULTS

The financial statements of JLIF (or "the Company") for the six months ended 30 June 2013 are on pages 16 to 36.

Basis of accounting

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

The JLIF Group has both recourse and non-recourse parts. The Recourse Group (or "the Consolidated Group") comprises the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 Sàrl and JLIF Luxco 2 Sàrl), JLIF Limited Partnership (the English Limited Partnership) and 20 wholly owned subsidiaries of the English Limited Partnership. These subsidiaries provide services that relate to the Company's investment activities and, in accordance with Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), continue to be consolidated on a line by line basis.

The Recourse Group together holds the investments in the 38 (2012 – 37) non-recourse PPP assets. The effect of this is that any cash held by or debt in the 38 assets is without recourse to the Consolidated Group. The cash in the underlying PPP assets only becomes recourse to the Consolidated Group when the assets make distributions to their shareholders. These distributions comprise returns on investments (interest on subordinated loans and dividends on equity), which are reported in the condensed consolidated income statement, together with repayments of investments (subordinated loan repayments and equity redemptions).

Period under review

The key financial results for the six months ended 30 June 2013 are:

All amounts presented in £000s (except as noted)	**Six months ended 30 June 2013**	Year ended 31 December 2012*	Six months ended 30 June 2012*
Net assets[1]	**549,990**	542,399	475,709
Portfolio Value[2]	**571,913**	537,395	449,393
Gain on Portfolio Value	**6,865**	6,610	3,186
Net assets per share (pence)	**106.8**	105.7	104.8
Profit before tax	**22,136**	33,486	14,163

* The results for the six months ended 30 June 2012 and for the year ended 31 December 2012 have been restated following adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

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

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

- Interim dividend of 3.125 pence per share declared in August 2013 and to be paid in October 2013 as targeted.

Net assets

The movement in net assets compared to 31 December 2012 is primarily driven by acquisitions and a gain in the Portfolio value.

The Portfolio value is the fair value of the investments in 38 (31 December 2012 – 37) PPP projects calculated using the discounted cash flow method. The Portfolio value is rebased to reflect any amounts received from the projects and any disposals of investments in the period between 31 December 2012 and 30 June 2013.

The gain on Portfolio value in the six months to 30 June 2013 in the condensed consolidated income statement is £6.9 million (six months to 30 June 2012 – £3.2 million). The Portfolio value increased from £537.4 million at 31 December 2012 to £571.9 million at 30 June 2013. The increase in Portfolio value of £34.5 million comprises acquisitions of £29.3 million, the gain of £6.9 million above, together with the increase in interest receivable on subordinated loans from 31 December 2012 to 30 June 2013 of £0.7 million included in interest income in the financial statements less subordinated debt and equity repayments of £2.4 million in the period.

Further details on the Portfolio valuation and the reasons for the gain are provided in Section 3 of this Investment Adviser's Report. The table below provides a reconciliation between how the Portfolio value movement is presented in Section 3 above and how it is presented in the condensed set of financial statements. The Portfolio value movement as presented in Section 3 treats all investment income in aggregation whereas the investment income in the consolidated financial statements is shown in its constituent parts.

	As presented in Section 3	**Adjustment**	**Note**	**Note 9 to the set of financial condensed statements**
Value at 31 December 2012	537,395			537,395
Acquisitions	29,624	(309)	1	29,315
Cash received from investments	(23,895)			
Dividend income		12,086	2	
Interest income		10,308	2	
Withholding tax		(161)	3	
Movement in dividends and accrued interest				739
Loan stock and equity repayments				(2,401)
Exchange rate movements	2,063	(2,063)	4	
Rebased Portfolio Value	**545,187**			
Growth in value	26,726			
Pembury Hospital adjustment		309	1	
Dividend income		(12,086)	2	
Interest income		(10,308)	2	
Withholding tax		161	3	
Exchange rate movement		2,063	4	
Fair value movement			4	6,865
Value at 30 June 2013	**571,913**	**–**		**571,913**

Notes:

1. Price amendment for Pembury Hospital accrued at 31 December 2012 in financial statements. In Section 3, this amount is recognised when paid in 2013.
2. Dividend income (£12.1 million) and interest income (£10.3 million) from investments is included within investment income in condensed consolidated income statement.
3. Withholding tax on interest payments received from Canadian assets deducted from cash received from investments but shown as a tax charge in the condensed consolidated income statement.
4. Exchange rate movement included in fair value movement in condensed consolidated income statement.

Profit before tax

Profit before tax ("PBT") was £22.1 million (six months to 30 June 2012 – £14.2 million). This primarily comprised returns from investments in projects of £22.4 million (six months to 30 June 2012 – £14.9 million) and a gain on Portfolio value of £6.9 million (six months to 30 June 2012 – £3.2 million) offset by administrative expenses of £5.5 million (six months to 30 June 2012 – £3.7 million), which includes acquisition and due diligence costs of £1.4 million (six months to 30 June 2012 – £0.4 million), and finance costs of £1.7 million (2012 – £0.6 million).

Cash flow statement

The Consolidated Group had a total cash balance at 30 June 2013 of £3.5 million and borrowings of £22.7 million. The breakdown of the movements in cash is shown below.

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

	30 June 2013	30 June 2012
Cash balance as at 1 January	**8.3**	63.4
Capital raising#	**–**	30.6
Listing costs	**(0.2)**	(0.1)
Acquisition of projects*	**(29.6)**	(53.5)
Acquisition costs	**(0.7)**	(1.4)
Investment on settlement of committed obligation	**–**	(14.8)
Cash received from projects (gross of withholding tax)	**24.1**	17.4
Administrative expenses and other charges	**(4.7)**	(3.0)
Proceeds from borrowings	**37.6**	7.4
Repayment of borrowings	**(14.9)**	(7.4)
Financing costs (net of interest income)	**(2.7)**	(0.3)
Dividends paid in cash to shareholders	**(13.7)**	(10.2)
Cash balance at 30 June	**3.5**	28.2

The share issue for £35.0 million announced in late June 2013, was completed in early July 2013.

