John Laing Infrastructure Fund Limited

Jlif

interim report 2011

Contents

FUND AT A GLANCE

Financial Highlights

→ Portfolio Value[1] has shown underlying growth of 7.1% for the six month period since 31 December 2010

→ Acquired two assets from John Laing and an additional stake in an existing asset in April 2011, with a fourth acquisition expected to close in the second half of 2011

→ Increase in NAV[1] of 15.4% to £314.2 million

→ Increase in IFRS Net Assets of 15.1% to £311.7 million

→ Growth of NAV[1] per share of 5.1% to 105.9 pence

→ IFRS Net Assets per share up 4.8% to 105.04 pence

→ Raised £27.4 million through a tap issue in April 2011

→ Interim dividend for the period declared today of 3.0 pence in line with target

→ IFRS Profit After Tax of £15.4 million

The Company

→ John Laing Infrastructure Fund Limited (LSE: JLIF) ("JLIF" or "the Company") is an LSE-listed company with a Portfolio of 21 assets across seven sectors: Street Lighting, Schools, Defence, Health, Justice and Emergency Services, Regeneration and Roads; and across three countries: UK, Canada and Finland. JLIF invests in assets that are predominantly:

→ in their operational phase, having completed construction

→ backed by public sector or Government revenue streams

→ "availability" – based (where the payments from the concession do not generally depend on the level of use of the project asset)

→ within the UK and in countries which are regarded as fiscally strong

1 For definitions please refer to page 10

Paul Lester CBE Chairman

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present JLIF's first half year report for the period 1 January 2011 to 30 June 2011. The Company has undergone a busy six months bedding in and managing the initial Seed Portfolio assets, and undertaking a successful tap issue of just over £27 million to fund the acquisition of further assets from John Laing. The Directors and I are pleased with the continued support from our shareholders and the level of support that we received for the tap issue in April.

This half year report evidences steady performance over the period based on a low risk asset base. Despite an uncertain time in the UK stock market, JLIF's share price over the period performed with relatively limited volatility, reflecting the low risk nature of its underlying portfolio.

Portfolio Performance

The Portfolio has performed better than expected due to the achievement of various one-off value enhancements and has shown underlying growth in value of £18.9 million or 7.1% to £286.5 million on the rebased value as at 31 December 2010, after taking account of acquisitions made and project distributions received in the period, with the exchange rate gain effect being close to nil for the period. There have been no material issues on any of the assets that impair the performance of the Fund.

Valuation

The Portfolio has been valued using discounted cash flow methodology, which has been approved by the Directors. The discount rate has been slightly adjusted from that used at 31 December 2010 to reflect the reweighting in the Portfolio following recent acquisitions. This change has had a relatively minor impact on the valuation.

Shareholder Returns and Investment Performance

As of 30 June 2011, JLIF's share price was 106.25 pence. JLIF's shares have consistently traded at a premium to both issue price and net asset value during the period, indicating strong support for the stock. The Company has a robust portfolio of assets from which it expects to continue to deliver a reliable yield to shareholders for the foreseeable future.

JLIF paid its first dividend in-line with expectations and is on target to pay its interim dividend in October 2011, as laid out in the launch prospectus dated October 2010.

Investment Advisor

John Laing Capital Management Limited ("JLCM") is the Investment Advisor to JLIF. JLCM has continued to perform well by securing the tap issue and acquisitions earlier this year. JLCM actively continues to evaluate further acquisition opportunities in the market.

Portfolio Acquisition and Pipeline

In April this year, JLIF agreed to purchase four assets from John Laing. Three assets have been purchased to date and the fourth is awaiting final minor construction works to be finalised by the project company prior to completion. The three assets that have been acquired are: Bentilee Community Centre, Cleveland Police Headquarters and a further stake in Queen Elizabeth Hospital, an asset in which JLIF already held a stake. These assets integrate well with JLIF's Portfolio and are consistent with the Investment Policy. We look forward to developing relationships with our new partners.

There is a visible pipeline of opportunities in the secondary infrastructure market. JLCM is actively seeking the right opportunities for JLIF and we look forward to growing the Portfolio over the next 12 to 18 months. The Company is in the process of increasing its credit facility to provide additional resource and flexibility for the Company.

Going Concern

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

Outlook

Despite the general economic outlook the PFI infrastructure space is still undergoing positive development and more projects are coming to market, inferring longevity in this asset class.

In the UK, following reviews by the Coalition Government and some changes to the overall programme, the number of primary projects becoming available is now increasing. We are seeing growth in the social housing, health and waste sectors in particular. In Europe, there is activity in the accommodation, transport and energy markets; and the US and Canada are seeing significant interest in transport, health and energy projects.

This growth in the infrastructure market is good news for JLIF in the future and we look forward to continuing our success in this market.

P Lester CBE, Chairman

30 August 2011

Bentilee Community Centre

→ This half year report evidences steady performance over the period based on a low risk asset base

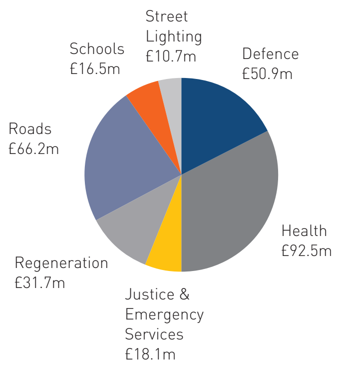
GROUP INVESTMENT PORTFOLIO

HEALTH	Kingston Hospital **60%**	Newham Hospital **50%**
	Queen Elizabeth Hospital **27.5%**	Abbotsford Hospital (British Columbia) **80%**
	Vancouver General Hospital **100%**	
SCHOOLS	Glasgow Schools **20%**	
	South Lanarkshire Schools **15%**	
JUSTICE & EMERGENCY SERVICES	Greater Manchester Police **27.08%**	Met Police – Firearms and Public Order Training **27.08%**
	Avon & Somerset Courts **40%**	Cleveland Police HQ **42.5%**
ROADS	E18 Finland **41%**	Sirhowy Way **100%**
	M40 **50%**	
REGENERATION	Brockley Housing **100%**	Bentilee Regeneration **100%**
	Canning Town **100%**	
DEFENCE	MoD Main Building **26%**	
STREET LIGHTING	Manchester Street Lighting **50%**	Wakefield Street Lighting **50%**
	Walsall Street Lighting **100%**	

