JLIF

John Laing Infrastructure Fund Limited
Preliminary results for the year ended 31 December 2015

Another year of solid performance

- Dividend declared in February 2016 of 3.41 pence per share for the six months to 31 December 2015, up 1.04%, in line with UK inflation
- Dividends of 6.75 pence per share paid in the year
- Net Asset Value ("NAV") of £883.1m, representing a NAV per share of 108.4 pence
- Underlying portfolio growth of 8.34%, 0.22% ahead of growth arising from discount rate unwind
- £73.3m received in cash from investments, £4.3m ahead of project forecasts
- New investments of approximately £104.4m since 31 December 2014, comprising one additional interest and three new assets (two of which represented events after the balance sheet date)
- Total Shareholder Return of 50.2% since launch (November 2010), 9.9% annualised (simple basis)

Commenting on today's results, Paul Lester, Chairman of JLIF, said:
"It is pleasing to announce another solid set of results for 2015. Since the end of the year, we have made our first investment in the Spanish market via a stake in the Barcelona Metro Stations project and agreed the acquisition of two further UK social infrastructure projects from John Laing Group. To repay the debt drawn to finance these acquisitions we launched a shareholder tap issue in February 2016 which, being oversubscribed and accretive to NAV, raised gross proceeds of £92.9 million. We are pursuing a number of live opportunities in various jurisdictions and are confident of growing JLIF further both by acquisition and active asset management in 2016."

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PRESS RELEASE

JLIF

JLIF is one of Europe's largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As a specialist equity stakeholder, JLIF partners with public sector counterparties across the world to deliver key local and national infrastructure projects that provide government-backed, inflation-linked revenue streams. JLIF's success is built on a collaborative approach centred on long term relationships with its clients such that their changing infrastructure needs can be met in a timely and cost-effective manner.

16 March 2016

John Laing Infrastructure Fund Limited
Annual Report 2015

ACTIVELY GENERATING LONG TERM SUSTAINABLE VALUE

CAUTIONARY STATEMENT

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

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

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

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

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

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

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

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

ABOUT US

JLIF is one of Europe's largest listed infrastructure funds, with a Premium Listing on the London Stock Exchange. As a specialist equity stakeholder, we partner with public sector counterparties across the world to deliver key local and national infrastructure projects that provide government-backed, inflation-linked revenue streams. Our success is built on a collaborative approach centred on long term relationships with our clients and partners such that their changing infrastructure needs can be met in a timely and cost-effective manner.

OVERVIEW

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

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

Your investment
As at 31 December 2015, JLIF was valued at £950.8 million on the stock market and has delivered a total return to shareholders of 50.2% since launch in November 2010. The Portfolio saw underlying growth of 8.34% in the year. JLIF holds stakes in low-risk, operational PPP infrastructure projects located in the UK, Continental Europe and North America, and looks forward to continuing to grow the Portfolio in the future, both in size and geographic footprint.

Key facts

	2015	2014
Market Capitalisation	**£950.8m**	£996.6m
Ordinary shares in issues	**814,751,471**	811,600,961
Share price	**116.7p**	122.8p
Number of projects	**57**[1]	56
Fair value of investments through profit and loss	**£883.1m**	£885.7m
Portfolio Value[2]	**£867.8m**	£864.9m
Net Assets	**£883.1m**	£887.3m
NAV per share	**108.4p**	109.3p
Dividend per share paid	**6.75p**	6.50p
Company Cash	**£2.5m**	£4.3m
Group[2] Cash	**£33.8m**	£26.5m
Profit before tax	**£47.0m**	£67.2m
Management Fees		1.1% on APV* up to £500m; 1.0% from £500m to £1 billion; 0.9% above £1 billion
Board	Six independent Directors	Six independent Directors

* Adjusted Portfolio Value
[1] 59 as at 16 March 2016, see Events After Balance Sheet Date on page 46 for further detail
[2] See Glossary for definition

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(including events after the balance sheet date)

January

- In January 2015, completed the acquisition of an additional 20% stake in the Kirklees Social Housing project from Wates Construction Limited for approximately £2.7 million, taking JLIF's total shareholding in the project to 100%

March

- In March 2015, announced a 3.9% increase on the dividend from 3.25 pence per share to 3.375 pence per share

May

- In May 2015, paid an increased dividend of 3.375 pence per share relating to the six-month period to 31 December 2014

June

- In June 2015, completed the acquisition of a 100% stake in the North Birmingham Mental Health project from John Laing Group plc
- Offer of a scrip dividend alternative resulted in the issue of 1.1 million new shares at 123.1 pence per share

August

- In August 2015, JLIF signed a five-year £180 million revolving credit facility replacing its previous £150 million facility that had been due to expire in February 2016

October

- In October 2015, paid a dividend of 3.375 pence per share (6.75% annualised on the IPO issue price of 100.0 pence)
- Offer of a scrip dividend alternative resulted in the issue of 2.0 million new shares at 114.7 pence per share

December

- In December 2015, JLIF signed a Sale and Purchase Agreement in respect of a 40% stake in the Barcelona Line 9 Section II Metro Stations project from Iridium Concesiones de Infraestructuras, a subsidiary of Grupo ACS. This transaction completed in January 2016 for a Sterling equivalent of approximately £85 million

February 2016

- In February 2016, completed the acquisition of a 100% stake in the British Transport Police project and signed an SPA in respect of a 95% stake in the Oldham Social Housing project, for a combined consideration of approximately £22 million, both from John Laing Group and the John Laing Pension Trust

March 2016

- In early March 2016, JLIF placed an additional 81.2 million new ordinary shares via a shareholder tap issue raising gross proceeds of £92.9 million, used to repay debt drawn for the acquisition of the Barcelona Metro Stations project

CHAIRMAN'S STATEMENT

"The Board is pleased to announce another set of solid annual results for the year ended 31 December 2015. 2015 was quieter than previous years in terms of growth of the Portfolio by acquisition, in part due to market conditions, particularly in the UK, and in part due to our focus on developing new relationships with vendors in overseas markets."
Paul Lester CBE Chairman

Introduction

We have continued to grow the Portfolio through active management, and have again exceeded the level of growth that would be expected from the discount rate unwind. Our Portfolio is currently valued at £867.8 million, an increase of £66.8 million against last year's rebased portfolio value[3].

In January 2016, we completed the acquisition of a stake in the Barcelona Metro Stations project for approximately £85 million, having signed the transaction in December 2015, demonstrating the fruition of our earlier efforts.

[3] See section 3.2 for definition

Dividends and Share Issuance

In late February 2016, we announced a dividend of 3.41 pence per share for the second half of 2015, an increase of 1.04% on the previous dividend of 3.375 pence per share. The further progression on the dividend, providing our shareholders with a yield growth in line with UK inflation, results in a total dividend payable in respect of 2015 of 6.785 pence per share. Since launch, the Company has provided its shareholders with 14% growth in the dividend, which equates to an annualised rate of 2.7% dividend growth.

The announcement of the dividend was made co-terminus with the announcement of a shareholder tap issue for 81.2 million new ordinary shares. We were very pleased with the strong appetite from our shareholders to participate in the issuance which resulted in gross proceeds of £92.9 million. The proceeds will be used to repay the debt drawn in respect of the recent Barcelona Metro Stations and British Transport Police PPP acquisitions, as anticipated.

Performance

We have grown the Net Asset Value ("NAV") by over 225% (including acquisitions of £597.6 million) and delivered a Total Shareholder Return ("TSR") of 50.2% since launch, in November 2010. Although our share price has declined over the past year, ending the year at 116.7 pence, down from 122.8 pence at the start of the year, despite steady growth over the previous four years, JLIF's share price has remained relatively stable, trading throughout the period at a premium to NAV.

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

In 2015, we delivered underlying Portfolio growth of 8.34%, representing an outperformance of 22 basis points versus that which would be expected based on the adjusted unwind of the discount rate[4]. This outperformance was driven by the identification and delivery of value enhancements, attributable to our active approach to portfolio management, offset by the negative macroeconomic impact of actual inflation, and underperformance on some projects, such as the Newcastle and Peterborough Hospital projects, where disputes with the NHS Trust counterparties have resulted in increased costs.

We identified and executed value enhancements that either increased revenues or decreased costs, whilst continuing to provide the high level of service expected by our public sector clients. During 2015 this included cost savings resulting from careful and prudent management of lifecycle allowances, and other efficiencies relating to insurance and SPV management costs.

Over the last four years we have contributed significant value to our shareholders. The table below shows the underlying portfolio growth[5], growth from the adjusted unwind of the discount rate and outperformance for the past four years.

	2012	**2013**	**2014**	**2015**
Underlying portfolio growth	8.49%	7.24%	9.22%	8.34%
Adjusted unwind of the discount rate	7.20%	6.38%	7.81%	8.12%
Outperformance	1.29%	0.86%	1.41%	0.22%

Following a review of the valuation undertaken by the Board and an independent leading accountancy firm, we have decided to reduce the weighted average discount rate (“WADR”) used in the valuation of our Portfolio by 12 basis points to 7.82%. This reflects a reduction in gilt rates (used as a proxy for the ‘risk free rate’) and our own experience of the market rates at which deals are transacting in the secondary market, particularly in the UK, where the majority of our Portfolio is invested. The outperformance mentioned above is in addition to the value created through the reduction in the WADR.

[4] After adjusting for the timing of acquisitions and distributions in the year
[5] After adjusting for investments, distributions, foreign exchange movements and discount rate movements

Gearing

In 2015, we signed a new five-year £180 million revolving credit facility provided by four banks, two of whom were providers to our previous facility. Attached to the facility is a £100 million accordion capability giving JLIF greater firepower when targeting new investments. We continue to operate without any structural gearing. Further detail on how the facility was used in 2015 and in early 2016 can be found in the Investment Adviser Report.

Given the significant opportunities available to the Company, at the forthcoming AGM in May 2016, the Board intends to seek shareholder approval which, if obtained, will increase the Company’s gearing limit in its articles of association and investment policy from 25% to 35% of JLIF’s Total Assets. Further details will follow in due course with the Company’s notice of AGM.

Governance & Regulation
The Company applies the UK Corporate Governance Code and is required to comply with the EU-wide Alternative Investment Fund Managers Directive ("AIFMD") and the Company remains a self-managed non-EU Alternative Investment Fund ("AIF"). We continue to comply with all of the reporting requirements with respect to AIFMD including quarterly reporting in the jurisdictions in which the Company is marketed, and disclosures contained within the annual and interim reports.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance, as revised in 2010, ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. More information is on page 36 of this report, under the Corporate Governance section. The Company intends to continue complying with the AIC Code in this financial year.

Risks & Uncertainties
While it is the Investment Adviser who manages the risks facing the Company on a day-to-day basis, it is the Board of the Company who retain ultimate responsibility. The Company's Risk Committee, which reports to the Board, was formed to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks.

A description of the principal risks facing the Company, as well as the ways by which these are mitigated, is contained within the Risk Committee Report on pages 10 to 13. This specifically discusses the risks associated with Base Erosion Profit Sharing ("BEPS"), a recent initiative between OECD countries, that has become relevant to our industry. While at this stage it remains unclear exactly how the UK will eventually implement the BEPS recommendations, we are encouraged by mention of possible exemptions, such as exclusion from the regime for senior debt related to projects such as those in which JLIF invests. While eventual implementation of the legislation is still thought to be a few years away, the Investment Adviser continues to lend its support to and participate alongside industry peers in consultation processes run by HMRC, the most recent of which took place in January 2016, such that any impact on PPP projects is minimised.

Board & AGM
In November 2015, the Board engaged Optimus Group Limited to undertake an external independent assessment of the Board's performance. I am pleased to say that the conclusion of their assessment was very positive with only some minor comments on areas for improvement, none of which were considered by them to be material. Details of the outcome of the assessment are on page 36 of this report.

