

# John Laing Infrastructure Fund Limited

Investors Presentation

**March 2012**



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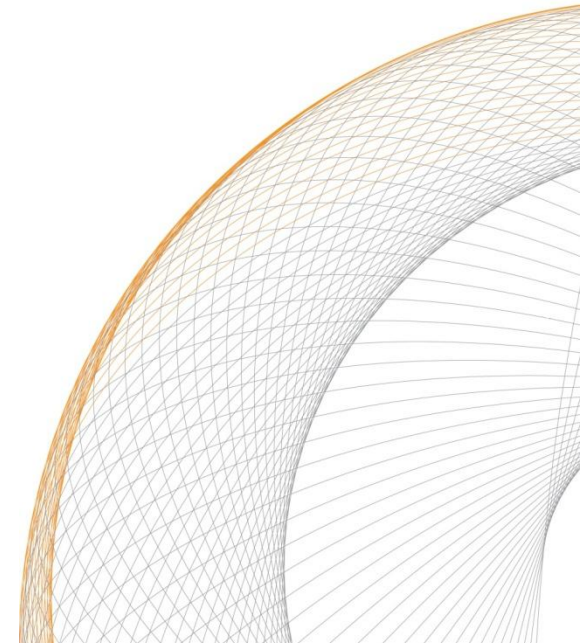
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# 2011 Results

1. Introduction
2. Financial Results
3. Outlook



# John Laing Infrastructure Fund - Summary



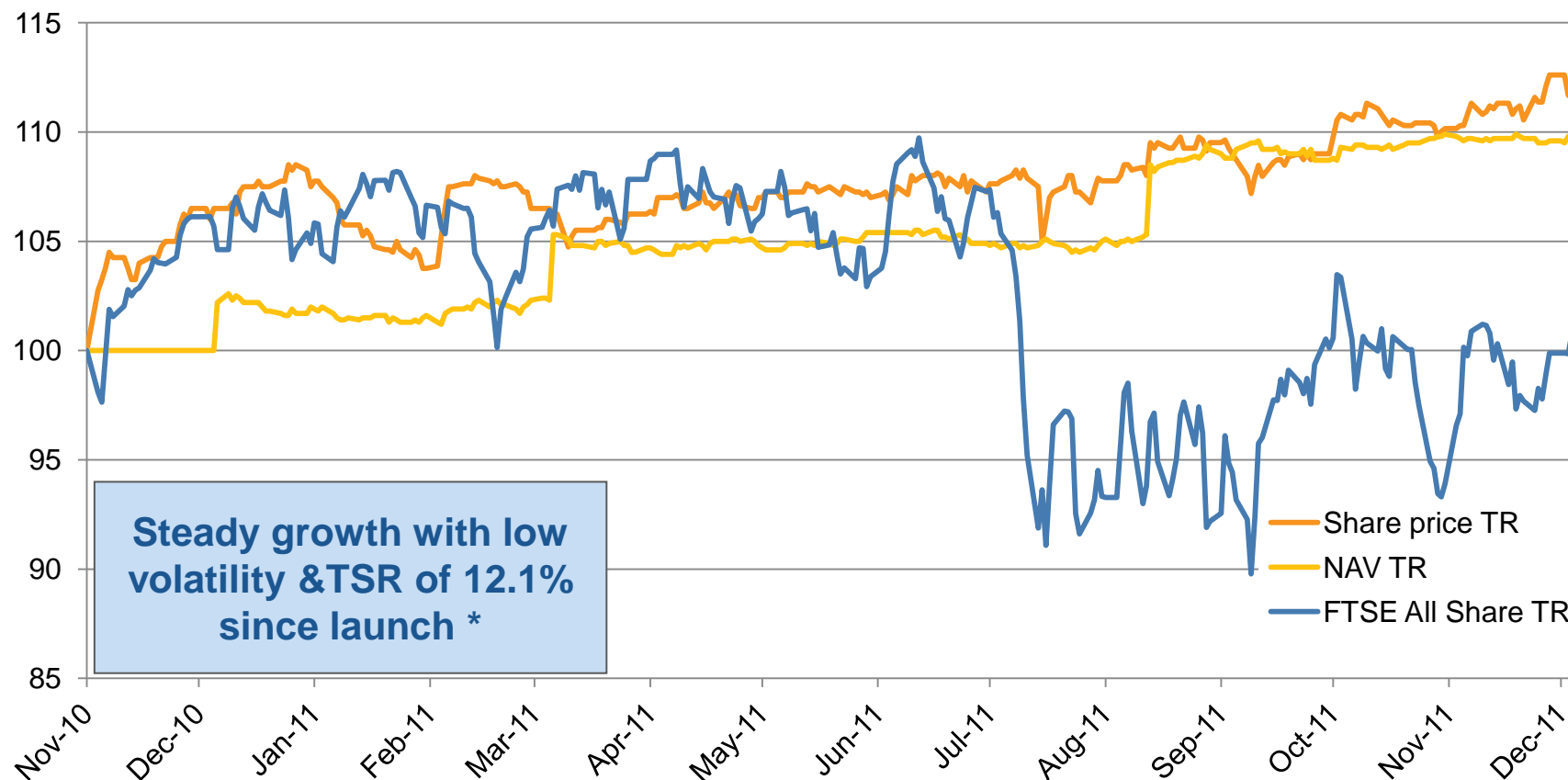
## London Stock Exchange Listed

- Low Risk
  - Fully seeded with mature operational PPP assets
  - Contracted , government backed revenue streams
  - Diversified portfolio
- Strong predictable dividend yield
- Inflation linked returns
- Steady growth with low volatility
- PPP experienced management team
- Potential for value growth

**Solid low risk cash yield  
with potential upside value**

# JLIF vs FTSE All Share

## JLIF share price and NAV total return vs FTSE All Share



	29/11/10	31/12/11	Annual Div Yield	
Share Price	100p	108.5p		6.0p
NAV per Share	98.2p	104.6p	TSR	12.1%*

Source: Datastr  
Note: Rebased

## Results Overview

- Portfolio Value of £380.4m at December 2011, up £115.7m over the year, buoyed by acquisitions of £109.5m during the year
- Underlying growth of 9.2% - ahead of expectations due to value enhancements achieved and impact of inflation
- NAV per share of up 3.8% to 104.6p, after dividends paid of 3.5p
- Dividend announced of 3.0p for H2 (total 6.0p for 2011) – payable in May with scrip alternative
- Revolving credit facilities increased to £60 million in September 2011
- Entry to FTSE 250 Index status in December 2011
- Successful capital raisings in 2011 of £158m
- Net cash of £48.6m at 31 December 2011
- Acquisitions completed in Jan 2012 of £31.7m and committed investments of £24.3m, being two projects subject to consents.