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

During the period, the Consolidated Group received cash of £24.1 million from its investments. This is consistent with distributions expected by the Consolidated Group as forecast during the Portfolio valuation process for the prior period end. The distributions in the period more than sufficiently cover the operating and administrative expenses, financing costs as well as the dividends paid to its shareholders. JLIF believes that future distributions will continue to be in line with expectations and therefore will continue to fully cover future costs as well as planned dividends payable to its shareholders. Borrowings in the period (£22.7 million), which were drawn to fund acquisitions, were repaid after the balance sheet date with proceeds from the issue of shares on 2 July 2013 (further details of which are provided in Section 11 of this Investment Adviser's Report).

The Company has declared a total dividend of £17.1 million (3.125 pence per share) which is payable in October 2013. The dividend is expected to be paid from net cash balances following the issue of shares and repayment of borrowings. Any remaining cash will be used to partially fund future acquisitions.

JLIF offers a scrip dividend alternative that is the subject of a separate shareholder communication.

9. INCREASE IN CAPITAL

At the 31 December 2012 JLIF had 513,109,848 shares in issue. In May 2013, JLIF paid a dividend relating to the period 1 July 2012 to 31 December 2012. Shareholders were offered a Scrip Dividend alternative to receiving a cash dividend, which resulted in 2,050,226 new shares being issued at a price of 114.02 pence per share, taking the total number of shares in issue at 30 June 2013 to 515,160,074.

10. OUTLOOK

JLIF has seen a buoyant secondary market in the first half of 2013 both in the UK and overseas having reviewed over a dozen potential investment opportunities, prior to selecting investments to tender for. The majority of this activity was in the UK and Canada. JLIF anticipates further opportunities in the second half of the year and will continue to pursue these where consistent with JLIF's investment policy and considered in the best interests of shareholders.

In the longer term, JLIF's continued growth is dependent on the pipeline of infrastructure PPP projects being procured both in the UK and overseas.

At the end of 2012, the UK government announced its plans for a revised version of its PPP model, PF2. While there remain to be resolved some specific details about the practical implementation of the revised model, JLCM believes that ultimately this move should have a positive impact on the pipeline of projects in the UK. Given the lag caused by procurement and construction times, the immediate material impact on JLIF is likely to be small with a greater impact felt in the medium to longer term.

JLIF continually seeks to diversify the risk to which it is exposed geographically and continues to review investment opportunities overseas in countries such as Canada, Australia and The Netherlands. All of these markets benefit from significant pipelines, relative fiscal stability and strong governmental support for PPP as a procurement method.

In Canada, the current government has invested record levels in infrastructure and recently committed to a new infrastructure plan that will extend beyond 2014. The Province of Ontario particularly is progressing a pipeline of deals to upgrade and consolidate its health facilities with plans also improve educational establishments and transport links.

In July, Infrastructure Australia presented its National Infrastructure Plan detailing its long term vision to boost private sector involvement. The report notes that private sector involvement is key to recycling approximately AUS$100 billion of infrastructure assets currently held by Australian governments.

11. POST BALANCE SHEET EVENTS

11.1 Acquisitions

In early July 2013 JLIF signed a Sale and Purchase Agreement with Investors in the Community LP agreeing to acquire a portfolio of 11 operational and yielding assets for approximately £123 million. The acquisition represents JLIF's single largest transaction since acquiring the seed portfolio at launch in November 2010. The consideration was paid wholly in cash.

The acquisition completed on 23 August 2013 and this acquisition takes the number of projects within JLIF's portfolio to 49, with a portfolio valuation of approximately £694.1 million.

The portfolio comprises high quality social infrastructure projects in the Education, Health, Regeneration and Social Housing and Street Lighting sectors. The portfolio has been fully operational since July 2012 when the column replacement programme on the last project (Barnet Street Lighting) was completed. All the projects are managed by Mill Asset Management Group ("MAMG"), one of the largest independent asset and SPV managers of PPP infrastructure projects in the UK.

All the assets are consistent in nature and risk profile to JLIF's existing portfolio and are therefore considered to be highly complementary.

JLIF has acquired a range of shareholdings in the 11 assets including three assets with 100% ownership with a further five representing significant holdings (i.e. over 75% ownership).

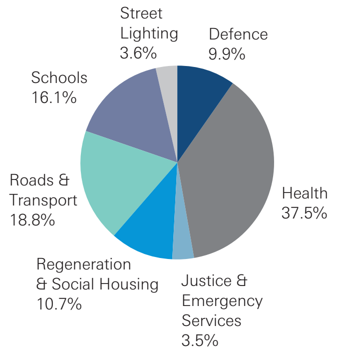
The acquisition means that since the start of 2012, over 70% of acquisitions by value have been sourced outside of JLIF's first offer agreement with John Laing. The charts below illustrate the impact on the Portfolio of making this acquisition.

In August 2013, JLIF has signed a Sale and Purchase Agreement to increase its shareholding in LUL Connect (CityLink) to 33.5%. Completion is anticipated in the near future.