The Annual General Meeting will be held at 2.30pm, BST, on 16 May 2016 at the offices of Heritage International Fund Managers in Guernsey.

Investment Adviser
We were pleased to announce earlier this year that our Investment Adviser, John Laing Capital Management ("JLCM"), appointed Gianluca Mazzoni as Deputy Investment Adviser to JLIF, in charge of Business Development. He will report to Andrew Charlesworth, the head of JLCM.

Investment

We made two investments in UK projects during 2015: an additional stake in the Kirklees Social Housing project from co-shareholder Wates Construction Limited, and a 100% stake in the North Birmingham Mental Health project from John Laing Group plc. The team has put considerable effort into developing European opportunities, of which the Barcelona Metro Stations project, valued at approximately £85 million, was signed before the year-end and completed in January 2016.

Market & Business Outlook

The secondary PPP market experienced something of an adjustment in geographical focus in 2015. The UK market for secondary projects was relatively inactive compared to previous years, whilst the western and southern European markets were particularly active. Our team was invited to tender for over 50 projects in these markets alone. Secondary market transactions in North America and the Asia-Pacific region were fewer in number, however, we continue to remain close to these markets as we believe in the medium term they still remain important sources of opportunities for growth. We have continued to be selective in the opportunities that we have considered and for which we have submitted tenders, maintaining our disciplined approach to investing.

We expect Continental Europe to remain active in 2016 with opportunities expected to emerge in certain northern European countries.

Australia continues to develop its infrastructure pipeline with several new primary transactions reaching financial close in 2015. However, the country is experiencing the effect of some political change which, although not affecting its long term attractiveness as a market for investment, does mean the pipeline for projects may not flow as smoothly as before whilst new political figures settle into place.

After Ontario, British Columbia remains the strongest PPP market in Canada with a consistent and strong pipeline of projects expected to come to market over the next few years, from larger transport projects to smaller social infrastructure deals. The provincial government in British Columbia is supportive of the PPP model and is only a year-and-a-half into its four-year term, which means the next two years or so will be relatively stable and should yield a secondary market pipeline in the future.

The USA continues to develop its infrastructure pipeline, but has added political complexities due to the number of States, each with their own particular laws and approaches. We continue to maintain a watching brief on this market and are actively developing relationships to ensure JLIF is well positioned when the project pipeline does begin to flow. This has been evidenced by JLIF being invited to bid for two secondary assets in the US in 2016 already.

Paul Lester CBE
Chairman
16 March 2016

STRATEGIC REPORT

OBJECTIVE

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

JLIF predominantly invests in equity and subordinated debt interests issued in respect of PPP projects, whose revenues are government-backed.

Sectors

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

JLIF's investment policy allows it to invest outside of projects that are strictly PPPs where they are considered to have a substantially similar risk profile and to display substantially similar characteristics, although this will most likely be as a consequence of acquiring a portfolio including such projects, rather than targeting such assets individually.

Geographies

The geographic distribution of JLIF's portfolio reflects the historic concentration of PPP transactions to date and the maturity and support of PPP as a procurement model. JLIF's portfolio is currently predominantly invested in the UK, with exposure also to Canada and Continental Europe. The Company hopes to further diversify its exposure to new geographies, particularly to Australia and the Americas.

Under the investment policy, JLIF has the ability to invest:

- up to 30% of the Portfolio in assets still in their construction phase;

- up to 10% of the Portfolio in projects that are not classified as PPP projects but exhibit a substantially similar risk profile and characteristics;

- up to 15% of the Portfolio in projects that are classified as having a demand-based payment mechanism; and

- up to 50% of the Portfolio in overseas jurisdictions, maintaining at least 50% invested in UK assets at all times.

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

MARKET OUTLOOK

JLIF's investments are located in the UK, Canada, Finland, Spain[6] and the Netherlands. These regions support PPP as a method of infrastructure procurement, have a predictable pipeline of projects that are likely to reach the secondary market and are considered fiscally strong.

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

At the year end, the UK comprised the largest region by value within the Portfolio, followed by North America (currently Canada only) and then Continental Europe. Although this reflects the global concentration of PPP projects historically, it no longer represents the pipeline of projects going forward.

JLIF aims to diversify the Portfolio over the medium term further into Continental Europe and North America, and to potentially enter Australia and other fiscally strong countries as and when PPP assets become available.

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

JLIF is developing its presence in the USA and diversification into this region is a medium term aim.

[6] JLIF's entry into Spain was a result of its acquisition of a 40% interest in the Barcelona Line 9 Section II Metro Stations project, an event that occurred after the balance sheet date.

Our established, three-part business model has supported a total return to shareholders since launch of 50.2%

BUSINESS MODEL

JLIF's shareholders invest in the Company seeking a stable yield and believing in the business plan and the ability of the Board and Investment Adviser to deliver this. JLIF's business model has three main areas of focus as outlined below. JLIF aims to deliver a stable yield to investors, to enhance the Portfolio by finding additional value within its existing investments and to develop new investments to allow JLIF to improve the longevity and value of the Company and to benefit from factors attributable to greater scale (e.g. cost savings).

Deliver

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

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

Enhance

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

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

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

Develop

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

1) acquisition of additional stakes from co-shareholders;
2) the two First Offer Agreements with John Laing Group;

3) non-competitive bidding opportunities arising from relationships with vendors developed over the medium and long term; and
4) the competitive secondary market.

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

JLIF is prepared to decline transactions that cannot be acquired at a price that represents good value to its shareholders on the basis of the risk-weighted return.

OUTCOMES AND KEY PERFORMANCE INDICATORS ("KPIS")

There are two categories of KPIs JLIF is measured against:

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

Performance based KPIs

KPI	2015	2014
Yield Objective: To provide shareholders with a dividend yield of at least 6% on the IPO Issue Price of 100p. Measurement: This is expressed as a ratio of the total annual dividend yield against both the IPO Issue Price and the year-end share price.	Total dividend paid within the calendar year: 6.75pps Status: 6.75% on the IPO issue price[7], being 5.8% yield on share price as at 31 December 2015. Share price at 31/12/15: 116.7p	Total dividend paid within the calendar year: 6.50pps Status: 6.50% on the IPO issue price[7], being 5.3% yield on share price as at 31 December 2014. Share price at 31/12/14: 122.8p
Comment	The dividend yield increased due to the increase in dividend from 6.50pps to 6.75pps and the decrease in share price over 2015. In February 2016, JLIF announced an increase in dividend relating to the six-month period ended 31 December 2015 from 3.375pps to 3.41pps, an increase of 1.04%.	
Fund IRR Objective: To target an IRR of 7-8% over the longer term. Measurement: This is by reference to the IPO Issue Price of 100p, the year-end share price and dividends paid since launch	Fund IRR since launch: 8.6%	Fund IRR since launch: 10.4%
Comment	The Fund IRR continues to be above the target level. However, there has been a reduction compared to 2014, primarily driven by the decrease in share price over 2015.	

[7] £1 in November 2010.

Policy based KPIs

KPI	2015	2014

The value of any single investment shall **not be greater than 25%** of the total assets of the Group measured post acquisition	Maximum single asset %: 7.71% of total asset value	Maximum single asset %: 7.59% of total asset value
The borrowings of the Group, including financial guarantees supporting subscription obligations, shall **not exceed 25%** of the total assets of the group	Maximum debt drawn during the year: 1.92% of total asset value	Maximum debt drawn during the year: 0% of total asset value
The value of investments in the construction phase **shall not exceed 30%** of the total assets of the Group	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value
The value of investments receiving demand based payments shall **not exceed 15%** of the total assets of the Group	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value
The value of investments in non-PPP infrastructure assets (but with substantially similar characteristics and risk profiles) shall **not exceed 10%** of the total assets of the Group[8]	Value of investments at the year-end: 0% of total asset value	Value of investments at the year-end: 0% of total asset value

[8] This was the subject of a resolution approved by shareholders in February 2014.

RISK COMMITTEE REPORT

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

Threats to the success of the business could adversely impact the Group's business model, reputation or financial standing. However, under a well-formed risk management framework, potential threats can be identified in advance and mitigated or converted into opportunities.

The purpose of JLIF's risk management policies and procedures is not to completely eliminate risk, as this is not possible; rather, it is to identify the likelihood of occurrence and to ensure that the Company is adequately prepared to deal with risks so as to minimise their impact should they materialise.

JLIF has a dedicated Risk Committee to lead its risk management activities, chaired by Helen Green. While it is the Investment Adviser who manages the risks facing the Company on a day to day basis, it is the Board of the Company (managed via the Risk Committee) which retains ultimate responsibility. The Risk Committee, which reports to the Board, was formed to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks.

Risk identification and monitoring

JLIF has a comprehensive risk management framework and risk register that assesses a) the probability of each identified risk materialising; and b) the impact (e.g. strategic, financial, operational) it may have on JLIF. This is captured by a rating system assigning a 1, 2 or 3 to the probability and a 1, 2 or 3 to the magnitude of the impact (with 1 being the least probable/smallest impact and 3 being the most probable/greatest impact). The product of these two values represents the overall severity of the risk. The following red-amber-green system is used to prioritise and focus JLIF's risk management policies and procedures:

Red (score 6 – 9) very likely to occur or has occurred in the recent past; significant potential impact on the firm's stakeholders, reputation and/or financial standing if the risk occurred.

Amber (score 3 – 5) likely to occur, with a medium impact if the risk did occur.

Green (score 1 – 2) unlikely to occur and only minor impact should the risk materialise.

Mitigation actions have been developed with respect to each risk identified to reduce the likelihood of such risk occurring and also to minimize the severity of its impact in the event that it does occur. In addition, the reputational impact of each risks is assessed and a red-amber-green rating is ascribed.

The risk register is a 'live' document that is reviewed and updated regularly as new risks emerge and existing risks change. The risk register is formally reviewed by the Risk Committee, which meets four times a year, and is presented at each Board meeting for consideration and approval.

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

1. **Economic;**
2. **Political;**
3. **Operational;**
4. **Financial;**
5. **Taxation; and**
6. **Compliance and Legal.**

Each of these areas are summarised in the table below, followed by a detailed discussion of the risks. Those risks highlighted are those not specifically discussed in last year's Annual Report.

	Risk	**Pre-Mitigation Risk Rating**	**Post-Mitigation Risk Rating[9]**	**Reputational Risk Rating**
Economic	Currency	Red	Green	Green
	Interest rates	Red	Green	Green
	Equity market sentiment	Red	Green	Amber
Political	Future of UK capital spending	Red	Green	Green
	Pressures on contract terms and/or early termination	Red	Amber	Red
	Change in political environment	Red	Amber	Amber
	UK EU-membership	Amber	Amber	Green
Operational	Competition for assets	Red	Amber	Amber
	Project operations	Red	Amber	Amber
	Stability of the Investment Adviser and its controls	Amber	Amber	Amber
	Cyber risk	Green	Green	Red
Financial	Portfolio valuation	Red	Green	Green
	Dividend payments	Red	Green	Amber
	Leverage	Red	Green	Green
Taxation	Base Erosion Profit Shifting ("BEPS")	Amber	Amber	Green

Compliance and Legal	Regulatory	Red	Green	Red

[9] Mitigating actions are described in further detail in the text that follows.

Economic

Currency Risk

At 31 December 2015 JLIF's portfolio comprised six assets that are located outside the UK and are therefore exposed to currency risk. As at 31 December 2015 these assets represented 12.5% (2014: 14.0%) of the Portfolio Value as follows:

- 8.4% Canadian Dollar (2014: 9.6%)
- 4.1% Euro (2014: 4.4%)

While exposure to multiple currencies can provide some diversification benefits, the balance sheet valuation of these assets will vary in Sterling terms due to fluctuations in spot exchange rates used to convert future cash flows to Sterling at the balance sheet date. JLIF does not hedge this balance sheet exposure. Income from non-Sterling assets is monitored and hedged as appropriate. JLIF's exposure to the Euro has increased since the year-end following the acquisition of a 40% stake in the Barcelona Line 9 Section II Metro Stations project in January 2016 (see section 4.1 for further details).