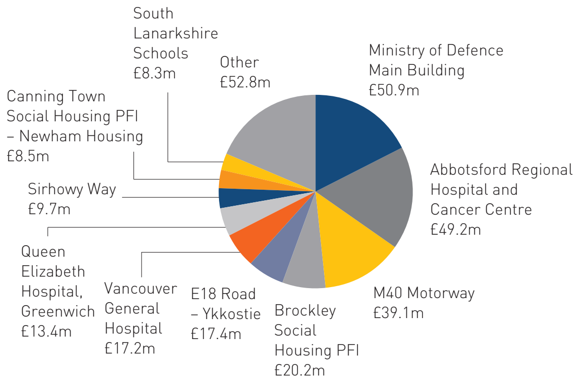
Key

- Existing acquisitions
- Newly acquired
- Increased stake

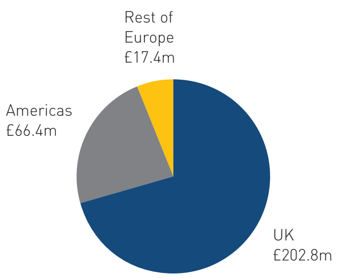
SECTOR BREAKDOWN



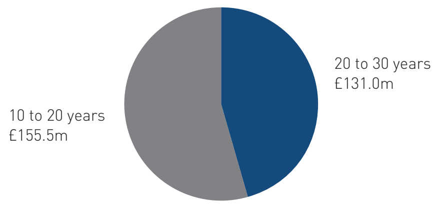
ASSET BREAKDOWN



GEOGRAPHICAL ANALYSIS



REMAINING CONCESSION LENGTH



INVESTMENT ADVISOR REPORT

E18, Finland
(photograph taken by Matti A. Kallio)

1. ABOUT THE INVESTMENT ADVISOR

JLIF is advised by John Laing Capital Management Limited ("JLCM"). JLCM, a wholly owned subsidiary of John Laing, acts as the Investment Advisor 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 FSA since December 2004. JLCM has the ability to call on and utilise the substantial experience of the John Laing Group in the management of the Portfolio projects and future acquisitions.

2. INVESTMENT PERFORMANCE

JLIF's share price has performed steadily over this six month period to 30 June 2011 despite an uncertain economic outlook. JLIF's NAV has increased to £314.2 million. The NAV per share at 30 June 2011 is 105.9 pence, which is an increase of 5.1% from 100.8 pence at 31 December 2010 and 3.0% from 102.8 pence at 31 March 2011 principally due to the increase in the Portfolio Value.

The increase in the underlying value of the Portfolio of 7.1% is due to a combination of continuing growth and higher inflation than forecast, coupled with one-off factors comprising of lower tax rates and a number of achieved value enhancements. The underlying growth due to the unwinding of the discount rate was approximately 4.1% and the impact of higher inflation than expected and the one-off factors was approximately 3.0%. These one-off factors arose from the announced reduction in corporation tax rates and savings from negotiating economies of scale in insurance costs on some assets. In addition to this, both MOD Main Building and Brockley Housing experienced significant growth due to one-off factors discussed within this report, partially offset by South Lanarkshire Schools where expected insurance cost savings were marginally lower than anticipated.

Since June 2011, cash flows from the portfolio continue in-line with the projections made by the Investment Advisor based on the underlying project models.

JLIF paid its first dividend of 0.5 pence in April 2011 for the period to 31 December 2010 which was in line with expectations and as detailed in the Prospectus (October 2010). JLIF has declared an interim dividend of 3.0 pence for the six month period to 30 June 2011 to be paid in October 2011 which was again at the level anticipated in the Prospectus (October 2010).

The graph on page 8 shows the cash flow JLIF anticipates receiving from its Portfolio over the asset lives. There is a steady stream of distributions that peaks in 2026, which is due to some of the assets nearing maturity at this time. Larger cash flows are expected at the end of the concession of these assets by which time the debt has been repaid and remaining cash is available for distribution to shareholders. JLIF has 46% of its assets maturing within 20 years (in value terms), which is illustrated in the chart on page 5.

3. VALUATION

a. Portfolio

The Portfolio Value has increased by 7.1% on a rebased value basis to £286.5 million in the period 1 January 2011 to 30 June 2011. This growth is largely due to the anticipated unwind of the discounting of future cash flows. However, growth over and above what was expected occurred predominantly for three reasons: 1) Inflation in the UK continues to remain above that forecast by JLIF across its portfolio; 2) a one-off implementation of the reduction to the corporation tax rate as announced in the 2011 Budget throughout the UK projects' portfolio; and 3) JLIF has executed one-off value enhancements on certain projects as described below.

	£'000s	% change
Value at 31 December 2010	**264,735**	
Acquisitions	11,960	4.5%
Distributions	(9,076)	(3.4)%
Exchange rate movements	15	–
Rebased value	**267,634**	
Underlying growth in value[1]	18,907	7.1%
Value at 30 June 2011	**286,541**	

1 The gain on portfolio valuation reported in the financial statements is £10.3 million (see Section 8 of this Investment Advisor Report). £8.6 million of the underlying growth in value of £18.9 million above is reported as interest and dividend income from investments in the financial statements (see note 5 to the financial statements).

Inflation

The current inflation rate is above that modelled by JLIF and therefore gives rise to increased cash flows from the underlying assets. JLIF only applies the current inflation rate in the current period and does not forecast the current higher inflation into future periods. JLCM believes this is a conservative approach, leading to robust future valuations as inflation rates fluctuate.

Corporation Tax

The Government announced in the 2011 Budget that UK corporation tax rates would incrementally reduce by a further 1% each year to 23% by April 2014. The reduction to 25%, with effect from 1 April 2012, was substantially enacted in July 2011. The majority of the Portfolio has undergone model updates since the year end and the benefit of the reduced tax rate has been realised in the valuation of the UK projects at 30 June 2011.