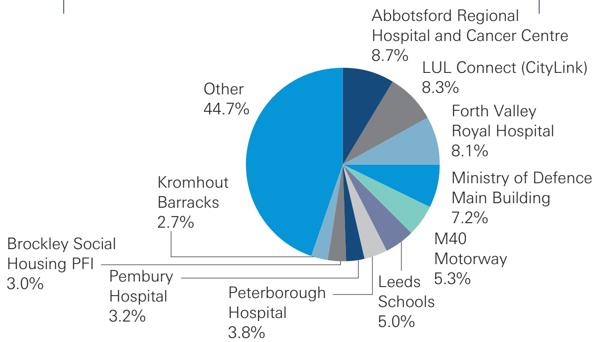
11.2 Share Issue

JLIF raised £35.0 million of new capital via a non-pre-emptive share issue within the powers granted to the Company at the AGM in May 2013, resulting in a further 30,567,685 shares being admitted to trading on 2 July 2013. The shares were issued at 114.5 pence (and admitted to trading on 2 July), representing a small discount of 2.3% to the Company's closing share price on 26 June 2013. The share price has traded up since finishing the period at its high for the six months of 117.4 pence. The funds were used to repay debt, principally drawn in connection with the successful acquisition of a 30% stake in Peterborough Hospital in April 2013. The unaudited NAV per share after this share issue was 107.1 pence.

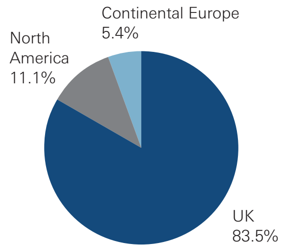
SECTOR BREAKDOWN



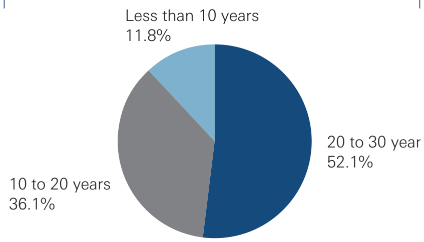
ASSET BREAKDOWN



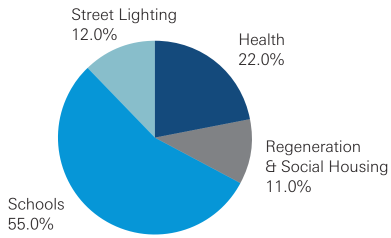
GEOGRAPHICAL ANALYSIS



REMAINING CONCESSION LENGTH



% SHAREHOLDING



14.

Responsibility Statement

Vancouver General Hospital

North Swindon Schools

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:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting; and
- the Chairman's Statement and Investment Adviser's Report meets the requirements of an interim management report, and includes a fair review of the information required by:

a) DTR 4.2.7R, being an indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

By order of the Board

P Lester, Chairman

27 August 2013

Independent Review Report to JLIF Limited

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 17. We have read the other information contained in the interim 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim 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 Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim 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 interim financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP, Chartered Accountant
Guernsey, Channel Islands

27 August 2013

Condensed Consolidated Income Statement

six months ended 30 June 2013

	Note	**2013 £'000s**	2012 Restated* £'000s
Interest income	5	**10,318**	6,999
Dividend income		**12,086**	7,950
Net gains on investments at fair value through profit or loss	9	**6,865**	3,186
Other turnover		**152**	242
Operating income		**29,421**	18,377
Administrative expenses		**(5,480)**	(3,673)
Other (losses)/gains		**(78)**	35
Operating expenses		**(5,558)**	(3,638)
Operating profit		**23,863**	14,739
Finance costs		**(1,727)**	(576)
Profit before tax		**22,136**	14,163
Tax	6	**(712)**	(354)
Profit for the period		**21,424**	13,809
Attributable to:			
Owners of the Company		**21,424**	13,809
Earnings per share			
From continuing operations			
Basic and diluted (pence)	8	**4.17**	3.19

All results are derived from continuing operations.

* All comparative information, including relevant notes, has been restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2(a) for details. Comparative information on the condensed consolidated income statement has been further restated to include investment income within operating income and to disclose the components of investment income separately on the face of the condensed consolidated income statement.

Condensed Consolidated Statement of Comprehensive Income

six months ended 30 June 2013

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012 Restated* £'000s
Profit for the period	**21,424**	13,809
Total recognised income and expenditure attributable to equity shareholders	**21,424**	13,809
Attributable to:		
Owners of the Company	**21,424**	13,809

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

Condensed Consolidated Statement of Changes in Equity

six months ended 30 June 2013

	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Translation reserve £'000s	Total £'000s	Non-controlling interest £'000s	Total equity £'000s
	Six months ended 30 June 2013						
Balance at 1 January 2013, as previously reported	**51**	**518,224**	**4,580**	**(442)**	**522,413**	**–**	**522,413**
Impact of change in accounting policy	**–**	**–**	**19,544**	**442**	**19,986**	**–**	**19,986**
Restated balance at 1 January 2013*	**51**	**518,224**	**24,124**	**–**	**542,399**	**–**	**542,399**
Profit for the period	**–**	**–**	**21,424**	**–**	**21,424**	**–**	**21,424**
Total comprehensive income for the period	**–**	**–**	**21,424**	**–**	**21,424**	**–**	**21,424**
Ordinary shares issued	**1**	**2,337**	**–**	**–**	**2,338**	**–**	**2,338**
Costs of shares issued	**–**	**(136)**	**–**	**–**	**(136)**	**–**	**(136)**
Dividend paid	**–**	**–**	**(16,035)**	**–**	**(16,035)**	**–**	**(16,035)**
Balance at 30 June 2013	**52**	**520,425**	**29,513**	**–**	**549,990**	**–**	**549,990**