Interest Rate Risk

The Company has interest rate exposure through its own cash deposits, the interest rate on the underlying project finance debt and on cash deposits held in the project SPVs in which JLIF is a shareholder. During periods in which the revolving credit facility is drawn, interest rate risk is also present on the cost of this debt. JLIF's own long term cash deposits are generally minimal (given its approach to raising new capital). Similarly, the Fund has no long term gearing and the periods in which the revolving credit facility is drawn are typically short. The main risk therefore lies in the investments themselves.

The project finance debt in the underlying instruments is typically hedged using interest rate swaps, through the application of fixed rate debt or through the matching of increases in revenue to increases in debt finance costs. Residual exposure is therefore minimal.

The projects do not hold significant levels of cash reserves to support their funding structure, the forecast interest income from which is included in the yields received and in the valuation of the projects. The projects seek to maximise this income as far as possible by creating competitive tension between deposit takers. Sensitivities to changes in deposit rates are included in the Investment Adviser's Report.

Equity Market Sentiment Disrupts Capital Raising

JLIF has a five-year £180 million revolving credit facility, signed in August 2015. This provides the Company with short term finance that can be accessed for completion of new acquisitions. The facility is used to finance acquisitions prior to raising share capital, thus mitigating the risk of not having adequate resources to fund growth. The facility is not intended to provide long term gearing for the Fund, hence once this facility is drawn to an appropriate level an equity capital raise is initiated. During the period between drawing on the revolving credit facility and raising new equity capital there is a risk of disruption in the equity markets which hinders the Company's ability to successfully raise new capital with which to repay the credit facility. The Investment Adviser, in collaboration with JLIF's Corporate Broker, monitors market sentiment and will not recommend drawing significantly on the credit facility if it is likely that subsequent capital raising would be problematic. In the unlikely event that capital raising was disrupted JLIF could repay debt drawn on its revolving credit facility either through realisations of existing assets or from future investment income.

To date, investors have been very supportive of JLIF's capital raising activities. This, as well as more recent successful capital raises by other listed infrastructure funds, confirms the appetite investors have for infrastructure as an asset class.

Political

Future of UK Capital Spending

Under its Investment Policy, JLIF is required to hold at least 50% of its Portfolio by value in UK assets. At 31 December 2015 JLIF had 87.5% of its Portfolio invested in the UK, a material buffer above the required minimum. While the prevalence of new greenfield PPP deals in the UK has decreased over recent years, there is cause for optimism with the introduction of PF2 and the establishment of the National Infrastructure Commission, designed to de-politicise the development of key UK infrastructure projects. An additional potential source of operational UK projects will be finite life infrastructure funds reaching maturity and seeking to realise an exit for investors. Given the proliferation of this type of fund in the mid-2000s and their typical investment horizon, JLIF anticipates a number of portfolios coming to market over the next few years.

In addition, JLIF seeks to mitigate the impact of a slow-down in UK deal flow through overseas acquisitions in order to diversify the portfolio and reduce its reliance on the UK for investment opportunities.

Pressures on Contract Terms and/or Early Termination

There exists a risk that political and financial pressure could result in certain public sector authorities seeking to use contractual provisions in order to extract a financial benefit or even a voluntary termination of a project contract. JLIF and the Investment Adviser engage regularly with HM Treasury and other governmental PPP units in order to remain aware of current policy developments and to represent the interests of the Company.
In the event of voluntary termination by the public sector counterparty, equity shareholders benefit from compensation provisions within the project contracts that, in the majority of cases, ensures that market value is received. To date voluntary termination of projects has been sparse, the most recent being in 2014, when the Hexham General Hospital PFI project (not part of JLIF's Portfolio) underwent a voluntary termination by the Northumbria Healthcare NHS Foundation Trust.

Change in Political Environment Affecting PPP Projects

During the past decade, the procurement of public infrastructure through PPPs has proliferated beyond the UK to become a recognised approach globally. Concession based projects procured in this manner form the core of JLIF's investment focus. A shift in political focus away from the PPP model would impact JLIF's ability to access new projects and potentially impact the way in which it engages with its public sector clients globally. Through its Investment Adviser, JLIF closely monitors the political environment in countries in which it invests or is likely to invest in order to gauge political attitude towards and support for PPP.

UK EU-membership

There are two risks, firstly, that following announcement of the ‘in-out’ referendum in respect of EU membership to be held on 23 June 2016, there is a period of volatility in the markets in the months preceding due to the uncertainty and, secondly, that the UK could ultimately decide to exit the EU. There is evidence of the former happening already with the value of Sterling depreciating by approximately 6% over the first two months of 2016. If the UK were to leave the EU, there is the potential for this to impact UK gilt rates and the credit rating of the UK Government. With evidence that investors see listed-infrastructure as a ‘safe haven’ in times of market turbulence, JLIF could in fact benefit while any uncertainty remains, although it is not unreasonable to expect greater volatility in the share price over the coming months.

Operational

Competition for Assets

JLIF often competes with other listed and private infrastructure funds when bidding for assets. In order to ensure assets acquired represent good value JLIF undertakes detailed due diligence on the assets it targets in order to identify risks as well as opportunities for value enhancement. JLIF benefits from an Investment Adviser with significant operational infrastructure experience and employs a team of experienced external due diligence advisers who are, where possible, familiar with both the target asset(s) and with the Fund itself. Additionally, JLIF seeks to develop non-competitive investment opportunities by nurturing long term relationships with vendors and co-shareholders.

Diversification into countries outside the UK and into non-PPP infrastructure projects also provides mitigation against aggressive competition. JLIF recognises that certain renewable energy projects and other infrastructure projects that are not specifically procured using the PPP model may represent good investment opportunities and create value for shareholders. JLIF has the ability to invest up to 10% of its Total Assets in infrastructure assets that are not strictly PPP assets but that have a substantially similar risk profile and characteristics. This affords JLIF the ability to bid for Portfolios that may include assets of such nature.

JLIF also benefits from two First Offer Agreements with the John Laing Group giving it the right of first offer over a portfolio of PPP projects valued at over £500 million over the next five years.

Project Operations

JLIF invests in projects in which much of the risk is either retained by the public sector client or passed down to sub-contractors. However, some risk is retained by the Special Purpose Vehicle or project company (“SPV”). For example, on some projects this may include poor operational performance (although often any deductions can be passed-down to service providers), exceptional expenditures, major maintenance/lifecycle overspend or an event that would affect the PPP project company’s cover ratios. JLIF outsources the management of the project SPVs to third party operators who provide experienced professionals who, in many cases, have worked on the same projects for many years. Such professionals typically have excellent relationships with clients and co-shareholders and are often based on site. This is important so that relationships with public sector clients can be maintained.

In the event that a single project should suffer from a material issue, the diversity represented by JLIF’s Portfolio of 57 assets[10] across seven sectors and four[11] jurisdictions means that the impact on the Portfolio as a whole is minimised.

All of the projects in the Portfolio have obligations to provide operations and maintenance services for the length of the concession period. The project SPVs, in which JLIF invests, outsource the provision of these services to experienced facilities management and management services companies.

JLIF ensures that a diverse range of providers is used to supply these services to its projects such that failure of any single service provider has a minimal impact on the Portfolio as a whole.

[10] 59 as at 16 March 2016
[11] Five as at 16 March 2016

Stability of the Investment Adviser
The Investment Adviser, JLCM, is a key supplier to the Company providing investment advice, asset management and other key financial and operating services. The ongoing stability of the Investment Adviser, its ability to continue to provide these services and to commit sufficient resource to ensure a high standard is maintained is therefore an important consideration for the Company. In order to gain assurance on this the Board reviews the performance of the Investment Adviser (and other service providers) regularly as well as engaging with the John Laing Group senior management (of which the Investment Adviser is a wholly-owned subsidiary).

Cyber Risk
There exists an increasing threat of cyber-attack in which a hacker or computer virus may attempt to access the JLIF website or JLIF's secure data, or that of one of the SPVs in which JLIF invest, and attempt to either destroy or use this data for malicious purposes. While we think it unlikely that JLIF or one of the SPVs would be the deliberate target of a cyber-attack, there is a possibility that one or other could be targeted as part of a random or general act. JLIF and the project SPVs information technology providers have procedures in place to mitigate cyber-attacks, have in place business continuity plans and data is separately stored on multiple servers which is backed up regularly. IT controls and processes are regularly reviewed by the Investment Adviser to ensure they remain robust and provide an appropriate level of protection against such risks.

Financial
Portfolio Valuation
JLIF accounts for its interest in its wholly-owned subsidiary, JLIF Luxco 1 S.à.r.l., as investment at fair value through profit or loss. The principal component of the investments of the Company are its Portfolio of 57 PPP assets[10]. JLCM is responsible for the preparation of a fair market valuation of the Portfolio, which is presented to and approved by the Board. There is a risk that the valuation prepared by JLCM is not a fair reflection of the market valuation of JLIF's Portfolio which could result in it being either over- or under-valued. To provide additional assurance to both the Board and JLIF's shareholders with respect to the valuation, an independent verification exercise of the methodology and assumptions applied by JLCM is performed by a leading accountancy firm and an opinion provided to the Directors.

Dividend payment
JLIF relies on the receipt of cash distributions from its underlying portfolio of PPP assets to generate funds such that it is able to pay dividends to its investors. There is a risk that the cash distributions received in any given year are not sufficient to maintain the current level of dividend. JLIF undertakes extensive scenario analysis to ensure that its cash flow projections are robust and that a sustainable approach is taken to dividend payments.

Leverage

There is a risk that a perception of over-leverage of the Fund increases the risk to the Company's investors and has a negative impact on its value. However, JLIF does not hold any long term debt at the Fund level. The £180 million revolving credit facility is used as short term bridge finance to enable the acquisition of assets prior to the raising of equity capital, which is used to repay the debt drawn.

Taxation

Base Erosion Profit Shifting ("BEPS")

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

On 5 October 2015, the OECD published its final report on Base Erosion Profit Shifting ("BEPS"). The report recommends member states adopt a 'fixed ratio rule', which limits net deductions of interest to a percentage of EBITDA. Infrastructure investments are particularly at risk from this, by virtue of their high gearing. As with other broad based regulatory initiatives, it is likely much will change before the eventual implementation of the rules, which is currently expected in 2018. UK HMRC has and continues to consult with UK companies to assess the impact of the recommendations, the most recent consultation taking place in January 2016. The most important of the BEPS recommendations from an infrastructure investments perspective relates to restrictions on the deductibility of interest costs. Whilst it is still unknown exactly how the UK will eventually implement the BEPS recommendations, we are encouraged by mention of possible exceptions, such as exclusion from the regime for senior debt related to public benefit projects and the potential to "grandfather" existing arrangements in certain, albeit limited, circumstances. Being an investor in PPP infrastructure projects such as hospitals, schools and social housing projects, these would potentially mitigate against any significant negative impact felt by JLIF from the implementation of the new regime. JLIF continues to monitor and participate in the consultation processes with the UK HMRC as and when they occur and to assess the impact of any proposed new legislation on the Company.

Compliance and Legal

Regulatory

JLIF is required to comply with certain London Stock Exchange and Guernsey regulatory requirements. There is a risk that failure to comply with any of the relevant rules could result in a negative reputational or financial impact on the Company.

JLIF therefore ensures that it remains well informed as to the legislation and guidance relevant to both the Company itself as well as the Project Entities in which it invests. This is achieved by seeking legal counsel where appropriate and by providing training to the Investment Adviser and to the Board as appropriate.

The Company is a self-managed non-EU Alternative Investment Fund ("AIF"). There is a risk of non-compliance with the ongoing reporting requirements for countries in which JLIF is marketed. JLIF continues to monitor for any changes to these requirements and will obtain appropriate legal advice as necessary.