**Strong portfolio value growth  
coupled with growth by acquisitions  
both from John Laing and externally**

# Key Events since Launch

2010	November	<ul style="list-style-type: none"> <li>▪ Successful launch - Full target raise achieved of £270m</li> </ul>
	November / December	<ul style="list-style-type: none"> <li>▪ Portfolio of 19 assets acquired from John Laing – 15 completed by next day, fully completed by 22 December 2010</li> </ul>
2011	March	<ul style="list-style-type: none"> <li>▪ Debt facility for £25m signed</li> <li>▪ Entered FTSE Small Cap Index</li> </ul>
	April / May	<ul style="list-style-type: none"> <li>▪ Tap issue of £27.4m fully subscribed and acquired 2 new assets and an increased stake in another from John Laing</li> <li>▪ Paid dividend of 0.5p - as targeted</li> </ul>
	August / September	<ul style="list-style-type: none"> <li>▪ Increased debt facility to £60m</li> <li>▪ Completed first third party acquisition of a 50% stake in Forth Valley Royal Hospital in Scotland from CBA</li> <li>▪ Declared dividend for H1 of 3p - as targeted</li> </ul>
	November / December	<ul style="list-style-type: none"> <li>▪ Raised £130.7m and acquired 9 out of 10 agreed assets from John Laing</li> <li>▪ TSR to 31<sup>st</sup> December 2011 of 12.1%*</li> <li>▪ Completed acquisition of remaining stakes in two assets from Wates</li> <li>▪ Entered FTSE 250 Index</li> </ul>
2012	January	<ul style="list-style-type: none"> <li>▪ Acquired portfolio of 3 social housing PFI assets from United House for £30.5m</li> <li>▪ Acquired remaining stake in North East Fire &amp; Rescue from Shepherd Construction for £1.15m</li> </ul>

\* including 3.5p of dividends

# The JLIF Portfolio

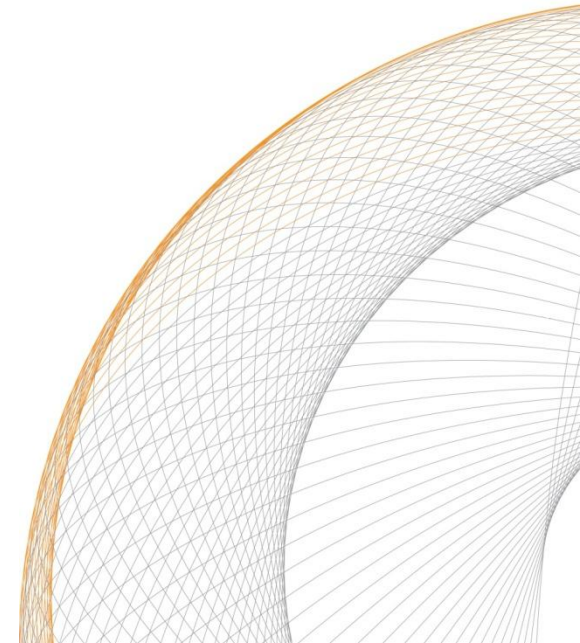
Health	Kingston Hospital 60%	Newham Hospital 50%	Forth Valley Royal Hospital 50%		
	Queen Elizabeth Hospital 27.50%	Abbotsford Hospital (British Columbia) 100%	Vancouver General Hospital 100%		
Schools	Glasgow Schools 20%	South Lanarkshire Schools 15%	Edinburgh Schools 20%	North Swindon Schools 100%	
	Highland School, Enfield 100%	Newham Schools 100%	Enfield 100%		
Justice and Emergency services	Greater Manchester Police 27.08%	Met Police-Firearms and Public Order Training 27.08%	North East Fire and Rescue 100%	Avon and Somerset Courts 40%	Cleveland Police HQ 42.50%
Roads & Transport	E18 Finland 41%	Sirhowy Way 100%	LUL Connect 19.5%	M40 50%	M6 Scotland 11%
Regeneration & Social Housing	Brockley Housing 100%	Bentilee Regeneration 100%	Islington I Housing 45%		
	Canning Town 100%	Camden Social Housing 50%	Islington II Housing 45%		
Defence	MOD Main Building 26%				
Street Lighting	Manchester Street Lighting 50%	Wakefield Street Lighting 50%	Walsall Street Lighting 100%		

**Key**

- Existing Assets
- Increased Stake
- New JL Assets
- New Third Party Assets
- Assets acquired after the year end



# Annual Results



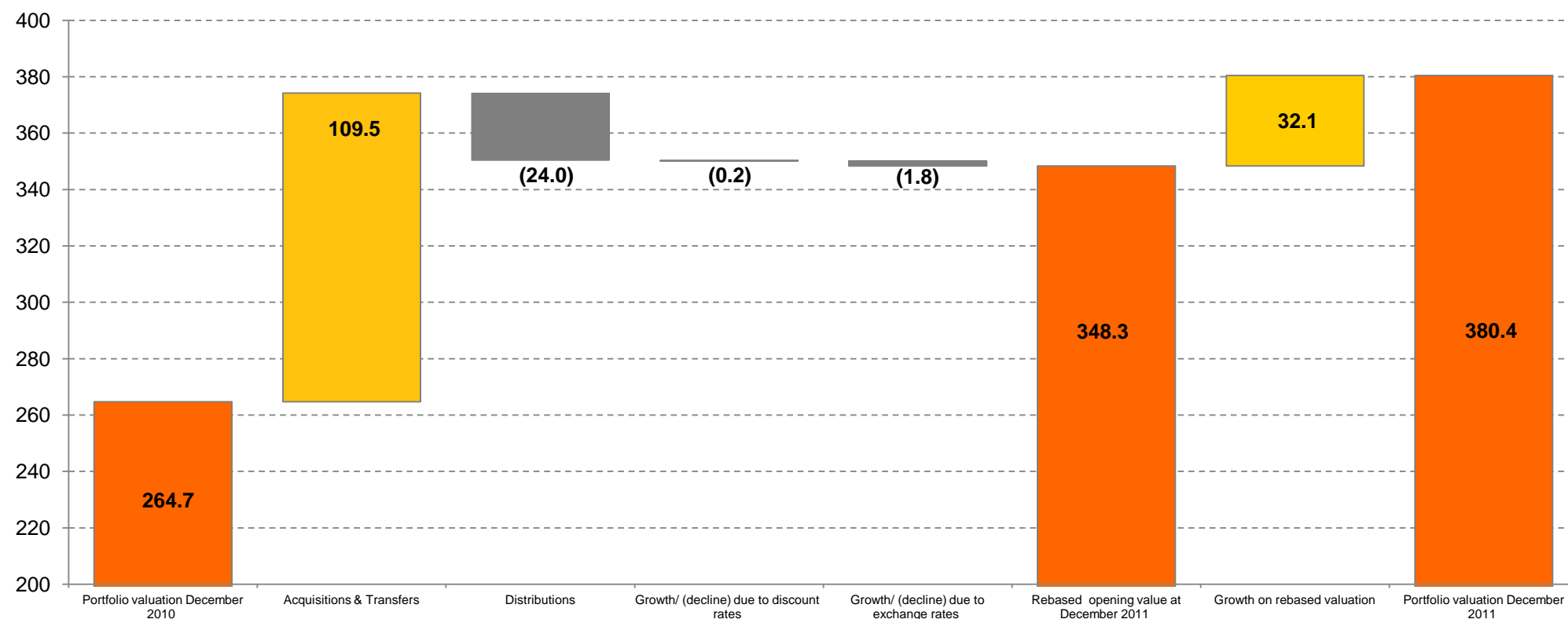
# Portfolio Valuation

- Portfolio Valuation increased to £380.4m as at 31 December 2011
- Opening value of £264.7m rose to rebased value of £348.3m allowing for:
  - £109.5m of acquisitions in 2011
  - £24.0m of distributions received
  - £1.8m of exchange rate movements
- Underlying growth of 9.2% compared to expected growth of 6.7% \*
- Additional growth due to value enhancements, inflation and lower tax rates offset by use of more conservative deposit rate assumptions
- Distributions from the underlying projects in line with expectations

\* Represents the unwinding of the discount rate time apportioned for the acquisitions made during the year.