	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Translation reserve £'000s	Total £'000s	Non-controlling interest £'000s	Total equity £'000s
	Six months ended 30 June 2012						
Balance at 1 January 2012	42	423,618	23,617	(1,279)	445,998	528	446,526
Impact of change in accounting policy	–	–	(5,706)	1,279	(4,427)	(528)	(4,955)
Restated balance at 1 January 2012*	42	423,618	17,911	–	441,571	–	441,571
Profit for the period, as restated*	–	–	13,809	–	13,809	–	13,809
Total comprehensive income for the period	–	–	13,809	–	13,809	–	13,809
Ordinary shares issued	3	33,443	–	–	33,446	–	33,446
Costs of shares issued	–	(450)	–	–	(450)	–	(450)
Dividend paid	–	–	(12,667)	–	(12,667)	–	(12,667)
Restated balance at 30 June 2012*	45	456,611	19,053	–	475,709	–	475,709

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

Condensed Consolidated Balance Sheet

as at 30 June 2013

	Note	**30 June 2013 £'000s**	31 December 2012 Restated* £'000s	1 January 2012 Restated* £'000s
Non-current assets				
Investments at fair value through profit or loss	9	**571,913**	537,395	380,439
Total non-current assets		**571,913**	537,395	380,439
Current assets				
Trade and other receivables		**111**	710	767
Other financial assets		**–**	–	14,775
Cash and cash equivalents		**3,450**	8,266	48,641
Total current assets		**3,561**	8,976	64,183
Total assets		**575,474**	546,371	444,622
Current liabilities				
Trade and other payables		**(3,448)**	(3,003)	(2,752)
Current tax liabilities		**(1,321)**	(969)	(299)
Derivative financial instruments	11	**(10)**	–	–
Total current liabilities		**(4,779)**	(3,972)	(3,051)
Non-current liabilities				
Loans and borrowings	12	**(20,705)**	–	–
Total non-current liabilities		**(20,705)**	–	–
Total liabilities		**(25,484)**	(3,972)	(3,051)
Net assets		**549,990**	542,399	441,571
Equity				
Share capital	13	**52**	51	42
Share premium account	14	**520,425**	518,224	423,618
Retained earnings		**29,513**	24,124	17,911
Equity attributable to owners of the Company		**549,990**	542,399	441,571
Net assets per share (pence per share)		**106.8**	105.7	104.6

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

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2013. They were signed on its behalf by:

P Lester
Chairman

C Spencer
Director

Condensed Consolidated Cash Flow Statement

six months ended 30 June 2013

	Note	2013 £'000s	2012 Restated* £'000s
Profit from operations		**23,863**	14,739
Adjustments for:			
(Increase)/decrease in accrued interest income		**(739)**	182
Net gains on investments at fair value through profit or loss		**(6,865)**	(3,186)
Other losses/(gains)		**78**	(35)
Operating cash flows before movements in working capital		**16,337**	11,700
Increase in receivables		**(34)**	(289)
Increase/(decrease) in payables		**105**	(493)
Cash inflow from operations		**16,408**	10,918
Loan stock and equity repayments received		**2,401**	2,253
Overseas tax paid		**(505)**	(167)
Net cash inflow from operating activities		**18,304**	13,004
Investing activities			
Acquisition of investments at fair value through profit or loss	9	**(29,315)**	(68,388)
Acquisition of consolidated subsidiaries (net of cash acquired)	10	**153**	170
Movement in other financial assets		**–**	14,775
Net cash used in investing activities		**(29,162)**	(53,443)
Financing activities			
Dividends paid – equity shareholders		**(13,697)**	(10,209)
Interest paid		**(508)**	(346)
Proceeds from borrowings		**35,350**	7,377
Repayment of borrowings		**(14,900)**	(7,377)
Proceeds on issue of share capital (net of costs)		**(136)**	30,539
Net cash from financing activities		**6,109**	19,984
Net decrease in cash and cash equivalents		**(4,749)**	(20,455)
Cash and cash equivalents at beginning of the period*		**8,266**	48,641
Effect of foreign exchange rate changes		**(67)**	32
Cash and cash equivalents at end of period		**3,450**	28,218

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

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

Notes to the Condensed set of Financial Statements

six months ended 30 June 2013

1. GENERAL INFORMATION

JLIF Limited (the "Company") is a company domiciled and incorporated in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange under a Premium Listing. The interim condensed unaudited financial statements of the Company (the "interim statements") as at and for the six months ended 30 June 2013 comprise the Company and its recourse subsidiaries (together referred to as the "Consolidated Group" or the "Group"). The Consolidated Group invests in PPP infrastructure projects in the UK, Continental Europe and North America.

The financial information for the year ended 31 December 2012 included in this interim financial report is derived from the financial statements delivered to the U.K. Listing Authority and has been restated to reflect the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). It does not constitute statutory accounts as defined in The Companies (Guernsey) Law, 2008. Restated financial results at 31 December 2012 and 1 January 2012 approximate to the results presented as the 'Investment Group' as at 31 December 2012 and 31 December 2011 respectively within the statutory accounts for the year ended 31 December 2012. The auditor reported on the statutory accounts for the year ended 31 December 2012: its 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 (Guernsey) Law, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The annual financial statements of JLIF Limited are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Changes in accounting policy

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

Improvements to IFRSs (2009-2011) (May 2012): Improvements to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34

IFRS 10 (May 2011): Consolidated Financial Statements

IFRS 11 (May 2011): Joint Arrangements

IFRS 12 (May 2011): Disclosures of Interests in Other Entities

IFRS 13 (May 2011): Fair Value Measurement

IAS 27 (May 2011): Separate Financial Statements

IAS 28 (May 2011): Investments in Associates and Joint Ventures

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12 (June 2012))

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

With the exception of the following, the adoption of these standards did not have a material impact on the financial statements.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The Investment Entities standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss, in accordance with IAS 39 Financial Instruments: Recognition and Measurement instead of consolidating those subsidiaries. The Company meets the definition of an investment entity on the basis of the following criteria.

(a) the Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;

(b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

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

To determine that the Company meets the definition of an investment entity, further consideration is given to the following characteristics of an investment entity that are demonstrated by the Company.