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

The Board has sought legal advice and noted the guidance from the Financial Conduct Authority, after which it has concluded that ordinary shares in the Company are excluded from the Financial Conduct Authority's rules relating to restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (referred to as "non-mainstream pooled investments" or "NMPI").

Long Term Viability Statement

The Directors have assessed the viability of the Company over the three-year period to December 2018, taking account of the Company's current position and the potential impact of the principal risks documented in the Risk Committee report. Based on this robust assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2018.

In making this statement, the Directors have considered and challenged the reports of the Investment Adviser in relation to the resilience of the Company, taking account of its current position, the principal risks facing it in severe but possible scenarios, the effectiveness of any mitigating actions and the Company's risk appetite. Where possible, sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period. The sensitivity analysis undertaken considered the impact of a significant proportion of the Portfolio not yielding, which is a plausible consequence of a number of the principal risks should they materialise, either in isolation or in parallel. The sensitivity analysis was premised on a number of assumptions, including that the Company's revolving credit facility remains in place and is available to provide short term finance for future acquisitions undertaken in the period, that there will be sufficient liquidity within the market to raise new capital as and when required, that the Investment Adviser continues on the same terms as those existing and that there is no annual uplift in dividends paid to shareholders.

The Directors have determined that a three-year look forward to December 2018 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in economic and other medium term forecasts regularly prepared for the Board by the Investment Adviser and is the outlook period generally used by the Board in its consideration of any new strategies. These reviews consider both the market opportunity and the associated risks, principally the ability to raise third party funds and invest capital.

The Directors' view on the going concern status of the Company can be found on page 43.

BOARD OF DIRECTORS

All members of the JLIF Board have been in post since the Company was incorporated in August 2010, with the exception of Helen Green who was appointed in April 2014.

Paul Lester CBE, Chairman
Paul Lester, a resident of the United Kingdom, is currently non-executive Chairman of Greenergy International Ltd and Knight Square Holdings Ltd (was Perverel). In December 2015 he was appointed Chairman Designate of Essentra Plc. Mr Lester was chief executive of VT Group plc, the support services company, from July 2002 until its acquisition by Babcock International in July 2010.

Mr Lester was group managing director of Balfour Beatty plc, the international engineering, construction and services group, from 1997 to 2002, and chief executive of Graseby plc from 1990 to 1997. Mr Lester has also held senior management positions at Schlumberger and the Dowty Group plc.

Mr Lester is a former president of the Society of Maritime Industries, the BSA and the EEF.

David MacLellan, Deputy Chairman and Senior Independent Director
David MacLellan, a resident of the United Kingdom, is the founder and currently Chairman of RJD Partners, a midmarket private-equity business focussed on the services and leisure sectors. Previously, Mr MacLellan was an executive director of Aberdeen Asset Managers plc following its acquisition in 2000 of Murray Johnstone where he was latterly Chief Executive having joined the company in 1984. Mr MacLellan has served on the boards of a number of companies and is currently chairman of Havelock Europa plc and a non-executive director of J&J Denholm Limited. He is a past council member of the British Venture Capital Association and is a member of the Institute of Chartered Accountants of Scotland.

Christopher Spencer
Christopher Spencer, a resident of Guernsey, qualified as a chartered accountant in London in 1975. Following two years in Bermuda, he moved to Guernsey. Mr Spencer, who specialised in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Mr Spencer is a member of the AIC Offshore Committee, a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey Branch of the Institute of Directors. Mr Spencer also sits on the board of Directors of Real Estate Credit Investments Limited, JP Morgan Private Equity Limited, Ruffer Investment Company and SQN Asset Finance Income Fund Limited, each of which is listed on the London Stock Exchange, and Summit Germany Limited, which is listed on the London Stock Exchange’s Alternative Investment Market.

Helen Green
Helen Green, a resident of Guernsey, has been employed by Saffery Champness, a top 15 firm of chartered accountants since 1984. She qualified in 1987 and became a partner in the London office in 1997. Since 2000 she has been based in the Guernsey office where she is client liaison director responsible for trust and company administration. Mrs Green is a non-executive director of Acorn Income Fund Limited (of which she has been chairman since 2012), Henderson Diversified Income Fund Limited and City Natural Resources High Yield Trust Plc all of which are listed on the

London Stock Exchange's Main Market and Landore Resources Limited which is listed on the London Stock Exchange's Alternative Investment Market.

Talmai Morgan

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

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

Guido Van Berkel

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

From 2001 until 2007 Mr Van Berkel was active on the Executive Board of Bank Sarasin in Switzerland and as such he acted as chairman of various Sarasin entities across Europe and Asia. Currently Mr Van Berkel is an independent director in a number of Luxembourg, British, Channel Islands and Dutch investment fund ranges and from the beginning of 2012 until mid-2015 was chairman of BlackRock Luxembourg SA and BlackRock Fund Management Sàrl in Luxembourg as well as chairman of Blackrock Fund Netherlands BV.

GROUP INVESTMENT PORTFOLIO

At 31 December 2015 JLIF's Portfolio comprised investments in 57 low risk, operational PPP assets. This followed acquisitions in the year of an interest in one new asset, the North Birmingham Mental Health project, and an additional interest in the Kirklees Social Housing project.

Health	Education	Justice & Emergency Services	Transport	Regeneration & Social Housing	Government Buildings	Street Lighting
Kingston Hospital 60%	Glasgow Schools 20%	Greater Manchester Police Stations 27.08%	E18 Road, Finland 50%	Brockley Social Housing PPP 100%	MoD Main Building, London 26%	Manchester Street Lighting 50%
Newham Hospital 50%	South Lanarkshire Schools 15%	Metropolitan Specialist Police Training Centre, Gravesend 27.08%	M40 Motorway (UK) 50%	Bentilee Hub Community Centre 100%	Kromhout Barracks PPP Project, Netherlands 100%	Walsall Street Lighting 100%
Forth Valley Royal Hospital, Scotland 100%	Edinburgh Schools 20%	North East Fire and Rescue 100%	Sirhowy Way 100%	Camden Social Housing 50%	Groningen Tax Office, Netherlands 100%	Wakefield Street Lighting 50%
Queen Elizabeth Hospital, Greenwich 27.50%	North Swindon Schools 100%	Avon and Somerset Courts 40%	M6/M74 Motorway (Scotland) 11%	Islington Social Housing I 45%		Barnet Street Lighting 100%
Abbotsford Regional Hospital and Cancer Centre, Canada 100%	Highland School, Enfield 100%	Cleveland Police Station and HQ 50%	LUL Connect (CityLink), London 33.5%	Islington Social Housing II 45%		Enfield Street Lighting 100%
Vancouver General	Newham Schools 100%	South East London	*Barcelona Line 9 Section II Metro*	Miles Platting Social Housing,		Lambeth Street Lighting 100%

Hospital, Canada 100%		Police Stations 50%	*Stations* *40%*[12]	Manchester 50%		
Roseberry Park Hospital, Middlesbrough 100%	Enfield Schools 100%	*British Transport Police, London* *100%*[12]		Canning Town Social Housing 100%		Redcar and Cleveland Street Lighting 100%
Tunbridge Wells Hospital 37.5%	Leeds Combined Secondary Schools 100%			Kirklees Social Housing 100%		Surrey Street Lighting 50%
Newcastle Hospital 15%	Bexley Schools 100%					
Peterborough Hospital 30%	Bristol BSF 37.5%					
Realise Health LIFT (Colchester) 60%	Peterborough Schools 100%					
Northampton Mental Health 100%	Barnsley BSF 40%					
North Staffordshire Hospital 75%						
Kelowna and Vernon Hospitals, Canada 50%						
North Birmingham Mental Health 50%						

[12] Acquired as a post-balance sheet event in early 2016.

INVESTMENT POLICY

The following describes JLIF's investment policy.

General

JLIF's investment policy is to invest predominantly in the equity and subordinated debt issued with respect to infrastructure projects that are predominantly PPP projects. The Company predominantly invests in projects that have completed construction and that are in their operational phase. Investment capital in projects that are under construction is limited to 30% of the Total Assets of the Fund (calculated at the time of investment).

JLIF predominantly invests in projects whose revenue streams:

- are public sector or government-backed; and

- are predominantly availability-based (where payments received by the Project Entities do not generally depend on the level of use of the asset), other projects being "demand-based" (where payments received by the Project Entities depend on the level of use of the project assets). A project is availability-based or demand-based for these purposes if the Investment Adviser deems that 75% or more of payments received by the relevant Project Entity does or does not, as appropriate, generally depend on the level of use of the project asset.

Whilst it is envisaged that further acquisitions will be of operational PPP projects with availability-based revenues, it may be possible that a limited number of projects in construction and/or with demand based revenue mechanisms may be acquired.

Investment capital in projects whose revenue streams are predominantly demand-based is limited to 15% of the Total Assets of the Fund (calculated at the time of investment). For the purposes of this restriction, the shadow toll mechanisms for the investments in the M40 and M6/M74 motorway projects are not regarded as carrying demand risk due to their relative insensitivity to traffic movement.

In addition, the Company may invest up to 10% of its Total Assets (calculated at the time of investment) in infrastructure assets that are not government-backed PPP assets but that have substantially the same risk profile and characteristics as PPP assets.

Geographic focus

We believe that attractive opportunities for JLIF to enhance returns for shareholders are likely to arise in areas of the world where PPP is a practiced route for delivering infrastructure investments. The Company may, therefore, make investments in the European Union, other European countries, Canada, the United States of America and the Asia Pacific region.

The Company will seek to mitigate country risk by concentrating on investment opportunities in jurisdictions where JLCM advises that contract structures and their enforceability are reliable, where (to the extent applicable) JLCM advises that public sector or government-backed obligations carry a satisfactory credit rating and where financial markets are relatively mature. JLIF will ensure that over 50% of the Company's Total Assets, measured by value, will be in respect of projects based in the UK (although this will not require JLIF to dispose of Investment Capital in respect of non-UK projects if this limit is breached as a result of changes in value of the Investment Portfolio).

Single investment limit and diversity of clients and suppliers

When any new acquisition is made, JLIF will ensure that the investment (or, in the event of an acquisition of a portfolio of investments, each investment in the portfolio) acquired does not have an acquisition value (or, if it is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired is not) greater than 25% of JLIF's Total Assets at the time of investment. In selecting new investments to acquire, JLIF will seek to ensure that its Portfolio comprises a range of public sector clients and supply chain contractors, in order to avoid over-reliance on any single client or contractor.

Gearing

JLIF intends to make prudent use of leverage held in JLIF Limited Partnership for financing acquisitions of investments and working capital purposes. Under the company articles, and in accordance with JLIF's Investment Policy, JLIF's outstanding borrowings, excluding intra-group borrowings and the debts of underlying Project Entities, but including any financial guarantees to support subscription obligations, will be limited to 25% of JLIF's Total Assets[13]. JLIF may borrow in currencies other than Sterling as part of its currency hedging strategy.

[13] In a Trading Update published in February 2016, the Company announced its intention to seek shareholder approval, at the forthcoming AGM in May 2016, to increase the Company's gearing limit from 25% to 35% of its Total Assets. Further details will follow in due course with the Company's notice of AGM.

Origination of investments

All of the investments in the Portfolio have similar characteristics to those set out above and further investment opportunities will only be pursued if they also satisfy these criteria.

It is expected that further investments will include investments that have been originated and developed by members of John Laing Group and may be acquired from them. JLIF has established procedures to deal with any potential conflicts of interest that may arise in relation to any acquisition of assets from John Laing Group. These procedures include:

- complete segregation of JLCM, acting on behalf of JLIF, and the John Laing "sell side" team;

- a requirement to conduct asset due diligence through third party suppliers acting for JLIF, and for an opinion from an independent expert on the Fair Market Value of the Investment Capital to be obtained; and

- a requirement for JLIF board approval prior to submitting an offer to John Laing and prior to execution of the Sale and Purchase Agreement.