Insurance Enhancement

As part of JLIF's ongoing value enhancement programme, JLCM has reviewed the insurance costs across the Portfolio and has achieved further savings from economies of scale in the portfolio of insurances. This is solely a cost saving mechanism and does not adversely affect the level of cover. All assets remain compliant with their respective project documents.

In addition to the three adjustments above, which are applicable to the whole Portfolio, there were two assets that performed over and above expectations: MoD Main Building and Brockley Housing. The MoD Main Building benefited from improved treasury management, in addition to an improved efficiency in delivery of lifecycle replacement. Brockley Housing has contributed to the increase in Portfolio Value by progressing steadily through its ramp up phase in operations without any issues and recognising costs savings during the construction period.

INVESTMENT ADVISOR REPORT (continued)

Growth in value at South Lanarkshire Schools was less than expected because the full extent of the insurance saving that had been previously modelled did not materialise. This has been recognised in this valuation.

The graph below illustrates the changes in the valuation over the six month period to 30 June 2011.

b. Discount Rate

The discount rate used to value JLIF's Portfolio at 30 June 2011 has slightly increased from the 2010 year end position. The discount rate at 30 June 2011 was 8.35% compared with 8.34% at 31 December 2010. This is because each asset's weighting in the Portfolio marginally changed following the acquisition from John Laing earlier this year. As a result, some of the assets with higher discount rates made up a slightly larger portion of the Portfolio increasing the weighted average discount rate by 1 basis point to 8.35%.

The change in the discount rate is consistent with JLIF's valuation methodology that has been approved by the Directors.

c. Foreign Exchange

The Portfolio contains three assets that have exposure to foreign exchange rate movements. Vancouver and Abbotsford hospitals are exposed to the Canadian dollar and the E18 road is exposed to the Euro. As at 30 June 2011, these assets represented 29.2% of the Portfolio.

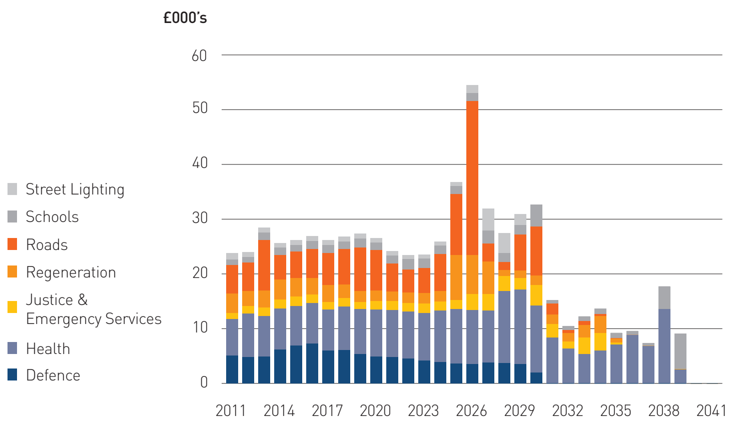
The movements in the Portfolio Value attributable to exchange rates remain small. This is driven by the proportion of cash flows in the Portfolio subject to foreign exchange, relative to those that are not. JLCM will seek to minimise the impact of exchange rate volatility to preserve the Portfolio Value, and therefore shareholder value.

JLCM recommends that JLIF continues to pursue its multi-currency portfolio strategy, which provides investors with a level of exposure as described in the Prospectus to the extent that exchange rate volatility is managed within the Portfolio.

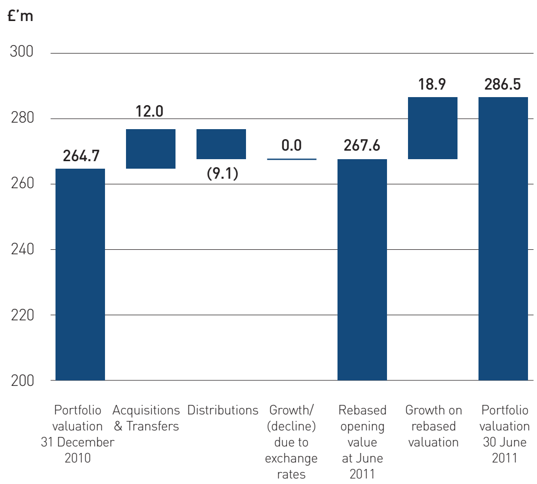
4. ACQUISITIONS

JLIF purchased three assets earlier this year from John Laing. These comprised an additional stake in the Queen Elizabeth Hospital to bring JLIF's shareholding to 27.5%, 100% of Bentilee Regeneration Hub and 42.5% of Cleveland Police Headquarters.

Cashflow over remaining life



Portfolio Value movements



JLIF has also agreed the acquisition of the fourth asset, Roseberry Park Hospital. This asset should complete later in 2011 following the completion of a small number of minor construction issues by the project entity at the end of the construction period.

5. INFLATION

JLIF's Portfolio is positively correlated with inflation. The approximate correlation to inflation is laid out in the 2010 Annual Report on page 21.

Each of JLIF's projects uses a prudent forecast for inflation based on an historical average and current inflation is currently higher than these forecasts. JLIF updates its asset models for actual inflation for the current six-month period only and does not adjust any of its future forecasts, which we consider a prudent approach. JLIF's Portfolio structure helps to mitigate the impact of inflation on the Portfolio Value because the larger cash flows generated by the assets occur at the end of their concession periods, once all debt has been repaid. This, in combination with JLIF's application of the current inflation rate being limited to the current period only, dampens the impact on the Portfolio Value today.

6. RISK

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materiality from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2010. A detailed explanation of the risks summarised below can be found on pages 25 to 27 of the 2010 Annual Report which is available at www.jlif.com.

7. GEARING

JLIF remains ungeared with respect to recourse debt. JLIF has a bank facility available for use but this remains wholly undrawn. JLCM anticipates making a third party acquisition before the end of 2011 and will seek to increase its bank facility to provide additional resource and flexibility to JLIF to capitalise on future opportunities for the benefit of the Portfolio.