(a) it has more than one investment;

(b) it has more than one investor;

(c) it has investors that are not related parties;

(d) it has ownership interests in the form of equity or similar interests; and

(e) it holds its investments for a limited period only, ie. it has an exit strategy for its investments.

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

Significant judgements and assumptions

The Recourse Group comprises the Company and its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 Sàrl and JLIF Luxco 2 Sàrl), the English Limited Partnership (JLIF Limited Partnership) and 20 wholly owned subsidiaries of the English Limited Partnership, each of which perform investment activities and/or investment related services.

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

The results that are therefore presented as the 'Consolidated Group', following adoption of Investments Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), are a line by line consolidation of the results of the Recourse Group.

Following adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), the results of the Group approximate the results previously presented as the 'Investment Group' in the consolidated financial statements.

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

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The following table summarises the key adjustments made to the condensed consolidated balance sheet on implementation of the new accounting policy.

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

The effects on the condensed consolidated income statement were as follows:

Condensed consolidated income statement	Results in the period to 30 June 2012	Impact of change in accounting policy	Results in the period to 30 June 2012	Impact of reclassification	Restated results 30 June 2012
Services revenue	19,911	(19,911)	–	–	–
Other turnover	242	–	242	(242)	–
Investment income	10,718	7,417	18,135	(18,135)	–
Operating income	**–**	**–**	**–**	**18,377**	**18,377**
Cost of sales	(21,155)	21,155	–	–	–
Administrative expenses	(3,662)	(11)	(3,673)	3,673	–
Other gains/(losses)	(4,542)	4,577	35	(35)	–
Operating expenses	**–**	**–**	**–**	**(3,638)**	**(3,638)**
Finance costs	(18,343)	17,767	(576)	–	(576)
(Loss)/profit before tax	**(16,831)**	**30,994**	**14,163**	**–**	**14,163**
(Loss)/profit after tax	**(10,428)**	**24,237**	**13,809**	**–**	**13,809**

The impact of adopting Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) is the deconsolidation of assets, liabilities, income and expenses of the subsidiary PPP assets which were previously consolidated on a line by line basis. Prior to adoption of the Investment Entities standard, only some of the underlying assets of the project subsidiaries were held at fair value, whereas other assets and liabilities, such as intangible assets and bank debt, were recorded at fair value on acquisition and subsequently held at amortised cost. The above table also shows the effect of the reclassification of investment income to operating income.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Net assets

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

Profit after tax

Prior to adoption of the Investment Entities standard, fair value gains on the intangible assets and the bank debt, which were recorded at fair value on acquisition and subsequently accounted for at amortised cost, were not recognised. The restated profit after tax for the period to 30 June 2012 reflects the change in fair value of the entire PPP asset portfolio, including the fair value gains on intangible assets and bank debt in 2012 described above.

IFRS 13 (May 2011): Fair Value Measurement

IFRS 13 has introduced new disclosures, as set out in Note 15. The adoption of IFRS 13 has not had a material impact on the fair value of any assets or liabilities.

(b) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by management, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Group's committed banking facilities, that it is appropriate to prepare the financial statements of the Group on the going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £3.5 million and a banking facility (available for investment in new or existing projects) of £150.0 million, which is repayable in February 2016. As at 30 June 2013, there was £22.7 million drawn from the facility. The intention is to repay the borrowings with proceeds from the issue of shares on 2 July 2013. In addition, all key financial covenants are forecast to continue to be complied with.

Certain risks and uncertainties, as detailed in the 2012 Annual Report on pages 25 to 27 have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Group as its income is generated from a portfolio of PPP concessions which are supported by government backed cash flows and are forecast to cover the Group's committed costs.

The Directors are satisfied that the Group has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

(c) Business combinations

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

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

Acquisitions of subsidiaries and businesses which are consolidated under IFRS 10 Consolidated Financial Statements on the basis that they provide investment-related services or activities, fall within the scope of IFRS 3 Business Combinations and are accounted for using the acquisition method. The policy relating to the acquisition of subsidiaries and businesses within the scope of IFRS 3 Business Combinations is set out in note 2(d) to the 2012 Annual Financial Statements.

(d) Revenue recognition

(i) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when approved and paid by the PPP project company.

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

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

(iv) Other turnover

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

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

(e) Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the condensed consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the condensed consolidated financial statements. Refer to note 2(k) to the 2012 Annual Financial Statements for the policy relating to foreign currency.

(f) Borrowing costs

Borrowing costs are recognised in the Condensed Consolidated Income Statement in the period in which they are incurred. Arrangement fees are amortised over the term of the corporate borrowing facility.

(g) Taxation

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Dividend income and interest income received by the Consolidated Group may be subject to withholding tax imposed in the country of origin of such income.

The tax expense represents the sum of the tax currently payable. Refer to note 2(m) to the 2012 Annual Financial Statements for the policy relating to current tax.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Cash and cash equivalents

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

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

a) Financial assets

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

i) Investments at fair value through profit or loss

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Group's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating income in the condensed consolidated income statement.

Investments in subsidiaries

The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment-related services or activities. The Company measures its investments in PPP assets that are subsidiaries at fair value in accordance with IAS39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the change. Where a subsidiary provides investment-related services or activities, the subsidiary is consolidated on a line by line basis in accordance with IFRS 10 Consolidated Financial Statements.

Investments in joint ventures and associates

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

ii) Loans and receivables

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

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

b) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Refer to note 2(n)(ii) to the 2012 Annual Financial Statements for the policy relating to financial liabilities and equity.

c) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into or the date of acquisition by the Group and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. The Group does not apply hedge accounting.