JLIF will seek to acquire further investments going forward both from John Laing and from the wider market. In selecting the assets to acquire, JLCM will ensure that these projects have similar characteristics to the projects in the current Portfolio and meet JLIF's investment criteria.

Any proposed acquisition of assets by JLIF from the John Laing Group that fall within the overall investment parameters set by JLIF, including in relation to funding, will be subject to approval by the Directors, who are independent of John Laing.

The relationship between JLIF and John Laing is governed by the Rules, as defined in the Prospectus. These require that any arrangements between a Relevant Person (as defined in the Rules) and JLIF are at least as favourable to JLIF as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the Relevant Person and an independent party.

JLIF has a contractual right of first offer (in accordance with the Amended Existing FOA and the New FOA) for relevant Investment Capital in UK, European and Canadian accommodation and roads and certain rail projects of which the John Laing Group wishes to dispose and that are consistent with our Investment Policy. It is envisaged that the John Laing Group will periodically make available for sale further portfolios of Investment Capital in infrastructure projects (although there is no guarantee that this will be the case). Subject to due diligence and agreement on price and transaction documentation, JLIF will seek to acquire those projects that fit its Investment Policy.

JLIF will also seek out and review acquisition opportunities from outside the John Laing Group that arise and will, where appropriate, carry out the necessary due diligence. If, in the opinion of JLCM, as Operator of JLIF Limited Partnership (the Partnership), the risk characteristics, valuation and price of the Investment Capital in the project or portfolio of projects for sale is acceptable and is consistent with our Investment Policy, then (subject to JLIF having funds) an offer will be made (without seeking the prior approval of the Board) and, if successful, the Investment Capital in the relevant project or portfolio of projects will be acquired by JLIF, following approval by the Board.

Potential disposals of investments

Whilst the Directors may elect to retain Investment Capital in the Portfolio and any other further investments made by JLIF over the long term, JLCM will regularly monitor the valuations of such projects and any secondary market opportunities to dispose of Investment Capital and report to the Directors accordingly. The Directors only intend to dispose of Investments where (upon the advice of JLCM) they consider that it would be in the best interest of shareholders. Proceeds from the disposal of investments may be reinvested or distributed at the discretion of the Directors.

Currency and hedging policy

A portion of JLIF's underlying investments may be denominated in currencies other than Sterling. For example, currently some of the Portfolio is denominated in Canadian Dollars and Euros. However, any dividends or distributions in respect of the Ordinary Shares will be made in Sterling and the market prices and Net Asset Value of the Ordinary Shares will be reported in Sterling. Currency hedging will only be carried out to seek to provide protection to the level of Sterling dividends and other distributions that JLIF aims to pay on the Ordinary Shares, and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. This may involve the use of foreign currency borrowings to finance foreign currency assets, or forward foreign exchange contracts for up to three years to hedge the income from assets that are exposed to exchange rate risk against Sterling.

Interest rate hedging may also be carried out to seek to provide protection against increasing costs of servicing any debt drawn down by the Company to finance investments. This may involve the use of interest rate derivatives and similar derivative instruments.

Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient Portfolio management and these transactions will not be undertaken for speculative purposes.

Amendments to and compliance with the Investment Policy

Material changes to JLIF's Investment Policy may only be made in accordance with the approval of the shareholders by way of ordinary resolution and (for so long as the Ordinary Shares are listed on the official list) in accordance with the UKLA Listing Rules.

The investment restrictions detailed above apply at the time of the acquisition of Investment Capital. In the ordinary course of business, JLIF will not be required to dispose of Investment Capital and to rebalance its investment Portfolio as a result of a change in the respective valuations of Investment Capital. Minor changes to the Investment Policy must be approved by the JLIF Board, taking into account advice from the Investment Adviser where appropriate.

THE INVESTMENT ADVISER

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

Andrew Charlesworth
Andrew Charlesworth is a Director of JLCM, responsible for delivering the fund's performance targets. He has been able to draw on 20 years of experience in infrastructure development and finance to help JLIF grow from a Portfolio Value of £259.0 million at launch to a Portfolio Value of £867.8 million, overseeing JLIF's entry into the FTSE 250 index within just 11 months of its IPO. Andrew's broad experience of the PPP market, having acted as advisor to authorities in procuring PPP projects and to senior lenders in funding them has ensured that the investments JLIF has made have been accretive to shareholder value, delivering above forecast returns.

Prior to his current role, Andrew led significant parts of the primary investment business within John Laing, initially as CEO of Regenter (a John Laing social housing PPP joint venture), then as Local Authority PPP Director and lastly as the Financial and Commercial Director for the global John Laing Investments business. Andrew holds the CFA UK's Investment Management Certificate (Part 1).

Gianluca Mazzoni
Gianluca Mazzoni recently joined JLCM, as Deputy Investment Adviser to JLIF in charge of Business Development. He is also a Director of JLCM.

Gianluca previously worked for Société Générale (then Access Capital Partners) developing significant experience in the origination and execution of global investment opportunities in equity infrastructure. Prior to this Gianluca worked in corporate finance, private equity and M&A across a wide range of sectors as part of The Boston Consulting Group and Bain & Co. He holds an MBA from Bocconi University (Italy) and Columbia Business School (USA) and an M.Sc. in Economics and Finance from Universita Politecnica delle Marche (Italy).

Joanne Griffin
Joanne Griffin is Director of Investments for JLCM, responsible for the sourcing, valuation and execution of acquisitions, development of JLIF's business into new PPP markets, and for shareholder and board reporting. Joanne has over 12 years' experience in infrastructure investments and serves as a director at both asset and corporate levels. She has been responsible for over £900 million of acquisitions to date.

Prior to joining JLCM, Joanne led the finance and commercial elements of multiple PPP projects across most sectors of the infrastructure market, both in the UK and internationally. Previously, Joanne worked at Carillion, a construction-to-services company, and gained significant experience in financial modelling for bidding and advising consortia on their investments. Joanne is an Associate member of the Chartered Institute of Securities and Investment.

Jamie Pritchard
Jamie Pritchard is Director of Asset Management for JLCM. His primary focus is valuation of the JLIF portfolio, ensuring forecast returns from JLIF's investments are delivered and on identification and management of value enhancements. In his role, Jamie also serves as a director on the board of

a number of the project companies in which JLIF is a shareholder. With over 15 years' experience in infrastructure investment gained across both the primary and secondary markets, Jamie's extensive portfolio management experience helped deliver value enhancements that underpinned underlying growth in 2015 of £66.8 million and ensured that distributions received from the underlying assets were £4.3 million ahead of budget. Jamie also provides support to JLIF's bidding activities with specific focus on valuation, identifying value enhancements and portfolio structuring.

Prior to joining JLCM, Jamie worked at Serco plc leading the commercial and financial structuring of bids, prior to which he worked at Balfour Beatty Investments. He is a member of the Institute of Chartered Accountants in England and Wales.

1. ABOUT THE INVESTMENT ADVISER

John Laing Capital Management Limited ("JLCM"), a wholly owned subsidiary of John Laing, acts as the Investment Adviser to the Company and as the Operator of JLIF Limited Partnership. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and has been authorised and regulated in the UK by the Financial Services Authority (now the Financial Conduct Authority) since December 2004. JLCM has the ability to call on and utilise the substantial experience of the John Laing Group in the management of the Fund.

2. INVESTMENT PERFORMANCE

2.1 Share Price Analysis

During 2015 JLIF's share price declined from 122.8p at the start of the year to 116.7p at its close. 6.75p per share of dividends were paid during the year and therefore JLIF delivered a share price total return to shareholders of 0.5% for the year. Whilst JLIF is not managed with regard to any benchmark, the share price of JLIF, with its government-backed and partially inflation-linked revenues should, arguably, broadly track the capital performance of the UK Gilt. JLIF's share price, over the year as a whole, broadly tracked the Gilt capital performance. The share price went ex-dividend 3.375p on each of 2 April and 10 September.

Overall JLIF's share price remained relatively stable, trading throughout the period at a premium to NAV and meeting its dividend targets. The deviation in September and October 2015 was a result of the share trading ex-dividend and also a response to the equity market issues in China around that time which may have had the effect of investors taking liquidity from JLIF in order to buy value elsewhere. The premium to NAV at which the Company's shares traded over 2015 reflects both the historical performance of the Fund and general market appetite for income and infrastructure stocks such as JLIF. From launch in November 2010 to the end of December 2015, JLIF has delivered total shareholder returns of 50.2%, and an annualised return of 9.9%[14] (simple basis).

2.2 Ongoing Charges

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

JLIF's ongoing charges ratio has been calculated in accordance with the Association of Investment Companies ("AIC") recommended methodology[15]. Calculated on a profit and loss basis, JLIF's ongoing charges ratio for 2015 was 1.24% while for 2014 it was 1.21%. The slight increase is principally driven by an increase in directors' fees, audit fees and fees related to the Fund Administrator.

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

[14] Compound basis – 8.3%
[15] For further details see http://www.theaic.co.uk/sites/default/files/hidden-files/AICOngoingChargesCalculationMay12.pdf

Ongoing Charges	**2015 (£m)**	2014 (£m)
Investment Adviser fee	**9.6**	9.1
Auditor for the Group	**0.3**	0.2
Directors' fees and expenses	**0.3**	0.2
Other ongoing expenses	**0.8**	0.7
Total expenses	**11.0**	10.2
Average NAV	**884.8**	854.1
Ongoing charges ratio (using AIC recommended methodology)	**1.24%**	1.21%
Acquisition fees	**0.0**	0.0
Ongoing charges including acquisitions fees	**1.24%**	1.21%

3. VALUATION

3.1. Valuation of the Company

The Company accounts for its interest in its wholly owned subsidiary JLIF Luxco 1 S.à.r.l. as investment at fair value through profit or loss. The fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. comprises the fair value of JLIF Luxco 1 S.à.r.l., all the intermediate holding companies and the Portfolio of PPP investments. The fair value of JLIF Luxco 1 S.à.r.l. and all the intermediate holding companies is equivalent to their net book value. The investment at fair value through profit and loss of the Company as at 31 December 2015 was £883.1 million (31 December 2014: £885.7 million).

The fair value of the intermediate holding companies is principally comprised of cash, debt drawn on the Company's revolving credit facility and working capital balances, while the principal component of the investments of the Company are its Portfolio of 57 PPP assets. Further details of the value of this Portfolio follow below.

3.2. Portfolio Value

JLCM is responsible for undertaking a fair market valuation of the JLIF Portfolio (of 57 PPP assets as at 31 December 2015), which is presented to the Board. To provide additional assurance to both the Board and to JLIF's investors, the valuation is independently verified by a leading accountancy firm who provide an opinion to the Directors. Subsequently, the Board approves the valuation of the Portfolio for the year ended 31 December 2015.

The valuation methodology is based on discounting forecast future cash flows from the underlying assets in the Portfolio. This is consistent with the methodology used to the value the Portfolio since launch in November 2010.

JLIF's Portfolio value increased over the 12 months to 31 December 2015 from £864.9 million to £867.8 million. A breakdown of the movements in Portfolio value is provided in the table below, as well as a comparative table for 2014.

	£'000s	% growth
Opening value at 31 December 2014	**864,887**	
Acquisitions	14,363	
Cash received from investments	(73,261)	
Discount Rate Movements	7,462	
Exchange rate movements	(12,435)	
Opening value rebased at 31 December 2014	**801,016**	
Growth from discount rate unwind	65,064	8.12
Growth from value enhancements	1,750	0.22
Value at 31 December 2015	**867,830**	

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

After adjusting for acquisitions in the period of £14.4 million (see section 4.1 for further detail), cash received from investments of £73.3 million, changes to discount rates of £7.5 million and negative unrealised exchange rate movements of £12.4 million, the rebased valuation as at 31 December 2014 was £801.0 million, implying underlying growth in the Portfolio of 8.34% to 31 December 2015.