# Portfolio Valuation – Annual Movement

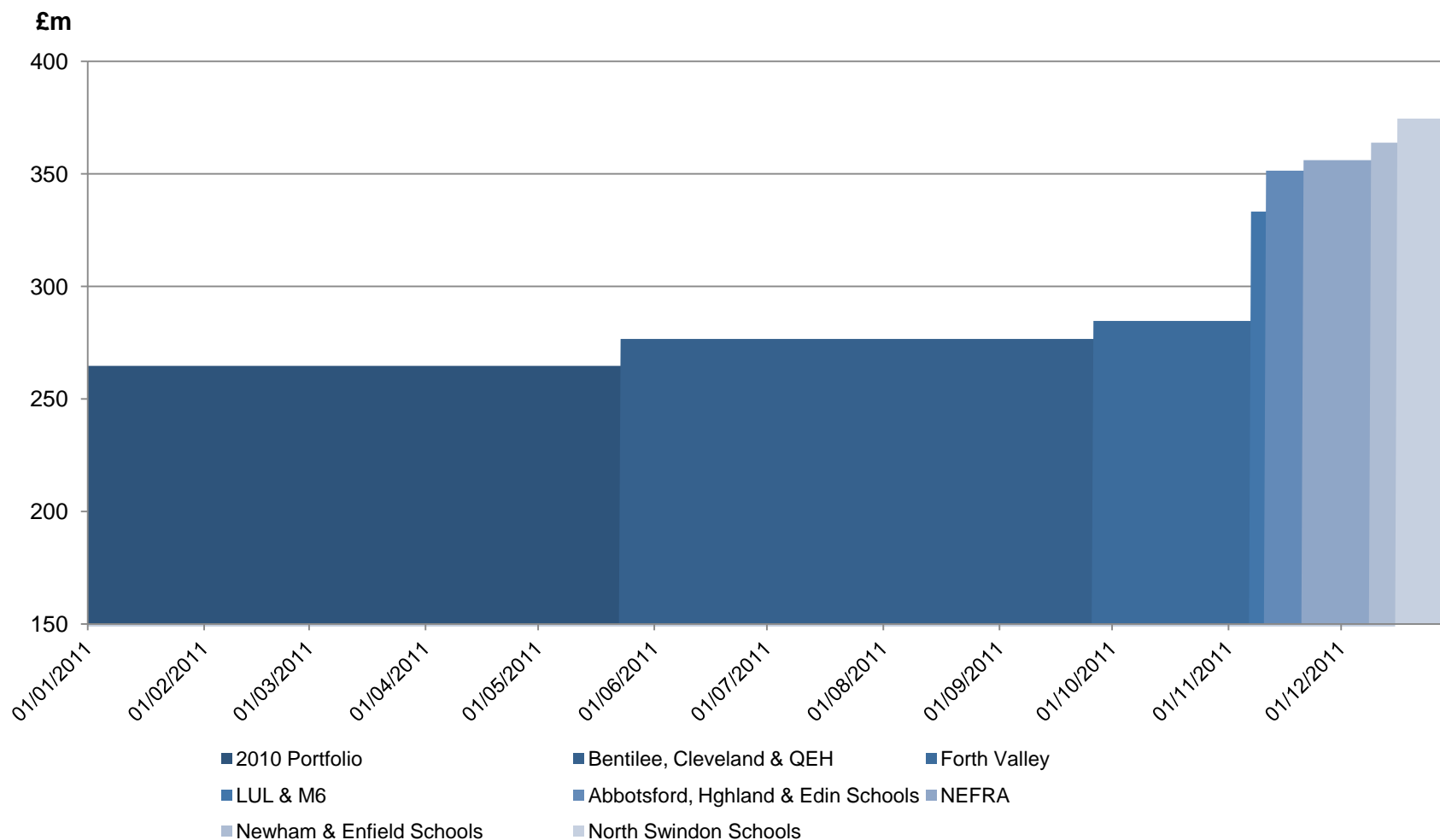
£'m



# Portfolio – Acquisitions Completed

2010	November / December	<ul style="list-style-type: none"> <li>Portfolio of 19 assets acquired from John Laing – 15 completed by next day, fully completed by 22 December 2010</li> </ul>
2011	April / May	<ul style="list-style-type: none"> <li>Acquired 2 new assets and an increased stake in another from John Laing</li> </ul>
	September	<ul style="list-style-type: none"> <li>Completed first third party acquisition of a 50% stake in Forth Valley Royal Hospital in Scotland from CBA</li> </ul>
	November / December	<ul style="list-style-type: none"> <li>Acquired 8 new assets and an increased stake in another from John Laing for £88.2m</li> <li>Completed acquisition of remaining stakes in Newham and Enfield schools from Wates for £1.5m</li> </ul>
2012	January	<ul style="list-style-type: none"> <li>Acquired portfolio of 3 social housing PFI assets from United House for £30.5m</li> <li>Acquired remaining stake in NEFRA from Shepherds for £1.15m</li> </ul>

# Portfolio Acquisitions



Average portfolio discount rate = 8.36% - Time apportioned weighted average = 6.7%

## Portfolio Value – Underlying Growth

	%
Unwinding of discount rate (weighted for acquisitions)	6.7
Value enhancements achieved	2.2
Inflation – actual higher than forecast	0.8
More conservative deposit rates	(0.5)
<b>Underlying growth achieved</b>	<b>9.2</b>

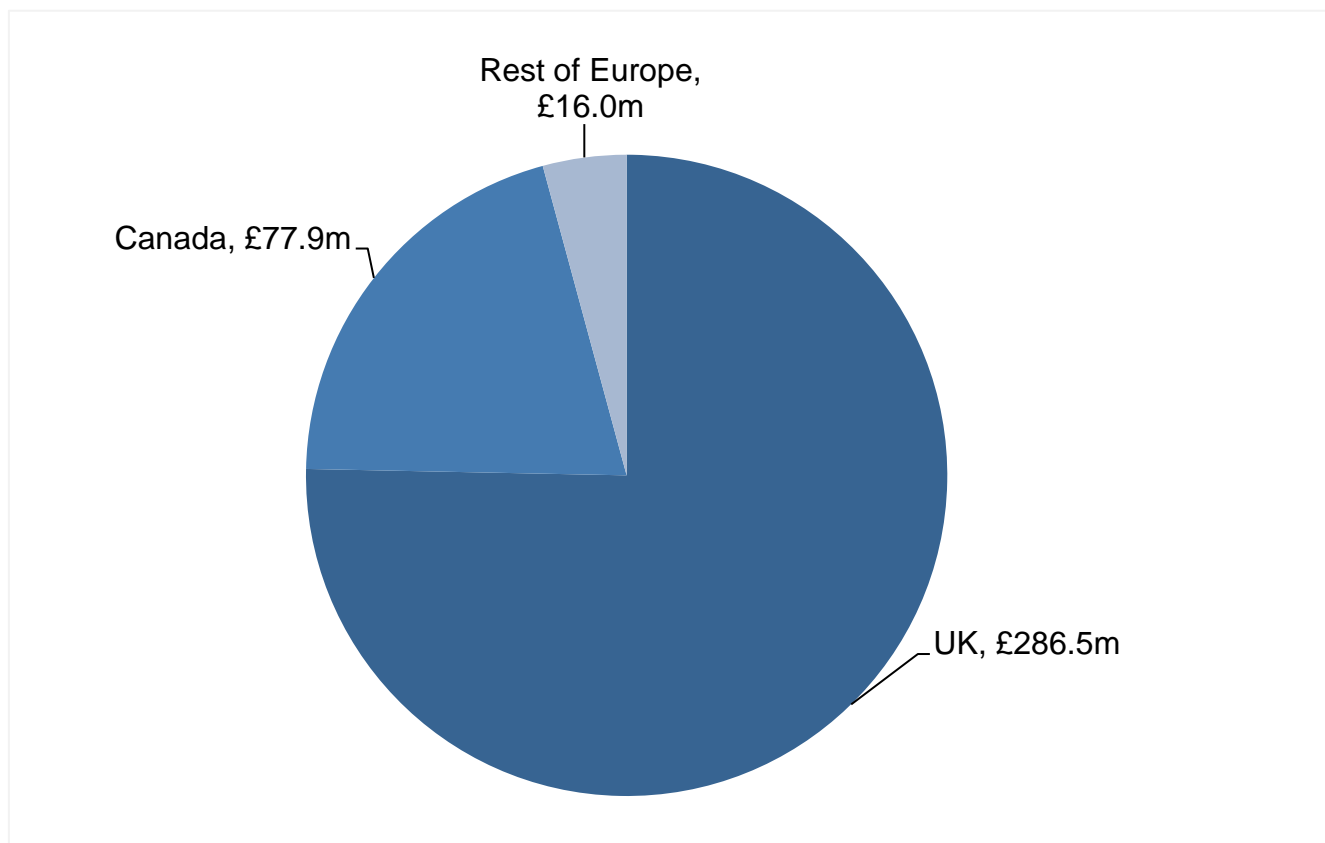
*Ahead of expectations due to value enhancements achieved and higher inflation, lower tax rates, offset by use of more conservative forecasts for deposit rates*