8. FINANCIAL RESULTS

The Company increased the number of PFI/PPP project entities in its portfolio from 19 to 21 in the six month period with the acquisition of a further two PFI/PPP project entities from John Laing.

As a result of this acquisition, the number of projects that the Group controlled, by virtue of having the power, directly or indirectly, to govern the financial and operating policies of the projects, increased from five to six of these project entities at 30 June 2011. Under International Financial Reporting Standards ("IFRS"), the results of these entities are required to be consolidated as subsidiaries in the Group's financial statements on a line-by-line basis.

The Group does not control the other 15 projects but has significant influence over the financial and operating policies of these projects and along with other shareholders jointly controls these entities. Accordingly, the Company would usually account for these investments in accordance with IAS 31 'Interests in Joint Ventures'. However, the Group has continued to take the exemption from IAS 31 available to venture capital organisations and similar entities and these 15 investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

Whilst the two groups of investments described are treated differently under IFRS they together form part of a portfolio of similar investments which are held for investment purposes and managed as a whole and there is no distinction made between those investments classified as subsidiaries and those which are not.

INVESTMENT ADVISOR REPORT (continued)

As in the first reporting period to 31 December 2010, in order to provide shareholders with relevant and useful information regarding the Investment group's performance, its ability to make distributions to its shareholders and its capacity for further investments, the financial results in the Financial Statements have been presented to show the results for the recourse group on an Investment Basis (presented as "Investment group" in the financial statements), before showing those adjustments (presented as "Non-investment adjustments" in the financial statements) required to arrive at the financial results on a consolidated basis ("Total group"), which incorporate the results of the non-recourse group under IFRS.

Period under review

The key financial results for the six months ended 30 June 2011 are:

	Investment Basis	Consolidated IFRS Basis
Profit before tax (£'000s)	16,666	16,422
Gain on portfolio valuation (£'000s)	10,311	6,471
Net Asset Value[1] (£'000s)	314,229	311,686
Net Asset Value per Share (pence)	105.90	105.04
Portfolio Value[3] (£'000s)	286,541	223,799

- Under the Investment Basis[2], profit before tax (PBT), excluding the gain on the portfolio valuation of £10.3 million (see (iii) below), was £6.4 million. This comprised returns from investments in projects of £8.7 million offset by recourse costs of the Investment group, including acquisition costs of £0.4 million, of £2.3 million.
- Under the IFRS consolidated basis, profit before tax, excluding the gain on the portfolio valuation of investments in joint ventures only of £6.5 million, was £10 million. This differs from the results under the Investment Basis due to the results of the six project subsidiaries under the Investment Basis being different to the corresponding results under the IFRS consolidated basis.

  For this period, the aggregate of positive fair value movements on financial instruments less amortisation of intangible assets of £2.8 million together with the PBT on an IFRS consolidated line-by-line basis of the subsidiaries of £2.4 million is £3.6 million greater than the returns the Investment group earned from its investments in the subsidiaries under the Investment Basis of £1.6 million.
- The gain on Portfolio Value of all investments since acquisition was £10.3 million. The Portfolio Value has increased from £264.7 million at 31 December 2010 to £286.5 million at 30 June 2011. The increase in Portfolio Value of £21.8 million comprises the acquisition value of £12.0 million, the gain of £10.3 million above, together with the increase in interest receivable on subordinated loans from 31 December 2010 to 30 June 2011 of £0.7 million included in interest income in the financial statements less repayments of £1.2 million in the period. Further details on the portfolio valuation and the reasons for the gain are provided in Section 3 of this Investment Advisor's Report.

1. Net Asset Value ("NAV") is the net assets for the Investment group on the Investment Basis (see note 2 below) as set out in the first column of the condensed consolidated balance sheet in the Financial Statements. This differs from the basis of recording net assets under International Financial Reporting Standards as set out in the third column ("Total group") of the condensed consolidated balance sheet. See note 2 (a) to the financial statements for details of the basis of preparation.
2. Investment Basis is the basis used for reporting the results of the Group as an Investment group, under which investments in all 21 projects are accounted for in the same way. This differs from the results of the Group under the Total group basis, in accordance with IFRS, where the accounting treatment for the six project subsidiaries is different than that for the 15 projects which are joint ventures of the Group. See note 2 (a) to the financial statements for details of the basis of preparation.
3. Portfolio Value is the fair value of the investments in all 21 projects calculated using the discounted cash flow method. The Portfolio Value on acquisition is rebased for this purpose to reflect any amounts received from the projects in the period between 31 December 2010 and 30 June 2011.

The Group has a total cash balance on an Investment Basis of £28.5 million and currently no debt. The breakdown of the movements in cash is shown below:

Cash flows of the Investment group for the period (£ million)

Cash balance at beginning of period	7.6
Capital raising (net of costs)	26.9
Acquisition of projects (including costs)	(12.4)
Distributions received from projects	9.2
Management and administration costs	(0.9)
Finance costs	(0.5)
Dividend paid	(1.4)
	28.5

The Company has declared a total dividend of £8.9 million (3.0 pence per share) which is payable in October 2011. The remaining cash balance is available to partially fund further acquisitions of assets that the Company is currently pursuing.

Completion of Roseberry Park Hospital, anticipated in the second half of 2011, would incur a payment of approximately £14 million.

9. INCREASE IN CAPITAL

JLIF undertook a successful tap issue in April 2011 and raised £27.4 million from its existing shareholders. This capital was used to acquire the assets from John Laing detailed in Section 4 of this Investment Advisor Report.

10. OUTLOOK

JLCM is encouraged by the developments in the infrastructure market. There is an increase in primary activity across most sectors in the UK, notably social housing, health and transport. Many projects that have been re-engaged are based on a project finance model similar to that already existing in JLIF's Portfolio. This is positive and reinforces JLCM's positive outlook for the pipeline of opportunities. The maturities of these assets when they reach financial close will fit well with JLIF's existing Portfolio, reaffirming the longevity of the Company's model. The UK has experienced significant movement in re-igniting projects that were previously subject to governmental review. Europe and North America continue with a progressive PFI/PPP programme developing infrastructure. As these markets achieve a more mature status, JLCM believes there will be substantial opportunity to invest overseas.