The weighted average discount rate ("WADR") for the Portfolio was 7.82% as at 31 December 2015. If all 57 assets comprising JLIF's Portfolio as at 31 December 2015 had been held for the full year and all of the cash distributions from the investments had been received at the beginning of the year, the expected growth in the Portfolio due to the unwind of the discount rate would have been the WADR, i.e. 7.82%. In reality, acquisitions were made in January and June and distributions were received at various times throughout the year. After adjusting for the timing of both acquisitions and distributions in reality, the expected growth (the "Adjusted DRU") would be 8.12%. The actual underlying growth of 8.34% therefore compares favourably, being 0.22% ahead of the Adjusted DRU. The drivers for this outperformance are discussed further in section 4.5.

3.3 Valuation Assumptions

3.3.1. Discount Rate

The methodology used by JLCM in determining the appropriate discount rate by which to value each asset in the Portfolio is based on historical five-year rolling average gilt rates (of equal duration to the relevant project concessions). These represent a proxy for the 'risk free rate'. Specific premiums are added to these to reflect the individual project risks and to ensure that the resultant rate is reflective of market conditions. This methodology has been consistently applied each year since JLIF launched in 2010. Since the discount rates used are a key driver of the valuation, they are reviewed by an independent accountancy firm with a track record in PPP valuation as part of their overall assessment of the Portfolio valuation. An opinion on the appropriateness of the range of discount rates used is provided to the Directors to give them additional assurance.

The table below shows the range of discount rates used to value the Portfolio versus those used for the 2014-year end valuation, together with the sensitivity of the Portfolio valuation to movements in discount rates.

Year	**2015**	2014
Weighted average gilt rate	**2.89%**	3.24%
Weighted average risk premium	**4.93%**	4.70%
WADR at 31 December	**7.82%**	7.94%
Range of asset discount rates	**7.19% – 8.46%**	7.40% – 8.54%
Number of assets	**57**	56
Sensitivity of the Portfolio Valuation to movements in the discount rate		
+ 1% (8.82% for 2015)	**Decreases by 7.5% (£65.1m)**	Decreases by 7.6% (£65.6m)
- 1% (6.82% for 2015)	**Increases by 8.6% (£74.8m)**	Increases by 8.7% (£75.6m)

The decrease in WADR from 7.94% (as at 31 December 2014) to 7.82% is primarily a result of a reduction in the Portfolio weighted average gilt rate applied. The reduction in WADR is consistent with JLCM's experience of the secondary market for PPP assets and particularly that in the UK, in which 88% of JLIF's Portfolio (by value) was located as at the end of 2015.

3.3.2. Interest rates

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

Long term gilt yields in the UK, Continental Europe and Canada remained at historically low levels in 2015. There is the potential that these could increase over time. Historically, there appears only limited correlation between movements in gilt rates and discount rates used to value PPP projects. The current Portfolio WADR of 7.82% is significantly higher than the Portfolio weighted average gilt rate, a differential that remains at an historic high since launch.

3.3.3 Cash deposit rates

Each asset in JLIF's Portfolio holds cash deposits (usually six-month terms) in reserve accounts, typically a requirement of the senior debt providers. As a result, investment income from the Portfolio can vary depending on the interest earned on these deposits. The valuation of the Portfolio assumes deposit rates in the UK of 1.0% during 2016, which is broadly in line with current six-month market rates being offered by banks. The long term deposit rate for assets in the UK is assumed from 2019 onwards to be 3.25% per annum, which is 0.25% lower than JLIF has forecast in previous years to reflect the financial markets. The Euro and Canadian deposit rate assumptions follow a similar trend, Euro deposit rates being assumed to increase from 1.0% in 2016 to 1.5% in 2017 to 2.5% from 2018 onwards. Canadian deposit rates are assumed to increase from 1.0% in 2016 to 3.0% from 2018 onwards. The impact on the Portfolio valuation to changes in these deposit rate assumptions for the remaining life of the projects is shown in the table below.

	Portfolio Value Impact 2015	Portfolio Value Impact 2014
Increase by 1%	**Increases by 2.12% (£18.4m)**	Increases by 2.06% (£17.8m)
Decrease by 1%	**Decreases by 2.11% (£18.3m)**	Decreases by 2.04% (£17.6m)

If actual deposit rates were to vary from those assumed in the valuation of JLIF's Portfolio for only the next few years, as opposed to the whole remaining life of the assets (average life of the Portfolio was 18.5 years at 31 December 2015), the impact on Portfolio valuation would consequently be much reduced.

3.3.4. Foreign Exchange

As at the 31 December 2015 the Portfolio comprised six assets that have exposure to foreign exchange cash flows, being the Canadian dollar and the Euro. These projects with non-Sterling denominated cash flows comprised 12.5% of the Portfolio valuation (compared with 14.0% as at 31 December 2014).

The table below illustrates the impact on the Sterling value of the Portfolio as a result of a change in the Sterling:Euro and Sterling:Canadian Dollar exchange rates of 5%.

Scenario	**Euro Sterling at 31 December 2015**	**CAD: Sterling at 31 December 2015**	**Portfolio Valuation at 31 December 2015**	**Impact**
Portfolio valuation	1.3592	2.0599	£867.8m	–

Euro & CAD appreciate by 5% versus Sterling	1.2945	1.9618	£873.3m	+ £5.4m (+0.6%)
Euro & CAD depreciate by 5% versus Sterling	1.4272	2.1629	£862.7m	-£5.2m (-0.6%)

Non-Sterling denominated income from JLIF's assets is considered relative to the foreign exchange market to determine whether the potential volatility is material enough to enter into a forward contract to hedge against currency movements.

During 2014, JLIF Limited Partnership entered into two foreign exchange contracts which were expected to hedge the exchange rate risk on c.41% of its expected 2015 Canadian dollar income. As a result of these contracts, on conversion to Sterling, JLIF's 2015 Canadian dollar income generated a profit of £0.1m when compared to the average Canadian Dollar versus Sterling exchange rate for the year. JLIF used all of its 2015 Euro income against the acquisition of an interest in the Barcelona Metro Stations project (2016).

JLIF did not hold any open foreign exchange contracts at 31 December 2015.

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

3.3.5 Inflation

Each asset in JLIF's Portfolio receives revenue from its public sector client which is either partially or, in some cases, wholly linked to inflation. The weighted average assumption used for inflation for the Portfolio valuation is 2.67%. For projects in the UK, revenues are typically linked to RPI or RPIx, while each of JLIF's assets in Canada have revenues linked to CPI. In Continental Europe, both JLIF's Dutch assets have revenues linked to CPI, and in Finland, revenues relating to the E18 project are linked to the Finnish construction and engineering indices, MAKU and Elspot. After taking account of the cost indexation arrangements of the project agreements, cash flows from the Portfolio as a whole are positively correlated to inflation. If inflation increases, then the value of the Portfolio increases and vice versa.

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

The most significant long term indexation assumptions used to value the Portfolio at 31 December 2015 are set out below and are consistent with those used in the Portfolio valuation as at 31 December 2014.

Country	Index	Assumption

Portfolio	Weighted average	2.67%
United Kingdom	RPI / RPIx	2.75%
Canada	CPI	2.10%
The Netherlands	CPI	1.90%
Finland	MAKU / Elpsot	3.0% / 2.5%

Sensitivity analysis has been performed to demonstrate the impact of movements in inflation on the Portfolio valuation. The results of this analysis is presented below.

	Portfolio Value Impact 2015	Portfolio Value Impact 2014
Increase by 1% (i.e. 3.67%)	Increases by 3.90% (£33.8m)	Increases by 3.82% (£33.0m)
Decrease by 1%	Decreases by	Decreases by
(i.e. 1.67%)	3.55% (£30.8m)	3.56% (£30.8m)

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

- Base case: As per the table above; and

- Scenario 1: 0% inflation for the remainder of the remaining life of the Portfolio.

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

- Dividend profile 1: 0% growth on an annual dividend of 6.75 pence per share per annum; and
- Dividend profile 2: 2.67% growth per annum (being the weighted average inflation rate for the Portfolio) on an annual dividend of 6.75 pence per share per annum.

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

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

This analysis assumes no scrip take up by shareholders and that the Portfolio does not grow by acquisition. The current cash flows are projected to 2045.

3.3.6 Corporation tax

The taxable profits of each of the project companies in the Portfolio are subject to corporation tax in their respective jurisdictions and over their lifetimes each project is likely to pay significant amounts of tax.

The amount of tax to be paid over the remaining life of each project has been estimated and included as a negative item in its valuation.

The long term corporation tax rate assumptions used in generating the Portfolio Value as at 31 December 2015 are as follows:

Country	Corporation tax rate
United Kingdom	20%, then 19% from 1 April 2017, then 18% from 1 April 2020 onwards
Canada	26%
The Netherlands	20% – 25%
Finland	20%

The rate applied across JLIF's UK portfolio has decreased since last year from 20% to 19% in 2017 and 18% from 2020 onwards, reflecting the provisions of the Finance Bill enacted in November 2015. This resulted in an increase in valuation of £6.8 million. The rates applied to the overseas assets remain unchanged.

As described in the Risk Committee Report, there is a risk around the implementation of the OECD's recommendations on Base Erosion Profit Shifting ("BEPS"). Given the Company's assessment of that risk at the current time, no specific adjustment for it has been made in the valuation of the Portfolio as at 31 December 2015. This is also consistent with JLIF's experience of market pricing of assets that have recently transacted.

3.3.7 Lifecycle

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

As at 31 December 2015, of the 57 projects comprising the Portfolio, lifecycle risk is retained by the project company in 31 instances. For the remaining 26 projects lifecycle risk is passed down to the Hard FM provider, the cost allowances for which are included in the Hard FM service payments, which are fixed in real terms. The Hard FM provider takes the full risk of these payments being adequate. In five of the 31 projects, JLIF has an upside only sharing mechanism with the Hard FM provider and in a further two cases the lifecycle risk (upside and downside) is shared between the project company and the Hard FM provider.

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

	Impact on 24 assets where lifecycle risk retained by SPV	Portfolio Value Impact 2015
Increase in forecast lifecycle expenditure by 10%	Decreases by 4.75% (£20.9m)	Decreases by 2.41% (£20.9m)
Decrease in forecast lifecycle expenditure by 10%	Increases by 4.53% (£19.9m)	Increases by 2.30% (£19.9m)

The sensitivity analysis was performed across the five largest assets by value in which lifecycle risk is retained by the project company. The analysis therefore covered approximately 73% of all assets by value in which lifecycle risk is held at the project company level. The results of the sensitivity were then extrapolated across each of the 24 assets in which lifecycle risk is retained in full by the project company.

4. PORTFOLIO PERFORMANCE

This section discusses the components of the movement in value of the Portfolio from £864.9 million at 31 December 2014 to £867.8 million at 31 December 2015.

4.1 Acquisitions

During the period JLIF made investments in two projects, one being the acquisition of an additional 20% interest in the Kirklees Social Housing project in January 2015 from Wates Construction Limited, taking JLIF's total shareholding in the project to 100%. The initial 80% stake had been acquired from John Laing Group under the First Offer Agreement in December 2014.

In June 2015, JLIF acquired a 100% stake in the North Birmingham Mental Health project, from John Laing Group following the signing of a Sale and Purchase Agreement ("SPA") in September 2014. As the acquisition price was fixed, JLIF benefitted from the unwind of the discount rate over the period between signing of the SPA and completion of the transaction.

4.2 Income from investments

During 2015, JLIF continued to receive cash income from its Portfolio, principally in the form of dividends and interest and repayment of principal on shareholder loans. During the 12-month period ended 31 December 2015 these totalled £73.3 million, approximately £4.3 million ahead of the budgeted level. Distributions from the underlying project companies naturally reduce the value of the Portfolio since the cash flows have been realised and are no longer included within forecast future income.