# Portfolio



# Portfolio Analysis

## Geography as at 31 December 2011

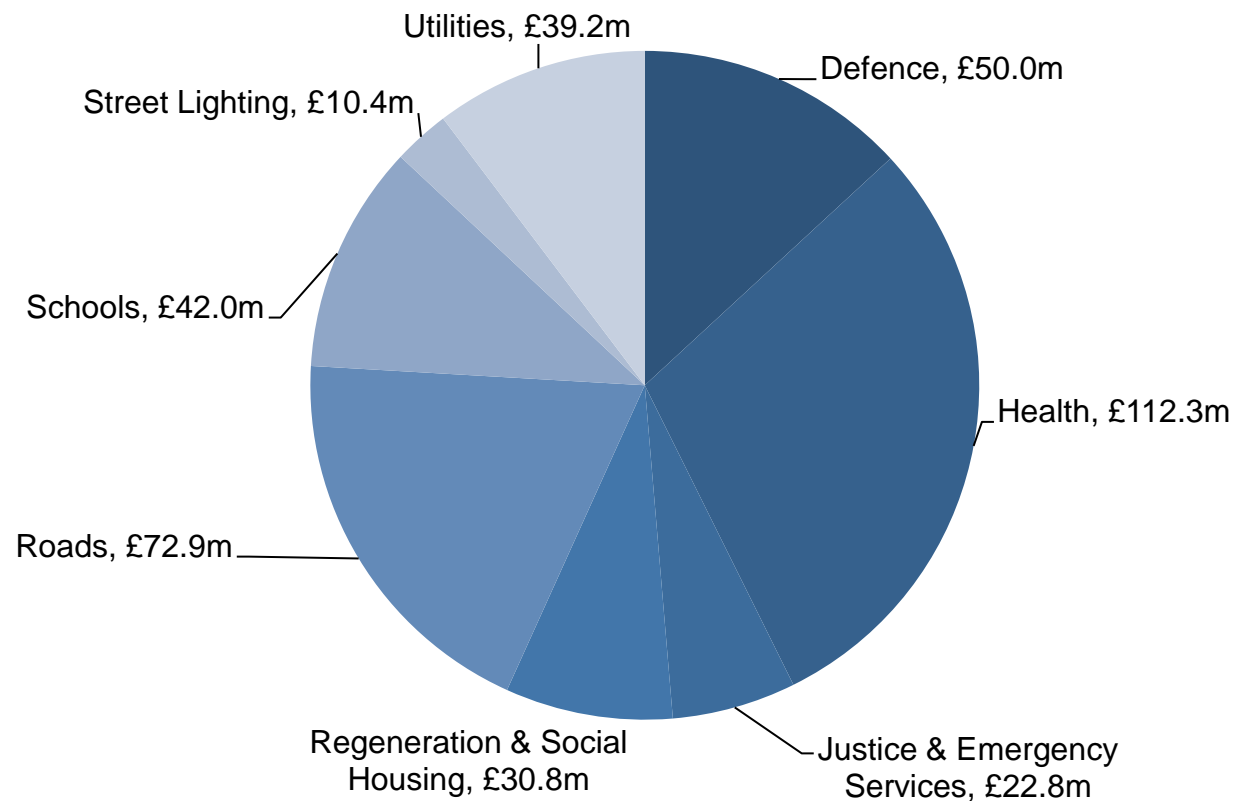


Actual numbers rounded to £0.1m



# Portfolio Analysis

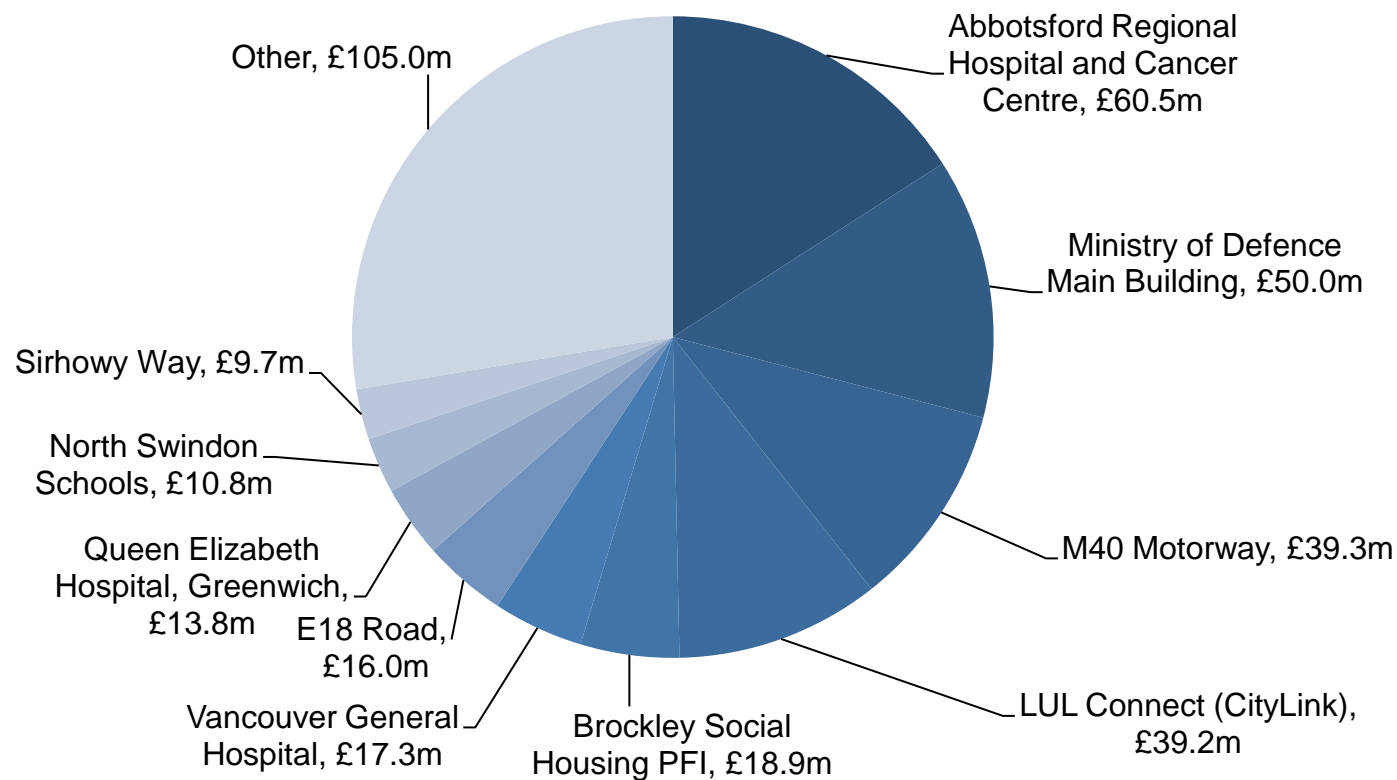
Sector as at 31 December 2011



Actual numbers rounded to £0.1m

# Portfolio Analysis

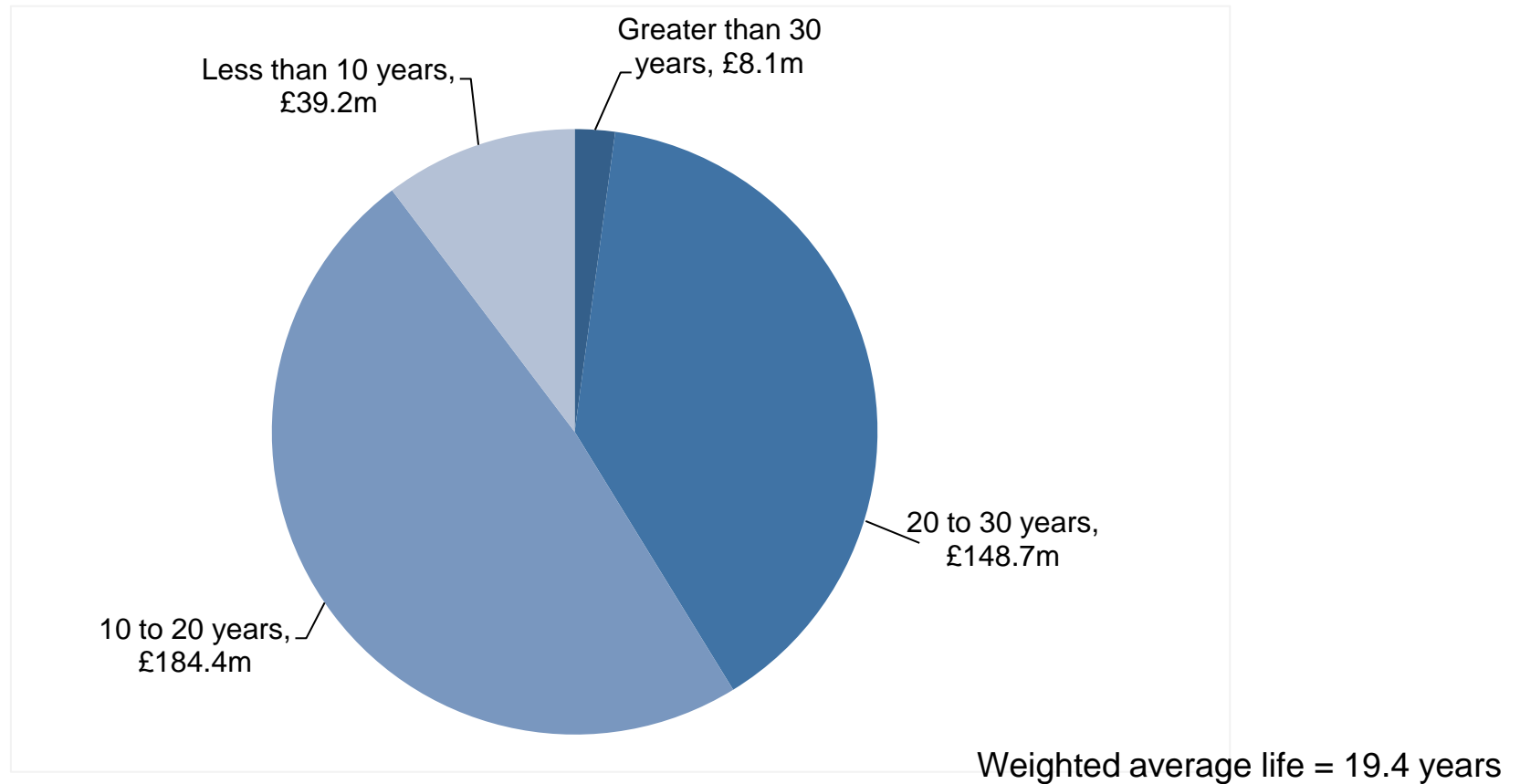
## Top 10 Assets as at 31 December 2011



Actual numbers rounded to £0.1m

# Portfolio Analysis

## Concession Length as at 31 December 2011



Actual numbers rounded to £0.1m

# Balance Sheet

## Summary - Investment Basis

Balance Sheet (£m)	2011 (£m)
Valuation of Portfolio	380.4
Cash – Group*	48.6
Cash – Investment due Forth Valley	14.8
Net Debtors/Creditors	(2.2)
Net Assets	441.6