The Group operates a recourse treasury function. There is a Board approved policy for borrowing, investing surplus funds and hedging foreign exchange and interest rate risks.

d) Effective interest method

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

e) Fair value estimation

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

i) Investments at fair value through profit and loss

Fair value is calculated by discounting future cash flows, from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments), to the Group at an appropriate discount rate. The basis of discount rates are long run average government bond rates adjusted for an appropriate premium to reflect PPP specific risk. Risk premia are then added to this adjusted base gilt rate depending on the phase of the project. The discount rates that have been applied to the financial assets at 30 June 2013 were in the range 7.95% to 8.86% (31 December 2012 – 7.95% to 8.86%). Refer to note 15 for details of the areas of estimation in the calculation of the fair value.

On 2 July 2013, the UK Government announced its intention to reduce the main corporation tax rate by 2% to 21% from 1 April 2014 with a further reduction to 20% from 1 April 2015. Whilst not substantively enacted at the balance sheet date, the reduction to 21% is reflected in the fair value of the UK investments and as such within the financial statements. The further reduction to 20% from 1 April 2015 is not reflected in the fair value of the investments. The fair value of the Canadian and European investments include assumed tax payments at the appropriate local rates.

ii) Derivatives

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

iii) Loans and receivables, borrowings and payables

Loans and borrowings are held at amortised cost.

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

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Segmental reporting

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

(k) Statement of compliance

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

3. OPERATING SEGMENTS

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

UK

Continental Europe

North America

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

Segment results

The following is an analysis of the Group's operating income and results by reportable segment for the six months ended 30 June 2013.

	UK £'000s	Continental Europe £'000s	North America £'000s	Total group £'000s
Operating income	**22,062**	**4,205**	**3,154**	**29,421**
Profit before tax	**14,839**	**4,143**	**3,154**	**22,136**
Tax	(540)	(11)	(161)	(712)
Reportable segment profit	**14,299**	**4,132**	**2,993**	**21,424**

No inter-segment income was earned in the six months ended 30 June 2013.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

3. OPERATING SEGMENTS (CONTINUED)

The following is an analysis of the Group's operating income and results by reportable segment for the six months ended 30 June 2012*.

	UK £'000s	Continental Europe £'000s	North America £'000s	Total group £'000s
Operating income	16,152	(386)	2,611	18,377
Profit before tax	11,831	(279)	2,611	14,163
Tax	(185)	(8)	(161)	(354)
Reportable segment profit	11,646	(287)	2,450	13,809

No inter-segment income was earned in the six months ended 30 June 2012.

Other information

The Group has one (six months ended 30 June 2012* – four) investment from which it receives more than 10% of the Group's operating income. The operating income was £3.2 million (six months ended 30 June 2012* – £7.3 million) which was reported within the UK segment and £nil (six months ended 30 June 2012* – £2.0 million) reported within the North America segment. The Group has treated each PPP asset as a separate customer.

* Restated to reflect implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

Segment assets

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

The following is an analysis of the Group's assets by reportable segment as at 30 June 2013.

	UK £'000s	**Continental Europe £'000s**	**North America £'000s**	**Total group £'000s**
Investments at fair value through profit or loss	**457,120**	**37,540**	**77,253**	**571,913**
Unallocated assets				**3,561**
Consolidated total assets				**575,474**

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

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

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

4. SEASONALITY

Neither operating income nor profit are impacted by seasonality.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

5. INTEREST INCOME

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012* £'000s
Interest income:		
Interest on bank deposits	**10**	102
Interest from investments	**10,308**	6,897
Total interest income	**10,318**	6,999

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

6. TAX

Income tax expense

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

The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying investments provide for and pay taxation at the appropriate rates in the countries in which they operate. Following the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), the underlying tax within the subsidiary PPP assets, which are now all held as investments at fair value through profit and loss, is included within the fair value of the investments. The total foreign current tax charge of £0.7 million in the period (six months ended 30 June 2012* – £0.4 million) in the condensed consolidated income statement arose within the companies now comprising the Consolidated Group.

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

7. DIVIDENDS

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012 £'000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2012 of 3.125 pence (final dividend for the year ended 31 December 2011 of 3.0 pence) per share	**16,035**	12,667

The final dividend for the year ended 31 December 2012 of 3.125 pence per share, amounting to £16.0 million, was approved by the Board in March 2013 and was paid in May 2013. This dividend has been recognised in the condensed consolidated statement of changes in equity for the six months ended 30 June 2013.

An interim dividend for the six months ended 30 June 2013 of 3.125 pence per share, amounting to £16.1 million, was approved by the Board in August 2013 and is payable in October 2013. The dividend has not been included as a liability at 30 June 2013.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

8. EARNINGS PER SHARE

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

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012* £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**21,424**	13,809
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**513,642,227**	433,357,498

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	**4.17**	3.19

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

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012* £'000s
Opening balance	**537,395**	380,439
Acquisitions	**29,315**	156,074
Movement in dividends and accrued interest	**739**	117
Loan stock and equity repayments	**(2,401)**	(5,845)
Fair value movement (including exchange movements)	**6,865**	6,610
Carrying amount at period end	**571,913**	537,395

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

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

The Investment Adviser has carried out fair market valuations of the investments as at 30 June 2013. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Refer to note 2(i) for further details. Investments are all investments in PPP projects and are valued using a discounted cash flow methodology. The Group's holding of an investment represents its interest in both the equity and debt instruments of the investment. The fair value of the equity instruments and debt instruments included within investments at fair value through profit or loss at 30 June 2013 were £390.3 million and £181.6 million respectively (31 December 2012* – £365.6 million and £171.8 million respectively). The equity and debt instruments are valued as a whole using a blended discount rate and the value attributed to the equity instruments represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments, while the value attributed to the debt instruments represents the principal outstanding and interest due on the loan at the valuation date. The valuation techniques and methodologies have been applied consistently with the valuation performed for the purposes of the prospectus for the initial capital raising, subsequent capital raisings and prior year end. Discount rates applied range from 7.95% to 8.86% (weighted average 8.29%) (year ended 31 December 2012* – 7.95% to 8.86% (weighted average 8.29%)).