4.3 Exchange rate impact

As noted in section 3.3.4, JLIF's policy remains not to hedge the Balance Sheet value of its non-Sterling denominated assets. As a result, the value of JLIF's overseas assets can vary depending on movements in the Canadian dollar and Euro exchange rates relative to Sterling. During 2015 the Canadian dollar depreciated by 14.1% from an exchange rate of 1.805 to 2.060 and the Euro depreciated by 6.1% from an exchange rate of 1.281 to 1.359. The net impact of these movements was a reduction in the Portfolio Value of £12.4 million.

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

	As at 31 December 2015	As at 31 December 2014
	Net Asset Value per share	Net Asset Value per share
Including exchange variations	108.4p	109.3p
Excluding exchange variations	109.9p	109.9p

4.4 Rebased valuation

After taking account of acquisitions in the period, cash income from investments and changes in both discount rates and exchange rates, the rebased valuation as at 31 December 2014 was £801.0 million. This, combined with the underlying growth in value of the Portfolio of £66.8 million (see section 4.5 for further detail) (8.34% of the rebased Portfolio Value), results in a Portfolio Value at 31 December 2015 of £867.8 million.

4.5 Portfolio growth

The WADR of the Portfolio as at 31 December 2015 was 7.82% (31 December 2014: 7.94%). If all investments were held throughout the entire year, and all cash income from investments received at the beginning of the year this would be the percentage growth forecast due to the natural unwinding of the discount rate. However, certain acquisitions were made during the course of the year and cash income from investments was received at various times throughout the year. Adjusting for this timing, the expected growth (i.e. the "Adjusted DRU") for 2015 was 8.12% or £65.1 million.

JLIF delivered underlying Portfolio growth that was ahead of that above, by £1.8 million or 0.22% in 2015 (i.e. 8.34%). This was principally the result of the following:

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

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

- The net impact of changes to macroeconomic assumptions principally being the downside impact of lower than forecast inflation during the year and a reduction in deposit rates assumptions partially offset by the reduction in UK corporation tax rates announced in the Finance Bill 2015.

Every year since it launched in November 2010 JLIF has delivered underlying Portfolio growth higher than the forecast discount rate unwind.

As at 31 December 2015 the Portfolio comprised investments in 57 assets. As described above, overall the growth in Portfolio Value exceeded that forecast from the Adjusted DRU. However, as with any portfolio there is a degree of variability in the valuation growth exhibited by each individual asset, some growing by more than forecast and others by less.

Those projects for which growth exceeded expectations included the M40 Motorway, South Lanarkshire Schools, MoD Main Building, and Peterborough Schools. The increases in value largely resulted from value enhancement activities undertaken during the year including cost efficiencies, and the extraction of cash to shareholders earlier than anticipated as well as the reduction in corporation tax rates.

Those projects for which growth was below expectations included North Staffordshire Hospital, where lower than forecast inflation and reduced deposit rates impacted the value, as well as the Newcastle and Peterborough Hospital projects where disputes with the NHS Trust counterparties have resulted in increased costs. Performance on the remaining assets in the Portfolio was generally in line with expectations.

As noted above, during 2013 a legal dispute arose, and continues to exist between the Newcastle Hospital SPV, in which JLIF holds a 15% shareholding, and the public sector client regarding the completion of phase 8 (the clinical office block) of the project, and other operational aspects of the project. This resulted in court action between the construction contractor, the SPV and the Trust. The dispute is ongoing and the outcome is unknown, however, it is not expected to have a material impact on the valuation of the Portfolio or its expected investment income.

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

5. GEARING

JLIF drew £11.7 million in June 2015 on its £150 million revolving credit facility to finance the acquisition of a 100% stake in the North Birmingham Mental Health project from John Laing.

This £150 million credit facility was due to expire in February 2016. In August 2015, JLIF refinanced the facility securing a new five-year, £180 million revolving credit facility. The outstanding balance on the previous facility was repaid in full using Group cash, also in August 2015.

The new facility is provided by four banks: Royal Bank of Scotland plc (“RBS”), HSBC Bank plc (“HSBC”), ING Bank NV (“ING”) and Commonwealth Bank of Australia (“CBA”).

Both the commitment fees and the margin on the new facility are materially lower than those on the previous facility, the margin being 175bps over LIBOR. As previously, the new facility is primarily used to fund third party acquisitions in between capital raisings.

Attached to the new facility is an accordion capability of up to £100 million, on which no fees are payable until utilised, which gives JLIF ready capacity to target larger transactions to support the growth of the Fund.

In October 2015, JLIF drew £17.0 million on its facility to effectively finance the acquisition of an additional stake in Kirklees Social Housing project and of the North Birmingham Mental Health project (see section 4.1 for further details). Both these were financed at the time of acquisition using cash balances held by the Group. The £17.0 million was repaid in early January 2016, using distributions received from the Portfolio in December 2015.

6. FINANCIAL RESULTS

The financial statements of JLIF (or “the Company”) for the year ended 31 December 2015 are on pages 51 to 81.

The Company prepared the financial statements for the year ended 31 December 2015 in accordance with International Financial Reporting Standards (“IFRS”) as published by the EU.

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

Basis of accounting

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

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

The Group comprises the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), JLIF (GP) Limited (the General Partner), JLIF Limited Partnership (the English Limited Partnership) and 27 (2014: 24) wholly owned subsidiaries of the English Limited Partnership.

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

As at 31 December 2015, the Group held investments in the 57 (2014: 56) PPP assets which make distributions comprising returns on investments (interest on subordinated loans and dividends on equity) together with repayments of investments (subordinated loan repayments and equity redemptions).

Result for the year ended 31 December 2015

All amounts presented in £000s (except as noted)	**Year ended 31 December 2015**	Year ended 31 December 2014
Net assets[16]	**883,096**	887,329
PPP Assets[17,18]	**867,830**	864,887
Intermediate Holding companies assets[17]	**15,302**	20,787
Operating income (including unrealised foreign exchange losses)	**58,359**	77,684
Net assets per share (pence)	**108.4**	109.3
Distributions, repayments and fees from PPP investments	**73,261**	64,809
Profit before tax	**46,966**	67,158

[16] Also referred to as Net Asset Value or "NAV"
[17] Classified as investments at fair value through profit or loss on the Balance Sheet
[18] Also referred to as Portfolio Value

Key points to note:

- Interim dividend of 3.375 pence per share declared in August 2015 and paid in October 2015

- 8.34% increase on a rebased Portfolio Value as at 31 December 2014 to £867.8 million (2014: 9.22% increase to £864.9 million).

Net assets
The movement in net assets compared to 31 December 2014 is primarily driven by an increase in the Portfolio Value offset by a decrease from exchange rate movements.

The Company's Net Assets decreased from £887.3 million to £883.1 million at 31 December 2015. The Net Assets include investments at fair value through profit or loss of £883.1 million (£15.3 million relate to the intermediate holding companies' fair value and £867.8 million to the PPP investments), a cash balance of £2.5 million, offset by other net liabilities of £2.6 million.

The intermediate holding companies' fair value of £15.3 million comprises of cash balances of £31.3 million, offset by outstanding debt of £17.0 million drawn on the revolving credit facility and other net assets of £1.0 million.

Analysis of the Group's net assets

£'000s (except as noted)	**2015**	2014
Portfolio value	**867,830**	864,887
Intermediate holding companies cash	**31,255**	22,194
Intermediate holding companies credit facility debt	**(17,000)**	–
Intermediate holding companies other net assets	**1,047**	(1,407)
Fair value of the Company's investment in JLIF Luxco 1 S.a.r.l.	**883,132**	885,674
Company's cash	**2,533**	4,253
Company's other net liabilities	**(2,569)**	(2,598)
Net Asset Value	**883,096**	887,329
Number of shares	**814,751,471**	811,600,961
Net Asset Value per share (pence)	**108.4**	109.3

At 31 December 2015, the Group (Company plus intermediate holdings companies) had a total cash balance of £33.8 million (£2.5 million in the Company's balance sheet (31 December 2014: £4.3 million) and £31.3 million in the intermediate holding companies which amount is included in the Company's balance sheet under Investment at fair value though profit or loss (31 December 2014: £22.2 million)).

The intermediate holding companies other net liabilities include the outstanding debt of £17 million (31 December 2014: £nil) under the Group's revolving credit facility.

The Portfolio Value is the fair value of the investments in 57 (31 December 2014: 56) PPP projects calculated using the discounted cash flow method.

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

£'000s		
Portfolio value at 31 December 2014		864,887
Acquisitions		14,363
Growth from discount rate unwind	65,064	
Growth from value enhancements	1,750	1,750
Underlying growth of the PPP investments		66,814
Negative exchange rate movements		(12,435)
Discount rate movements		7,452
Increase in movement in accrued interest receivable on subordinated loans		5,200
Subordinated debt and equity repayments		(9,558)
Distributions received from the PPP investments		(68,903)

Portfolio value at 31 December 2015	**867,830**

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

Profit before tax

The Company's profit before tax ("PBT") for the year ended 31 December 2015 is £47.0 million (2014: £67.2 million), generating earnings per share of 5.8p (2014: 8.6p).

In 2015, the operating income was £58.4 million (2014: £77.7 million). This reflects the underlying growth of the Portfolio Value of £66.8 million, the impact of discount rate movements of £7.4 million offset by unrealised foreign exchange loss of £12.4 million and the intermediate holding companies' expenses and other net costs of £3.4 million.

The operating costs included in the income statement were £11.4 million in the year (2014: £10.5 million) reflecting higher administrative expenses principally arising from the higher investment advisory fee due to the increased value of the Portfolio.

Cash flow statement

The Company had a total cash balance at 31 December 2015 of £2.5 million (31 December 2014: £4.3 million). The breakdown of the movements in cash is shown below.

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

	2015	2014
Cash balance as at 1 January	**4.3**	3.2
Capital raising	**–**	50.0
Listing/ share issue cost	**(0.1)**	(0.7)
Net cash inflow from JLIF Luxco 1 S.à.r.l.	**60.9**	9.7
Directors fee and expenses	**(0.3)**	(0.3)
Investment Adviser and origination fee	**(9.5)**	(9.0)
Administrative expenses and other	**(1.7)**	(1.4)
Dividends paid in cash to shareholders	**(51.1)**	(47.2)
Cash balance at 31 December	**2.5**	4.3

The Group had a total cash balance at 31 December 2015 of £33.8 million (31 December 2014: £26.5 million), and borrowings of £17.0 million (31 December 2014: £nil). The breakdown of the movements in cash is shown below.

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

	2015	2014

Cash balance as at 1 January	**26.5**	24.3
Capital raising	**–**	50.0
Listing / share issue costs	**(0.1)**	(0.6)
Acquisition of projects	**(14.4)**	(50.8)
Acquisition costs	**(0.1)**	(0.9)
Cash received from projects (net of withholding tax)	**73.3**	64.8
Administrative expenses and other	**(13.8)**	(11.5)
Interest on deposits and recovery of Letters of Credit charges	**–**	0.1
Proceeds from borrowings	**17.0**	–
Repayment of borrowings	**–**	–
Financing costs (net of interest income)	**(3.5)**	(1.7)
Dividends paid in cash to shareholders	**(51.1)**	(47.2)
Cash balance at 31 December	**33.8**	26.5

During the year, the Group received cash of £73.3 million (2014: £64.8 million) from its Portfolio. This is consistent with investment revenues expected by the Group based on project forecasts as at the prior period end. The cash received from Investments in the year more than sufficiently covers the operating and administrative expenses, financing costs as well as the dividends paid to its shareholders. JLCM anticipates future revenues from the Portfolio will continue to be in line with expectations and therefore will continue to fully cover future costs as well as planned dividends payable to its shareholders.

The Company has declared a dividend of £27.8 million (3.41 pence per share) for the second half of 2015, which is an increase of 1.04% (against the most recent dividend paid by the Company in October 2015) and is payable on 13 May 2016. JLIF continues to offers a scrip dividend alternative that is the subject of a separate shareholder communication.