Number of shares outstanding	422.2

NAV per share (p) 31/12/11	NAV per share (p) 31/12/10
104.6	100.8

\* In January acquisitions of £31.7m were completed, and committed acquisitions of £24.3m (two projects awaiting consents)

# Cash Flow

## Cash Flow summary

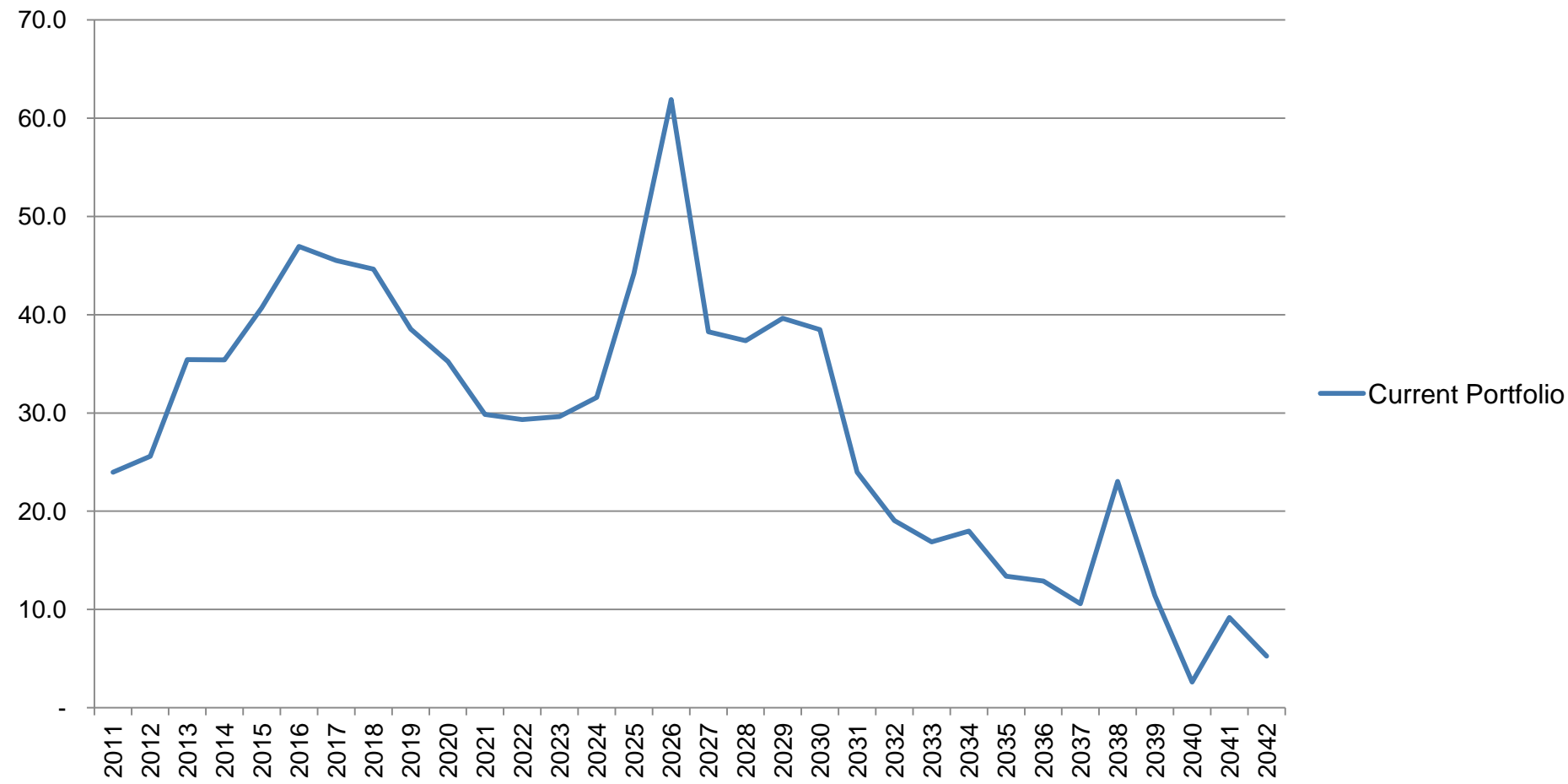
	£m
<b>Cash at 31 December 2010</b>	<b>7.6</b>
Funds raised – tap issue (April), share issue (October)	158.0
Listing and acquisition costs	(2.4)
Acquisition of projects	(109.5)
Cash held in escrow for Forth Valley investment	(14.8)
Distributions from projects	24.6*
Operating and administrative expenses	(4.7)
Financing costs	(1.1)
Dividends paid to shareholders	(9.1)
<b>Cash at 31 December 2011</b>	<b>48.6</b>