The movements in dividends and accrued interest comprise dividends of £12.1 million and interest income of £10.3 million, which are realised gains that have been recognised in the condensed consolidated income statement, less dividends received of £12.1 million and interest received of £9.6 million which have been recognised in the condensed consolidated cash flow statement. The fair value movement of £6.9 million (year ended 31 December 2012* – £6.6 million) is an unrealised gain that has been recognised in the condensed consolidated income statement and has been attributed to the movement in fair value of the equity component of investments at fair value through profit or loss.

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

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

These acquisitions involve interests in both equity and subordinated debt instruments.

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

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

10. ACQUISITION OF SUBSIDIARY

On 10 April 2013, the Group completed a third party acquisition of 100% interest in JLIF Holdings (Peterborough Hospital) Limited, which was formerly known as Brookfield Peterborough (UK) Limited. The acquisition of the company is accounted for under IFRS 3 Business Combinations on the basis that it performs investment related activities and services and is therefore required to be consolidated on a line by line basis in accordance with Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The total consideration paid in cash for this interest was £27.3 million (£26.5 million net of cash acquired). The net assets acquired comprised a 30% joint venture interest in the Peterborough Hospital PPP project at a fair value of £26.7 million (see note 9) and net other assets of £0.6 million. Cash acquired on acquisition of the subsidiary was £0.8 million, resulting in a net cash inflow of £0.2 million on acquisition of the net assets excluding the investment at fair value through profit or loss. The total transaction cost for the acquisition was £0.1 million, which has been recognised in administrative expenses in the condensed consolidated income statement. The project is a concession to design, build, finance and operate a new acute hospital, a new mental health unit and a new integrated care centre at two sites in Peterborough.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

10. ACQUISITION OF SUBSIDIARY (CONTINUED)

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

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

The subsidiary contributed £0.3 million to the Group's operating income and £0.1 million to the Group's profit for the period from acquisition to 30 June 2013. Had the subsidiary been owned from 1 January 2013, the contribution to operating income and profit for the period would have been £0.6 million and £0.5 million respectively.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's policy is not to hedge the balance sheet values of its investment portfolio. However, if it is appropriate, the Group will hedge its investment income to mitigate exchange rate volatility. During the period, the Group entered into forward exchange rate contracts to hedge foreign currency income from its Canadian and Euro investments. The fair value of forward exchange contracts at 30 June 2013 was a liability of £0.01 million (year ended 31 December 2012* – £nil).

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

12. LOANS AND BORROWINGS

In February 2013, JLIF Limited Partnership as Borrower and the Company as Guarantor, refinanced the £150 million revolving credit facility with three banks comprising Lloyds Bank plc, Royal Bank of Scotland plc and ING Bank NV. The facility will be used to provide bridging funding of acquisitions and working capital and will be repaid by proceeds from future capital raisings. The Group incurred arrangement fees of £2.25 million during the period which were capitalised (six months ended 30 June 2012* – £nil). At 30 June 2013, loans and borrowings were £20.7 million (31 December 2012* – £nil) comprising £22.7 million drawn down from the facility (year ended 31 December 2012* – £nil) net of unamortised arrangement fees of £2.0 million (year ended 31 December 2012* – £nil).

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

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

13. SHARE CAPITAL

Issued and fully paid	**Six months ended 30 June 2013 £'000s**	Year ended 31 December 2012 £'000s
515,160,074 (31 December 2012 – 513,109,848) ordinary shares of 0.01p each	**52**	51

On 14 May 2013, 2,050,226 new Ordinary Shares of 0.01 pence each at an Issue Price of 114.0 pence were issued and fully paid as a scrip dividend alternative in lieu of cash for the final dividend in respect of the year ended 31 December 2012.

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.

14. SHARE PREMIUM ACCOUNT

	Six months ended 30 June 2013 £'000s	Year ended 31 December 2012 £'000s
Opening balance	**518,224**	423,618
Premium arising on issue of equity shares	**2,337**	96,510
Expenses of issue of equity shares	**(136)**	(1,904)
Closing balance	**520,425**	518,224

15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES

The Group held the following financial instruments at fair value at 30 June 2013. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	Fair value measurements at the end of reporting period based on			
	Observable inputs (Level 2)		**Unobservable inputs (Level 3)**	
	30 June 2013 £'000s	31 December 2012* £'000s	**30 June 2013 £'000s**	31 December 2012* £'000s
Recurring fair value measurements:				
Financial assets				
Investments at fair value through profit or loss	**–**	–	**571,913**	537,395
Financial liabilities				
Derivative financial instruments	**(10)**	–	**–**	–

The derivative financial liabilities whose fair values include the use of level 2 inputs are valued from market corroborated exchange rates. The derivatives all have a maturity date of less than one year from the balance sheet date.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

15. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES (CONTINUED)

The investments at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate. The basis of each discount rate, which is a weighted average cost of capital, is a long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of the PPP project and counterparty credit risk. The weighted average discount rate applied was 8.29% (year ended 31 December 2012* – 8.29%). The discount rate is considered the most significant unobservable input through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss. An increase in 1% in the discount rate would cause a decrease in fair value of the investments of £40.0 million (year ended 31 December 2012* – £39.7 million).