Vancouver Hospital, Canada

RESPONSIBILITY STATEMENT


Sirhowy Way, Wales

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 as adopted by the European Union; and
- the Chairman's Statement and Investment Advisor'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 CBE, Chairman

30 August 2011

INDEPENDENT REVIEW REPORT TO JOHN LAING INFRASTRUCTURE FUND LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 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 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services 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 half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP Chartered Accountants

Guernsey, Channel Islands

30 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

six months ended 30 June 2011

	Notes	Investment group £'000s (Unaudited)	Non-investment adjustments £'000s (Unaudited)	Total group £'000s (Unaudited)
Service revenue		–	7,694	7,694
Cost of sales		–	(8,053)	(8,053)
Gross loss		–	(359)	(359)
Administrative expenses		(2,271)	–	(2,271)
Loss from operations		(2,271)	(359)	(2,630)
Investment income	5	19,047	(5,441)	13,606
Other gains/(losses)		(1)	11,698	11,697
Finance costs		(109)	(6,142)	(6,251)
Profit before tax		16,666	(244)	16,422
Tax	6	(272)	(730)	(1,002)
Profit for the period		16,394	(974)	15,420
Attributable to:				
Owners of the Company				15,420
Non-controlling interests				–
				15,420
Earnings per share				
From continuing operations				
Basic and diluted (pence)	8			5.45

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

six months ended 30 June 2011

	Investment group £'000s (Unaudited)	Non-investment adjustments £'000s (Unaudited)	Total group £'000s (Unaudited)
Profit for the period	**16,394**	**(974)**	**15,420**
Exchange difference on translation of overseas operations	**–**	**(48)**	**(48)**
Total recognised income and expenditure attributable to equity shareholders	**16,394**	**(1,022)**	**15,372**
Attributable to:			
Owners of the Company			**15,372**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

six months ended 30 June 2011

	Share capital £'000s	Share premium £'000s	Retained reserves £'000s	Translation reserve £'000s	Total £'000s
Balance at 1 January 2011	27	266,884	3,830	(4)	270,737
Profit for the period	–	–	15,420	–	15,420
Other comprehensive income for the period	–	–	–	(48)	(48)
Total comprehensive income for the period	–	–	15,420	(48)	15,372
Ordinary shares issued	3	27,396	–	–	27,399
Costs of shares issue	–	(472)	–	–	(472)
Dividend paid	–	–	(1,350)	–	(1,350)
Balance at 30 June 2011 (Unaudited)	30	293,808	17,900	(52)	311,686

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2011

	Notes	30 June 2011 Investment group £'000s (Unaudited)	30 June 2011 Non-investment adjustments £'000s (Unaudited)	30 June 2011 Total group £'000s (Unaudited)	31 December 2010 Investment group £'000s (Audited)	31 December 2010 Non-investment adjustments £'000s (Audited)	31 December 2010 Total group £'000s (Audited)
Non-current assets							
Intangible assets	9	**–**	**55,359**	**55,359**	–	53,490	53,490
Investments at fair value through profit or loss	10	**286,541**	**(62,742)**	**223,799**	264,735	(55,828)	208,907
Finance receivables at fair value through profit or loss		**–**	**211,216**	**211,216**	–	199,402	199,402
Total non-current assets		**286,541**	**203,833**	**490,374**	264,735	197,064	461,799
Current assets							
Trade and other receivables		**459**	**4,534**	**4,993**	2,395	3,730	6,125
Finance receivables at fair value through profit or loss		**–**	**5,100**	**5,100**	–	4,547	4,547
Cash and cash equivalents		**28,500**	**25,840**	**54,340**	7,567	12,748	20,315
Total current assets		**28,959**	**35,474**	**64,433**	9,962	21,025	30,987
Total assets		**315,500**	**239,307**	**554,807**	274,697	218,089	492,786
Current liabilities							
Trade and other payables		**(1,079)**	**(27,481)**	**(28,560)**	(2,371)	(23,125)	(25,496)
Current tax payable		**(189)**	**(459)**	**(648)**	(67)	(261)	(328)
Loans and borrowings	12	**–**	**(11,853)**	**(11,853)**	–	(11,877)	(11,877)
Total current liabilities		**(1,268)**	**(39,793)**	**(41,061)**	(2,438)	(35,263)	(37,701)
Non-current liabilities							
Loans and borrowings	12	**(3)**	**(172,345)**	**(172,348)**	–	(155,496)	(155,496)
Derivative financial instruments		**–**	**(16,810)**	**(16,810)**	–	(17,166)	(17,166)
Deferred tax liabilities		**–**	**(12,902)**	**(12,902)**	–	(11,686)	(11,686)
Total non-current liabilities		**(3)**	**(202,057)**	**(202,060)**	–	(184,348)	(184,348)
Total liabilities		**(1,271)**	**(241,850)**	**(243,121)**	(2,438)	(219,611)	(222,049)
Net assets		**314,229**	**(2,543)**	**311,686**	272,259	(1,522)	270,737
Equity							
Share capital	13	**30**	**–**	**30**	27	–	27
Share premium account	14	**293,808**	**–**	**293,808**	266,884	–	266,884
Translation reserves		**–**	**(52)**	**(52)**	–	(4)	(4)
Retained earnings		**20,391**	**(2,491)**	**17,900**	5,348	(1,518)	3,830
Equity attributable to owners of the Company		**314,229**	**(2,543)**	**311,686**	272,259	(1,522)	270,737
Minority interests		**–**	**–**	**–**	–	–	–
Total equity		**314,229**	**(2,543)**	**311,686**	272,259	(1,522)	270,737

The half-yearly financial report was approved by the Board of Directors on 30 August 2011. They were signed on its behalf by:

P Lester CBE
Chairman

C Spencer
Director

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

six months ended 30 June 2011

	Investment group £'000s (Unaudited)	Non-investment adjustments £'000s (Unaudited)	Total group £'000s (Unaudited)
Loss from operations	(2,271)	(359)	(2,630)
Adjustments for:			
Amortisation of intangible assets	–	1,318	1,318
Operating cash flows before movements in working capital	(2,271)	959	(1,312)
Decrease in receivables	2,370	8,096	10,466
Increase/(decrease) in payables	(1,355)	1,174	(181)
Cash (outflow)/inflow from operations	(1,256)	10,229	8,973
Overseas tax paid	(151)	(2)	(153)
Income taxes paid	–	–	–
Net cash (outflow)/inflow from operating activities	(1,407)	10,227	8,820
Investing activities			
Interest received	3,918	(707)	3,211
Other interest received	3	–	3
Dividends received from Operating Subsidiaries	364	(364)	–
Dividends received from investments	3,755	–	3,755
Loan stock and equity repayments received	1,168	(409)	759
Acquisition of joint ventures, associates and investments	(9,062)	–	(9,062)
Acquisition of subsidiaries (net of cash acquired)	(2,898)	1,206	(1,692)
Net cash used in investing activities	(2,752)	(274)	(3,026)
Financing activities			
Dividends paid – equity shareholders	(1,350)	–	(1,350)
Interest paid	–	(4,392)	(4,392)
Other interest paid	(500)	–	(500)
Proceeds from borrowings	–	12,026	12,026
Repayments of borrowings	–	(4,433)	(4,433)
Proceeds on issue of share capital (net of costs)	26,927	–	26,927
Net cash from financing activities	25,077	3,201	28,278
Net increase in cash and cash equivalents	20,918	13,154	34,072
Cash and cash equivalents at beginning of the period	7,567	12,748	20,315
Effect of foreign exchange rate changes	15	(62)	(47)
Cash and cash equivalents at end of period	28,500	25,840	54,340

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

for the six months ended 30 June 2011

1. GENERAL INFORMATION

John Laing Infrastructure Fund 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 2011 comprise the Company and its subsidiaries (together referred to as the "Consolidated Group"). The Consolidated Group invests in PFI/PPP infrastructure projects in the UK, Europe and North America.

The financial information for the period ended 31 December 2010 is derived from the financial statements delivered to the UK Listing Authority. The financial information for the period ended 31 December 2010 included in this half-yearly report does not constitute statutory accounts as defined in The Companies(Guernsey) Law, 2008. The Auditors reported on those accounts: their 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.

Of the Consolidated Group's portfolio of 21 interests at 30 June 2011, 15 have been accounted for as investments (the "Entity Investments"). The six remaining investments are deemed to be subsidiaries of the Company (the "Operating Subsidiaries") and the acquisition is treated as a business combination. Certain aspects of the accounting policies apply only to the Operating Subsidiaries. Where applicable, this is noted in the relevant accounting policy. Investments in all 21 projects comprises interests in both equity and subordinated loans.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The annual financial statements of John Laing Infrastructure Fund Limited are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 – 'Interim Financial Reporting'.

The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the Group's latest annual audited financial statements for the period ended 31 December 2010, with the exception of the amendment made to IAS 24 (Revised November 2009) – 'Related Party Disclosures ' which is effective for reporting periods commencing on or after 1 January 2011. There was no material impact on the condensed set of financial statements from the introduction of this new standard.

The financial statements have been prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair values: derivative financial instruments and financial assets classified at fair value through profit or loss.

Supplementary information has been provided analysing the income statement, balance sheet and cash flow statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). The results shown as Investment group are the results arising from the investments made by the Group in the 21 PFI/PPP projects that reflect the Group's activity as an investment company, incorporating the returns from and fair value movements of the entire portfolio regardless of the extent of control or influence the Group can exercise. Under the investment basis, the investments in the six Operating Subsidiaries are treated in the same way as the investments in the 15 Entity Investments whereas under the IFRS consolidated basis the results of subsidiaries are required to be consolidated in the Group's financial statements on a line-by-line basis in accordance with IAS 27 (revised 2008) Consolidated and Separate Financial Statements ("IAS 27"). There is no distinction made by the Directors as to whether the investment is accounted for as a subsidiary or an investment when assessing the performance of the Company's investment portfolio. The adjustments required to be made to the results under Investment group to reflect the results of the Total group in accordance with IFRS are shown as "Non-Investment Adjustments". The Non-Investment Adjustments include adjustments to account for the 6 Operating Subsidiaries in accordance with IAS 27 together with other IFRS adjustments for fair valuing financial assets and liabilities that the Directors do not consider to be relevant or critical in monitoring and determining the performance of the Investment Group.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

2. ACCOUNTING POLICIES (CONTINUED)

(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 £28.5 million as at 30 June 2011, a banking facility (available for investment in new or existing projects) of £25 million which is committed until March 2014 and is forecast to continue in full compliance with the associated banking covenants.

Certain risks and uncertainties, as detailed in the 2010 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 PFI 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.

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 PFI/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
Europe (non-UK)
North America

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2011.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Revenue from external customers	**6,120**	**–**	**1,574**	**7,694**
Interest revenue	**1,906**	**457**	**1,018**	**3,381**
Interest expenses	**(4,301)**	**–**	**(1,755)**	**(6,056)**
Net interest revenue	**(2,395)**	**457**	**(737)**	**(2,675)**
Profit before tax	**12,066**	**711**	**3,645**	**16,422**
Tax	**(376)**	**(272)**	**(354)**	**(1,002)**
Reportable segment profit	**11,690**	**439**	**3,291**	**15,420**

No inter-segment sales were made for the six months ended 30 June 2011.

3. OPERATING SEGMENTS (CONTINUED)

Segment revenues and results (continued)

Information about major customers

The Group has four customers which each represent more than 10% of Group revenue. The customers' revenues were respectively £5.5 million reported across the UK segment and £1.6 million reported across the North America segment. The Group has treated each Government entity and/or department as a separate customer.