*Total Expense Ratio is 1.1% for 2011 (actual) - for a full 12 months estimated at 1.24%*

*\* Includes £0.6m relating to 2010*

# Cash Yield

## Illustrative cash flows from projects over remaining life



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

# Annual Results Conclusion

- Portfolio value growth ahead of expectations
- Steady cash flow
- Solid Balance Sheet, cash allocated for investments
- Now established as a credible participant secondary market, with the purchase of 7 assets/ increased stakes from third parties.

# Outlook

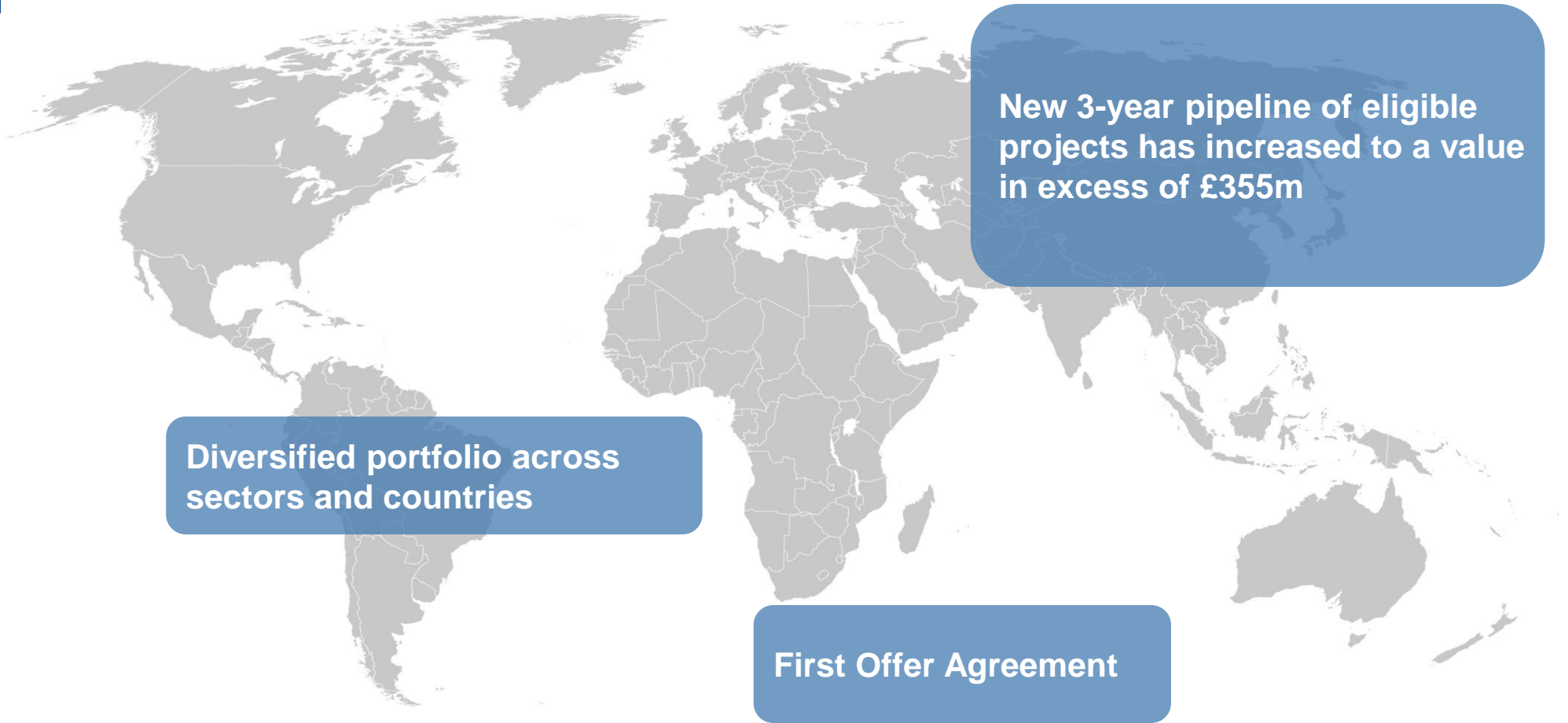




- Through the First Offer Agreement JLIF have valuable opportunities to purchase additional assets that fit fund criteria
- Buoyant secondary market for operational projects – both in UK and worldwide
- JLIF will continue to carefully select acquisition targets, ensuring that they are suitable for JLIF with the correct acquisition

# The Future – Strong and Growing Pipeline

**John Laing has Strong Pipeline on Global Footprint Updated 2011**



# Outlook for the Infrastructure Market

## Existing portfolio

- Contracted operations and income

## Visible pipeline – 4 to 6 years

- Time 'lag' from policy changes
- Pipeline of projects already under construction