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

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

16. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Transactions between the Company and its consolidated subsidiaries, which are related parties of the Company, have been eliminated and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. John Laing Capital Management Limited ("JLCM") is the Company's Investment Adviser. JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated after an initial four year term, starting 27 October 2010, by either party giving one year's written notice. The appointment may also be terminated if JLCM's appointment as Operator is terminated.

JLCM has also been appointed as the Operator of JLIF Limited Partnership, the limited partnership through which the Group holds its investments, by the General Partner of the partnership, JLIF (GP) Limited, a sister subsidiary of JLCM. The Operator and the General Partner may each terminate the appointment of the Operator after an initial four year term, starting on 27 October 2010, by either party giving one year's written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Advisory Agreement is terminated in accordance with its terms. The General Partner's appointment does not have a fixed term, however if JLCM ceases to be the Operator, the Company has the option to buy the entire share capital of the General Partner and the John Laing Group has the option to sell the entire share capital of the General Partner to the Company. In both cases for nominal consideration. The Directors consider the value of the option to be insignificant.

In aggregate, JLCM and the General Partner are entitled to fees and/or profit share equal to: i) a Base fee of a) 1.1 per cent per annum of the Adjusted Portfolio Value* of the Fund up to and including £500 million; b) 1.0 per cent per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million up to and including £1 billion; c) 0.9 per cent per annum of the Adjusted Portfolio Value of the Fund in excess of £1 billion; and ii) an Asset Origination Fee of 0.75 per cent of the purchase price of new investment capital acquired by the Fund that is not sourced from any of John Laing plc, its subsidiary undertakings, or funds or holdings managed by John Laing plc or any of its subsidiary undertakings.

The total Investment Adviser and Operator fee charged to the Income Statement for the period to 30 June 2013 was £3.2 million (six months ended 30 June 2012** was £2.7 million), of which £1.5 million remained payable at the period end (31 December 2012** – £1.5 million; 30 June 2012** – £1.3 million).

* 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 Investment 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.

** Restated to include asset origination fees within Investment Adviser and Operator fees.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2013

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

Transactions with subsidiaries exempt from consolidation	**Income statement Period ended 30 June 2013 £'000s**	**Cash received Period ended 30 June 2013 £'000s**	**Fair value movements Period ended 30 June 2013 £'000s**	**Balance due as at 30 June 2013 £'000s**	Income statement Period ended 30 June 2012* £'000s	Cash received Period ended 30 June 2012* £'000s	Fair value movements Period ended 30 June 2012* £'000s	Balance due as at 30 June 2012* £'000s
Equity investments[1]	**–**	**812**	**2,746**	**129,642**	–	1,144	2,936	102,954
Subordinated loan investments[1]	**–**	**452**	**–**	**87,889**	–	320	–	59,309
Subordinated loan interest[1]	**5,044**	**4,515**	**–**	**2,677**	3,115	3,260	–	1,323
Dividends	**2,170**	**2,170**	**–**	**–**	1,540	1,540	–	–

Transactions with joint ventures	**Income statement Period ended 30 June 2013 £'000s**	**Cash received Period ended 30 June 2013 £'000s**	**Fair value movements Period ended 30 June 2013 £'000s**	**Balance due as at 30 June 2013 £'000s**	Income statement Period ended 30 June 2012 £'000s	Cash received Period ended 30 June 2012 £'000s	Fair value movements Period ended 30 June 2012 £'000s	Balance due as at 30 June 2012 £'000s
Equity investments[1]	**–**	**–**	**4,119**	**260,660**	–	–	250	210,964
Subordinated loan investments[1]	**–**	**1,136**	**–**	**81,849**	–	789	–	73,100
Subordinated loan interest[1]	**5,264**	**5,055**	**–**	**9,196**	3,723	3,860	–	1,743
Dividends	**9,916**	**9,916**	**–**	**–**	6,410	6,410	–	–
Other accrued income	**–**	**–**	**–**	**–**	59	61	–	29
Services income[2]	**152**	**107**	**–**	**66**	160	–	–	160

1 The balances due on equity investments, subordinated loan investments and subordinated loan interest at 30 June 2013 and 30 June 2012, which are at the fair value of their future cash flows, are included within investments at fair value through profit or loss (note 9). The equity component represents the fair value of future dividends and equity redemptions in addition to any value enhancements arising from the timing of loan principal and interest receipts from the debt instruments. Acquisitions of interests in subsidiaries exempt from consolidation and joint ventures in the period are disclosed in note 9.

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

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

The Directors of the Group, who are considered to be key management, received fees for their services. Total fees for the period were £88,000 (six months ended 30 June 2012 – £79,000) and directors' expenses of £4,900 (six months ended 30 June 2012 – £3,000) were paid in the period.

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

The Directors were paid dividends in the period of £5,098.

17. EVENTS AFTER BALANCE SHEET DATE

On 2 July 2013, JLIF received gross proceeds of £35.0 million from a tap issue of 30.6 million shares at a price of 114.5 pence per share. The impact of the tap issue on the NAV per share at 30 Jun 2013 was an increase from 106.8 pence per share to 107.1 pence per share.

On 11 July 2013, JLIF signed a Sale and Purchase Agreement to acquire a portfolio of 11 operational and yielding assets for approximately £123.0 million. The assets, which are consistent in nature and risk profile to JLIF's existing portfolio, comprise high quality social infrastructure projects in the Education, Health, Regeneration and Social Housing and Street Lighting sectors, including three assets with 100% ownership and a further five with significant holdings (over 75%). The acquisition completed on 23 August 2013.

On 2 August 2013, JLIF signed a Sale and Purchase Agreement to acquire an additional 5% of LUL Connect (CityLink), taking the total shareholding to 33.5%.

Directors and Advisers

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David MacLellan (Deputy Chairman)
Talmai Morgan
Christopher Spencer
Guido Van Berkel

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