Segment assets

Information concerning the Group's net assets reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is primarily focused on the fair value of the investments in the underlying PFI/PPP projects. This is reported for the Investment group on an investment basis whereby this information is provided on all 21 projects irrespective of whether the project is treated as an Operating Subsidiary or as an Entity Investment.

The following is an analysis of the Group's assets by reportable segment as at 30 June 2011.

	UK £'000s	**Europe £'000s**	**North America £'000s**	**Total group £'000s**
Investments at fair value through profit or loss				
Investment group	**202,755**	**17,411**	**66,375**	**286,541**
Non-investment adjustments				**(62,742)**
Total group segment assets				**223,799**
Unallocated assets				**331,008**
Consolidated total assets				**554,807**

The following is an analysis of the Group's assets by reportable segment as at 31 December 2010.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Investments at fair value through profit or loss				
Investment group	181,991	16,902	65,842	264,735
Non-investment adjustments				(55,828)
Total group segment assets				208,907
Unallocated assets				283,879
Consolidated total assets				492,786

The non-investment adjustment represents the fair value of the investments in the Operating Subsidiaries which for Total group purposes are consolidated in accordance with IAS 27.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

4. SEASONALITY

Neither service revenue or profit are impacted by seasonality.

5. INVESTMENT INCOME

	Six months ended 30 June 2011		
	Investment group £'000s	Non-investment adjustments £'000s	Total group £'000s
Interest on bank deposits	**8**	**46**	**54**
Interest from investments	**4,610**	**(1,283)**	**3,327**
Total interest revenue	**4,618**	**(1,237)**	**3,381**
Dividend income from investments	**4,118**	**(364)**	**3,754**
Movement in the fair value of investments	**10,311**	**(3,840)**	**6,471**
Total investment income	**19,047**	**(5,441)**	**13,606**

6. TAX

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

The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying investments provide for taxation at the appropriate rates in the countries in which they operate. A foreign current tax charge of £0.5 million arose in the period.

A deferred tax charge of £0.5 million is also recognised in the income statement. This relates to the movement in the fair value of the Group's financial assets, financial liabilities and intangible assets.

In addition, a deferred tax liability of £0.7 million has arisen on the acquisition of the fair value of assets and liabilities of subsidiaries.

The Government announced in the Budget on 23 March 2011 that the rate of corporation tax in the UK will be reduced by 1% to 25% with effect from 1 April 2012. The accounts do not reflect the further reduction as this was not substantively enacted at the balance sheet date. Had the reduced rate been in effect at the balance sheet date the deferred tax liability as at 30 June 2011 would have been £0.3 million lower than stated above.

7. DIVIDENDS

	Six months ended 30 June 2011 £'000s
Amounts recognised as distributions to equity holders during the period:	
Interim dividend for the period ended 31 December 2010 of 0.5 pence per share	**1,350**

An interim and final dividend for the period ended 31 December 2010 of 0.5 pence per share, amounting to £1.35 million, was approved by the Board on 22 February 2011 and was paid on 7 April 2011. This dividend has been recognised in the condensed consolidated statement of changes in equity for the six months ended 30 June 2011.

An interim dividend for the six months ended 30 June 2011 of 3.0 pence per share, amounting to £8.9 million was approved by the Board on 30 August 2011 and is payable on 7 October 2011. The dividend has not been included as a liability at 30 June 2011.

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 2011 £'000s
Earnings	
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**15,420**
Number of shares	
Weighted average number of Ordinary shares for the purposes of basic and diluted earnings per share	**282,995,801**
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.	
Basic and diluted earnings per share	**5.45**

9. INTANGIBLE ASSETS

	£'000s
Cost	
Opening balance	**53,710**
Recognised on acquisition of subsidiaries	**3,187**
Balance at 30 June 2011	**56,897**
Amortisation	
Opening balance	**(220)**
Amortisation for the period	**(1,318)**
Balance at 30 June 2011	**(1,538)**
Carrying amount	
Balance at 30 June 2011	**55,359**
Balance at 31 December 2010	**53,490**

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts. Refer to 2010 Annual Report note 3 (iv) for the methods and assumptions used in determining the fair values. Intangibles are being amortised on a straight line basis over the remaining life of the concessions concerned on acquisition of the subsidiaries (remaining lives range from between 16 years and 26 years). Amortisation of £1,318,000 is included within cost of sales in the consolidated income statement.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June 2011			Period from 6 August 2010 to 31 December 2010		
	Investment group £'000s	Non-investment adjustments £'000s	Total group £'000s	Investment group £'000s	Non-investment adjustments £'000s	Total group £'000s
Opening balance	**264,735**	**(55,828)**	**208,907**	–	–	–
Acquisition of the initial portfolio	**–**	**–**	**–**	258,966	(54,225)	204,741
Acquisitions in the period	**11,960**	**(2,898)**	**9,062**			–
Accrued interest	**703**	**(602)**	**101**	1,859	(498)	1,361
Loan repayments and equity redemptions	**(1,168)**	**426**	**(742)**	(551)	251	(300)
Fair value movement (including exchange movements)	**10,311**	**(3,840)**	**6,471**	4,461	(1,357)	3,104
Carrying amount at period end	**286,541**	**(62,742)**	**223,799**	264,735	(55,828)	208,907

The Investment Advisor has carried out fair market valuations of the investments as at 30 June 2011. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. The Directors have also satisfied themselves that the valuation as at 30 June 2011 is reasonable compared to the independent valuation from a third party, with considerable expertise in valuing these type of investments, that was performed in November 2010 for the purposes of the prospectus for the initial capital raising and the subsequent acquisition of the initial portfolio. Investments are all investments in PFI/PPP projects and are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the valuation performed for the purposes of the prospectus for the initial capital raising. Discount rates applied range from 8.00% to 8.95% (weighted average 8.35%) (31 December 2010 – 8.00% to 8.95% (weighted average 8.34%)).

Investments in the six wholly owned subsidiaries are included in the amounts above under Investment group.