## Longer term growth

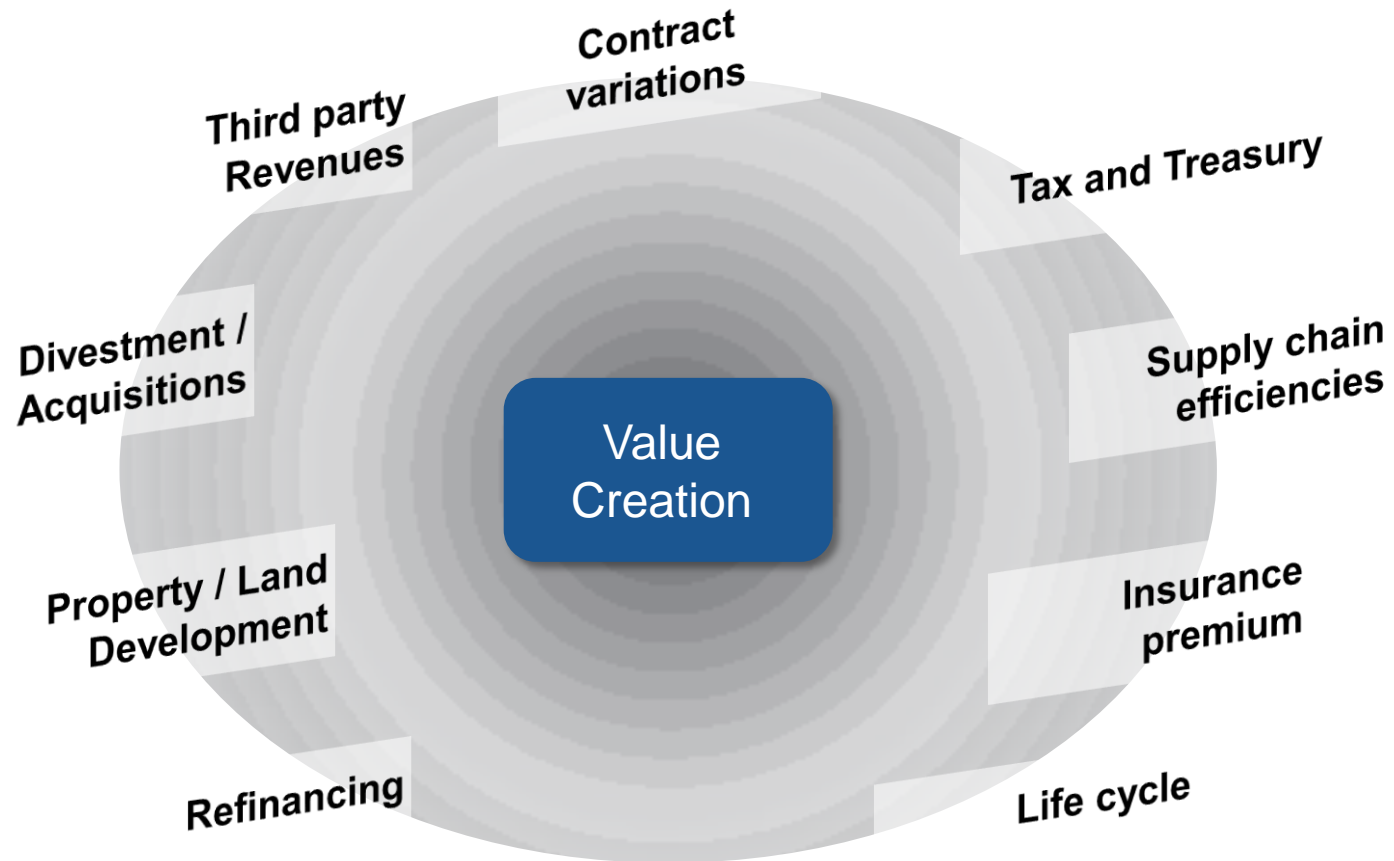
- UK Government explicit that economic growth is dependant on infrastructure
- Important route for governments to deliver improvements to infrastructure
- Active markets in Canada, USA, Europe and Australia
- John Laing well positioned to take advantage of future growth

***“The infrastructure pipeline includes over 500 projects and programmes and is worth over £250billion”***

***“Almost two thirds of the expected investment between 2011 and 2015 will be privately funded”***

# Value Enhancement Opportunities

Strong Track Record of Delivering Enhanced Value



# Enhancement of Portfolio Value

## High Inflation will feed through to Enhanced Value

Inflation Sensitivity	Portfolio Valuation	Difference in Valuation
Inflation + 1%	£398.4m	£18.0m
Base Case (UK: RPI = 2.75%)	£380.4m	£0.0m
Inflation - 1%	£366.5m	£(13.9)m

N.B. This relates to the Portfolio as at 31 December 2011

- In addition other Value Enhancements currently being worked on should provide future growth

# Competitive Advantages

<b>Portfolio</b>	<ul style="list-style-type: none"><li>• Fully Seeded</li><li>• Selected on low risk characteristics</li></ul>
<b>Team</b>	<ul style="list-style-type: none"><li>• Experience in asset and project management</li><li>• In depth knowledge of the seed assets</li></ul>
<b>Structure</b>	<ul style="list-style-type: none"><li>• Low base fee and operating costs</li><li>• Limited acquisition costs</li></ul>
<b>Value enhancement</b>	<ul style="list-style-type: none"><li>• Extensive experience</li><li>• First Offer Agreement for existing John Laing pipeline</li></ul>

# Conclusion

- Low risk portfolio
- Strong predictable dividend yield with potential value enhancement
- Inflation linked returns
- Experienced and incentivised management team

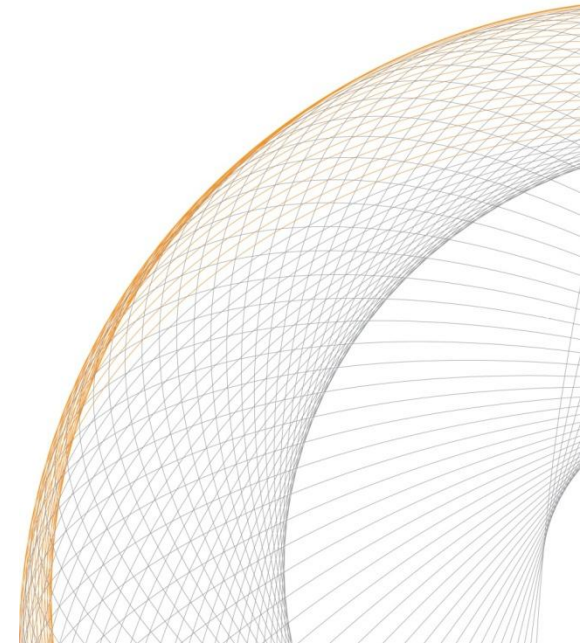
**Solid low risk cash yield with potential  
upside value**

# Q & A



# Appendices

Additional Information



- On a consolidated basis for period to 31 December 2011
- Prepared on an IFRS basis
- Columnar approach also shows results on an Investment Basis
- IFRS basis summary:
  - 12 projects are subsidiaries 18 projects are joint ventures
  - Subsidiaries consolidated and financial assets and financial instruments fair valued, movements to P&L
  - Joint ventures held at fair value (movements to P&L)

Balance Sheet (£m)	2011
Net Assets	441,571
IFRS adjustments	4,955
Net Assets (IFRS basis)	446,526

Note: all project debt is non-recourse

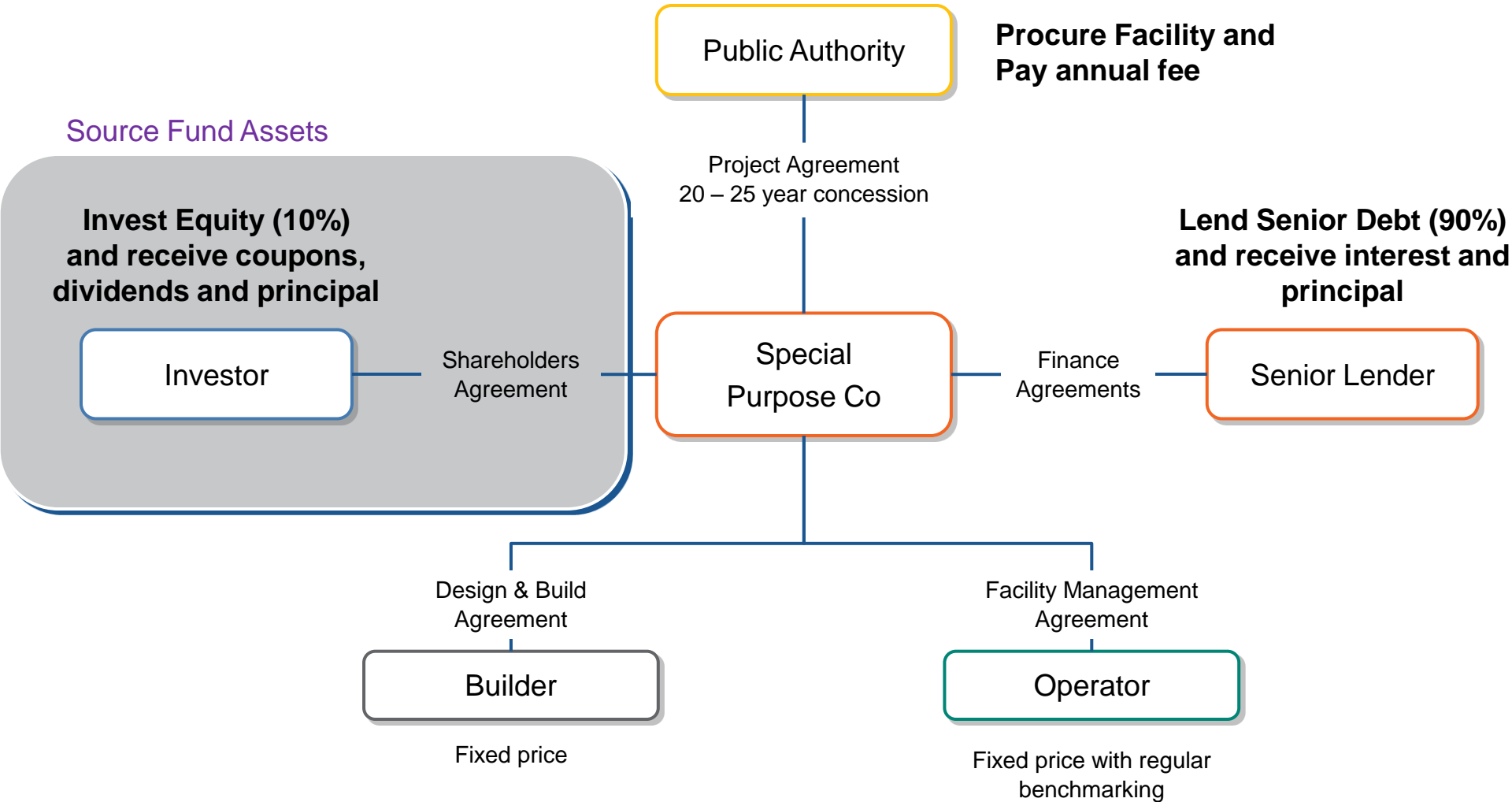
# Summary Income Statement

Period ended 31 December 2011

	Investment Basis	IFRS Consolidation Adjustments	IFRS Basis
Gross Loss	-	(679)	(679)
Admin expenses	(6,677)	(1)	(6,678)
Investment Income	30,586	(11,325)	(19,261)
Other gains/(losses)	(76)	38,454	38,378
Finance costs	(488)	(14,779)	(15,267)
Profit before tax	23,345	11,670	35,015
Tax	(531)	(4,441)	(4,972)
Profit after tax	22,814	7,229	30,043
Earnings per share			9.64

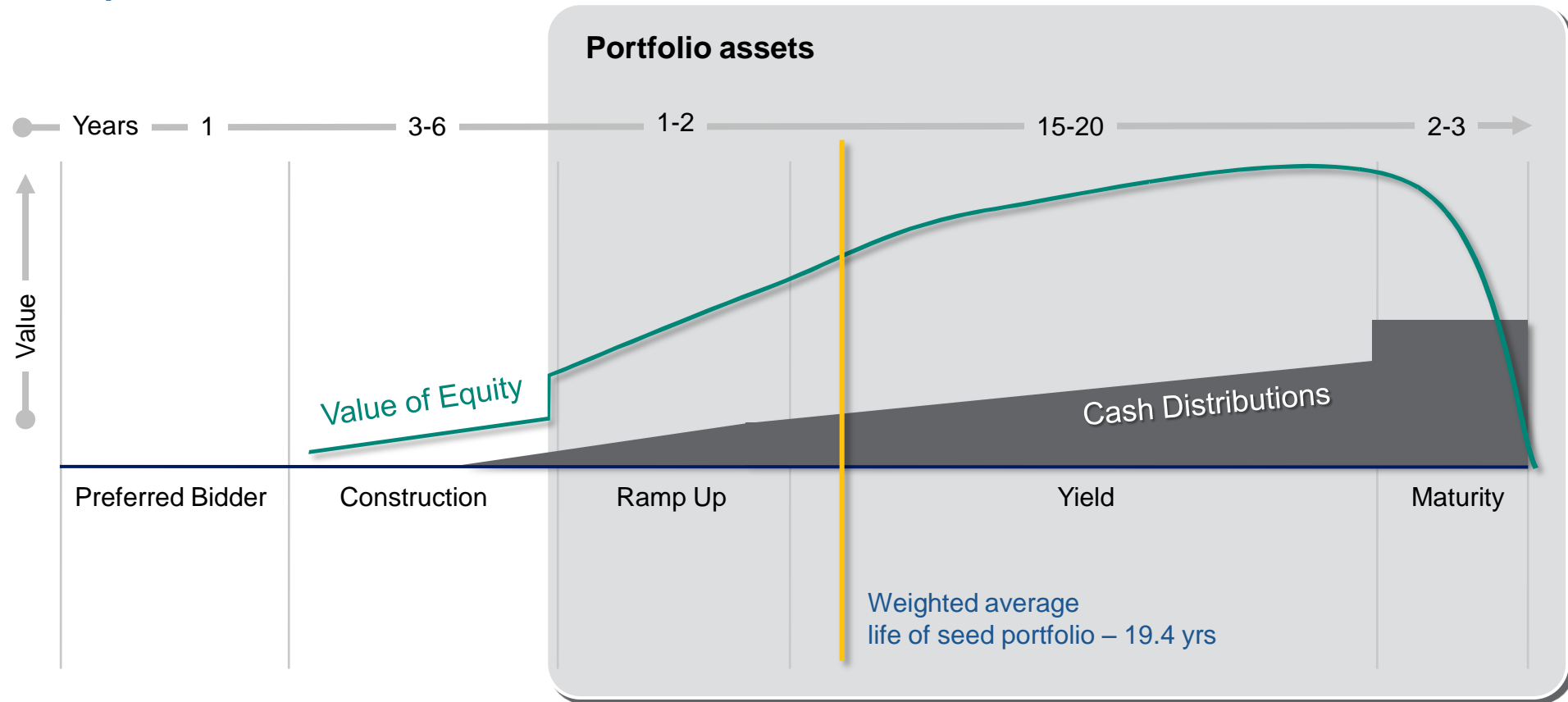
# Structure of PPP/PFI Contracts

## Example



# PPP/PFI Value Generator

## Example



# Investment Highlights

<b>PFI investment class</b>	<ul style="list-style-type: none"><li>▪ Contracted government backed revenues</li><li>▪ Proven model with low risk, predictable yield</li><li>▪ Positive inflation correlation</li></ul>
<b>Differentiated portfolio</b>	<ul style="list-style-type: none"><li>▪ Balance of UK and international assets</li><li>▪ Selected assets based on fund characteristics</li><li>▪ International projects in fiscally strong countries (Canada &amp; Finland)</li><li>▪ Assets developed and operational</li></ul>
<b>Incentivised team</b>	<ul style="list-style-type: none"><li>▪ Dedicated and incentivised management team</li><li>▪ John Laing pedigree and global reach</li><li>▪ Competitive management fee</li><li>▪ John Laing retained stake</li></ul>
<b>Ongoing value accretion</b>	<ul style="list-style-type: none"><li>▪ Enhancement potential for existing assets</li><li>▪ Future fund pipeline from John Laing – no acquisition fee to manager on John Laing assets</li><li>▪ Suitable 3rd party acquisitions</li></ul>

**Experienced team managing high quality assets  
to deliver a dependable and growing yield**

# Value Chain Gearing – The John Laing Model

John Laing