In April 2011 the Group completed the acquisition of an incremental 12.5% interest in the Queen Elizabeth Hospital project from John Laing plc, taking its interest to 27.5%, for a consideration of £6.1 million.

In May 2011, the Group completed the acquisition of a 42.5% interest in Cleveland FM Services Limited from John Laing plc for a consideration of £2.9 million.

These acquisitions involve identical 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.

11. ACQUISITIONS OF SUBSIDIARIES

On 13 April 2011 the Group acquired the 100% interest in the equity and subordinated loan stock of Regenter Bentilee Centre Limited ("Bentilee Hub"). The total consideration paid in cash for this interest was £2.9 million (£1.7 million net of cash acquired). The total transaction cost for the acquisition was £0.1 million which has been recognised in administrative expenses in the income statement. The project is a concession to design, build, finance and operate a joint services community facility.

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.

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the future profits of the service portion of the project contracts. Intangible assets are amortised on a straight line basis over the remaining life of the concessions concerned.

	Book value at acquisition £'000s	Fair value adjustments £'000s	Fair value acquired £'000s
Intangible assets	–	3,187	3,187
Finance receivables at fair value through profit or loss account*	10,677	(847)	9,830
Cash and cash equivalents	1,206	–	1,206
Other current assets	88	–	88
Current liabilities	(2,592)	–	(2,592)
Deferred tax liabilities	–	(682)	(682)
Other non-current liabilities	(9,340)	283	(9,057)
Net assets acquired	39	1,941	1,980
Fair value of consideration for equity			1,980
Fair value of consideration for loan stock			918
Total consideration, satisfied in cash			2,898
Cash acquired			(1,206)
Net cash outflow			1,692

* The finance receivable in the book value at acquisition under IFRS is valued at amortised cost rather than at fair value through profit or loss and therefore there is a fair value adjustment to reflect the fair value acquired.

The subsidiary contributed £174,000 to the Group's revenue and £8,000 to the Group's profit for the period from acquisition to 30 June 2011. Had the subsidiary been owned from 1 January 2011 the contribution to revenue and profit for the period would have been £432,000 and £49,000 respectively.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

12. LOANS AND BORROWINGS

The Group, with JLIF Limited Partnership as Borrower and the Company as Guarantor, secured a new revolving credit facility of £25 million with National Westminster Bank plc on 21 March 2011. The Group paid an arrangement fee of £500,000 on 24 March 2011 and will incur commitment fees on the undrawn down amount from 21 March 2011 and interest of LIBOR +2% on any drawn down amount. The facility is repayable in full on the Termination Date of the facility on 21 March 2014. It is intended that the facility will be used to provide bridging funding of acquisitions before being repaid from future capital raisings. At 30 June 2011 the facility had not been used.

13. SHARE CAPITAL

Issued and fully paid	30 June 2011 £'000s	31 December 2010 £'000s
296,730,000 (31 December 2010 – 270,000,000) Ordinary shares of 0.01 pence each	**30**	27

On 4 April 2011, 26,730,000 new Ordinary shares of 0.01 pence each at an Issue Price of 102.5 pence were issued and fully paid up upon a successful Placing. The Placing Shares 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

	30 June 2011 £'000s	31 December 2010 £'000s
Opening balance	**266,884**	–
Premium arising on issue of equity shares	**27,396**	269,973
Expenses of issue of equity shares	**(472)**	(3,089)
Balance	**293,808**	266,884

15. TRANSACTIONS WITH INVESTMENT ADVISOR AND RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note, Details of transactions between the Group and other related parties are disclosed below.

John Laing Capital Management Limited ("JLCM") is the Company's Investment Advisor. JLCM's appointment as Investment Advisor 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 annum of the Adjusted Portfolio Value* of the Fund up to and including £500 million; b) 1.0% 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 annum of the Adjusted Portfolio Value of the Fund in excess of £1 billion; and ii) an Asset Origination Fee of 0.75% 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 Advisor and Operator fee charged to the Income Statement for the period to 30 June 2011 was £1.6 million, of which £0.8 million remained payable at the period end.

* 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.

During the period the Group acquired 2 PFI/PPP projects and increased its investment in one other PFI/PPP project from John Laing plc, of which John Laing Capital Management Limited is a wholly owned subsidiary, under an arm's length sale and purchase agreement. The Group paid £11.96 million in total to John Laing for the three projects, of which £9.1 million related to acquisition of joint ventures and associates.

Since acquisition the Group has received amounts of £252,000 of equity redemptions and £490,000 of subordinated loan repayments from joint ventures and associates in addition to the returns in investments detailed in the table overleaf.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS (continued)

for the six months ended 30 June 2011

15. TRANSACTIONS WITH INVESTMENT ADVISOR AND RELATED PARTIES (CONTINUED)

Transactions with joint ventures and associates	Income statement Period ended 30 June 2011 £'000s	Cash received Period ended 30 June 2011 £'000s	Balance due 30 June 2011 £'000s
Subordinated loan interest[1]	**3,327**	**3,201**	**1,492**
Dividends	**3,755**	**3,755**	**–**

1 Interest receivable at 30 June 2011 is included within Investments at fair value through profit or loss (note 10) at the fair value of its future cash flow.

The Directors of the Consolidated Group, who are considered to be key management, received fees for their services. Total fees for the period were £79,000 and Directors' expenses of £2,000 were paid in the period.

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

Transactions with joint ventures and associates	Income statement Period ended 31 December 2010 £'000s	Cash received Period ended 31 December 2010 £'000s	Balance due 31 December 2010 £'000s
Subordinated loan interest	2,102	739	1,376
Dividends	330	330	–

16. EVENTS AFTER BALANCE SHEET DATE

There have been no events after the balance sheet date for the Company or the Group.

DIRECTORS AND ADVISORS

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

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Cautionary Statement

Pages 1 to 11 of this report (including the Chairman's Statement and Investment Advisor's Report, the "Review Section") have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "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 Advisor 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 Advisor 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 Half Year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant John Laing Infrastructure Fund Limited and its subsidiary undertakings when viewed as a whole.

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