7. OUTLOOK

JLCM has noticed a clear shift in the location of the pipeline of infrastructure projects coming to market in the last year. We have previously recognised the UK slowing and Europe, North America and Asia Pacific as starting to generate pipelines in their own markets and this trend was continued to be observed in 2015. There were only a handful of projects in the entire UK market that changed owners through auctions in the year. The main source of assets predominantly remained southern and western Europe, with Northern and Eastern Europe showing signs of developing clear pipelines also.

The Investment Adviser expects Spain, France and Portugal to be significant asset sources for the coming year or two, followed by countries such as Germany and Norway as they boost their infrastructure asset base with large primary pipelines.

Australia and North America have continued to show development over the past year, and we anticipate these to be steady markets going forward to source assets. We have developed relationships in these regions to support JLIF’s acquisition activity and continue to review assets as and when they come to market. Canadian provinces, namely Ontario and British Columbia, have large infrastructure programmes and relatively stable governments, that of the latter with another two-and-a-half years left until re-election. For the first time in recent history, Australia is suffering from some political flux, however, this seems to be settling as large new programmes are being brought to market, for example, the large social housing programme in New South Wales.

The USA is developing and several states are procuring primary infrastructure projects using the PPP model. These projects are often large in scale with longer construction periods given most are in the transport sector. We remain confident of a pipeline of secondary project originating from the USA and we have done a substantial amount of development work to ensure JLIF is well placed when the market for investing equity becomes more fluid.

CORPORATE SOCIAL RESPONSIBILITY AND GREENHOUSE GAS EMISSIONS

The JLIF Board and its Investment Adviser, John Laing Capital Management Limited ("JLCM"), are committed to socially-responsible investing and understand the need to carry out our activities in a responsible and sustainable manner.

JLIF recognises the environmental, social and economic needs of the communities in which it works and looks for suitable opportunities to engage and support communities, by using the skills, time and financial support of its staff and those of the Investment Adviser. The commitment to corporate social responsibility ("CSR") is delivered through programmes directly supported by JLIF and through the activities of JLCM and JLIF's other partners who manage the projects and provide facilities management services to the Portfolio assets. JLIF actively encourages its partners to engage with the local communities in which our projects are located. It is the engagement of these teams that operate our assets on a daily basis and support the communities in which they operate that makes the greatest difference. A number of the CSR activities that have been undertaken during 2015 are detailed in the following section.

Community Engagement

As part of JLIF's efforts to support the communities and users of the projects in which it invests, the Company decided to run an art competition for students at one of our education projects with the winning entries being displayed in JLIF's annual report. This would give the students the chance to say that their work had publicly featured in the annual report of a FTSE 250 company. The school chosen was the Welling Academy, part of the Bexley Schools project, from which JLIF received several excellent entries. After much deliberation JLIF chose a piece by Habibat Alabi as the winner. We would like to congratulate Habibat and to wish her the best for her future art pursuits and to thank all the entrants for their hard work.

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

The programme was developed in Leeds and is now gathering momentum with roll-out across other parts of the country. The number of pupils who have benefitted from our sponsorship in 'Make the Grade' is in excess of 3,000.

At one of our key health sector assets, the Abbotsford Regional Hospital and Cancer Centre in British Columbia, Canada, a new space for the Breast Health Clinic was opened in October 2015. It had previously been brought to the Fund's attention that one of the services at the hospital, the Breast Health Clinic, was to be displaced from the hospital due to space limitations. This would mean that patients would have to travel much further in order to still be able to access this service. With this in mind the Fund offered the client free use of a vacant retail unit for the Breast Health Clinic through to the end of the concession, giving up the rental income that would otherwise be earned, but thereby ensuring that these vital services could be retained at the hospital. The opening of the new clinic was attended by Andrew Charlesworth of JLCM and has been extremely well received by the stakeholders.

JLIF continues to support teachers from the North Swindon Schools project by providing sponsored membership of the Princes' Teaching Institute Schools and Schools Leadership Programmes. We were also delighted to be able to extend the scheme this year to support teachers at Bexleyheath

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

Greenhouse Gas Emissions Statement

JLIF is an investment company and as such holds equity interests in its underlying investments. The approach that it has used to consolidate its greenhouse gas ("GHG") emissions reflects this structure and aggregates JLIF's equity share of emissions from each asset. In collating its data JLIF has considered the GHG emissions from the facilities that is manages for the public sector. However, JLIF does not have direct control over the energy usage of the facilities it manages as these are controlled by their public sector end-users. As such JLIF has limited ability to directly influence or reduce the energy consumption of the facilities.

During 2015 JLIF assessed its carbon footprint in line with the Greenhouse Gas Protocol, the results of which are detailed in the table below. JLIF reported its GHG emissions to the CDP (formerly the Carbon Disclosure Project) and has subjected its data submission to verification by the Carbon Trust. Scope 1 GHG emissions represent JLIF's share of direct emissions from the project facilities, typically through the consumption of gas. Scope 2 emissions are JLIF's share of indirect emissions from the project resulting from the generation of purchased energy.

Greenhouse Gas Emissions Source[19]	**2015 ($tC0_2e$)**	**2015 ($tC0_2e$/£m)[20]**
Scope 1	27,239	466.7
Scope 2	99,346	1,702.3
Total	**126,585**	**2,169.0**

Greenhouse Gas Emissions Source[21]	2014 ($tC0_2e$)	2014 ($tC0_2e$/£m)[22]
Scope 1	21,105	272.0
Scope 2	67,223	866.3
Total	**88,328**	**1,138.3**

[19] In order to ensure the accurate collation and verification of data the GHG emissions above represent JLIF's equity share of annual emissions from the underlying asset portfolio for the period 1 January 2014 to 31 December 2014. As such these are not consistent with the time period of the rest of the financial statements being 1 January 2015 to 31 December 2015. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

[20] CO_2 tonnes per £m of turnover

[21] In order to ensure the accurate collation and verification of data the GHG emissions above represent JLIF's equity share of annual emissions from the underlying asset portfolio for the period 1 January 2013 to 31 December 2013. As such these are not consistent with the time period of the rest of the financial statements being 1 January 2015 to 31 December 2015. Assets acquired during the financial statements period are excluded from the GHG emissions data reported.

[22] CO_2 tonnes per £m of turnover

APPROVAL OF THE STRATEGIC REPORT

Paul Lester CBE
Chairman
16 March 2016

CORPORATE GOVERNANCE

The Board of JLIF has considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to JLIF.

Procedures have been put in place to ensure compliance with the UK Corporate Governance code which was published in September 2014 and which applies to reporting periods beginning on or after 1 October 2014.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

The Combined Code includes provisions relating to:

- the role of the chief executive (not applicable to JLIF);

- executive Directors’ remuneration (not applicable to JLIF); and

- the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of JLIF, being an externally managed investment company. The company has therefore not reported further in respect of these provisions.

THE BOARD

The Board consists of six Non-Executive Directors, all of whom are independent of the Company’s Investment Adviser. As the Company has no Executive Directors, the provision of the UK Corporate Governance Code relating to the combining of the roles of Chairman and Chief Executive Officer does not apply to the Company. Directors’ details are contained on page 15 which set out the range of investment, financial and business skills and experience represented. The Chairman is an independent non-executive Director and the Deputy Chairman acts as Senior Independent Director.

The Board meets at least four times a year and, should the nature of the activity of the Company require it, additional meetings may be scheduled, sometimes at short notice. Between meetings there is regular contact with the Investment Adviser and the Administrator and the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other Advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Company intends for all Directors to be subject to annual re-election at the Annual General Meeting of the Company. The Board intends to consider the tenure of each Director after six years. The tenure of Directors is expected to be between six and nine years to allow for phased board appointments and retirements. This process will take account of any changes to the Board's composition arising from the need to fill a casual vacancy.

The terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

PERFORMANCE AND EVALUATION

The Board has adopted a process to review its performance on a regular basis and such reviews are expected to be carried out internally on an annual basis and through external facilitation every three years. This annual evaluation of the Board, the Audit Committee and individual Directors has taken the form of questionnaires and discussion to determine effectiveness and performance in various areas.

In November 2015, the Board once again engaged Optimus Group Limited ("Optimus"), a Guernsey based independent consultancy, to carry out an external evaluation. This involved meeting with the Board of Directors and the completion of a questionnaire by each Director as well as meetings with representatives from JLCM and Heritage International Fund Managers (the Administrator), reviewing key Board documentation, and evaluating Board and committee structures. Optimus reported its findings at the first scheduled Board meeting in 2016, concluding that the JLIF Board has a high standard of Corporate Governance and is compliant with the Codes (being the FRC UK Corporate Governance Code and the Association of Investment Companies Code).

Any new Directors will receive an induction from the Investment Adviser. All Directors will receive relevant training as necessary.

DUTIES AND RESPONSIBILITIES

The Board is responsible to shareholders for the overall management of the Company. The Board has adopted a set of reserved powers which set out the particular duties of the Board. Such reserved powers include decisions relating to the determination of the Investment Policy and approval of investments, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Company Secretary and Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that the Board complies with Guernsey Law and applicable rules and regulations of the Guernsey Financial Services Commission and the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 as amended. It is the Board's responsibility to present a fair, balanced and understandable assessment, which extends to interim and other price-sensitive public reports.

COMMITTEES OF THE BOARD

The Board has not deemed it necessary to appoint a remuneration committee as, being comprised of six Non-Executive Directors, it considers that such matters may be considered by the whole Board.

The Company has established an Audit Committee, chaired by Mr C Spencer which operates within clearly-defined terms of reference and comprises five Non-Executive Directors: Mr Spencer, Mr MacLellan, Mr Morgan, Mr Van Berkel and Ms Green, whose qualifications and experience are noted on page 15. The Audit Committee meets at least three times a year at times appropriate to the financial reporting calendar.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual Report and Financial Statements; the Interim Report and Financial Statements; the system of internal controls; and the terms of appointment of the Auditor, together with the Auditor's remuneration. It is also the forum through which the Auditor reports to the Board. The Audit Committee also reviews the objectivity of the Auditor along with the terms under which it is engaged to perform non-audit services. The provisions in place to maintain the independence and objectivity of the Auditor include the requirement to replace the lead audit partner every five years, and restrictions on the delivery of non-audit services to the Company with such services and the terms under which these are to be provided, considered by the Audit Committee on a case-by-case basis. Notwithstanding such services the Audit Committee considers Deloitte LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

The Audit Committee, having reviewed the performance of the Auditor, has recommended to the Board that the Auditor be proposed for re-appointment at the Annual General Meeting of the Company in May 2016.

The Company has also established a Nomination Committee appointed in 2013. This is chaired by Mr D MacLellan and comprises three Non-Executive Directors: Mr MacLellan, Mr Spencer and Mr Morgan.

The duties of the Nomination Committee include regularly reviewing the structure, size and composition of the Board, keeping under review the leadership needs of the Company, leading the process for Board appointments and identifying suitable candidates.

The Board believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

In 2014 the Company established a Risk Committee, chaired by Ms H Green and comprising Mr Spencer and Mr Morgan. The Risk Committee, which reports to the Board, is mandated to review the effectiveness of the Company's (and that of the Investment Adviser, Administrator and other third party service providers as it deems fit) internal control policies and procedures for the identification, assessment and reporting of risks. The Risk Committee liaises with the Audit Committee (and vice versa) as appropriate.

Meeting attendance

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

A total of three other unscheduled Board meetings and 14 other unscheduled Committee meetings were held during the year for specific purposes which were attended by some but not all of the Directors.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Board is responsible for the Company's systems of internal control and for reviewing its effectiveness, and the Board has, therefore, established a set of ongoing processes designed to meet the particular needs of the Company in managing the risks to which it is exposed. These processes have been in place throughout the year ended 31 December 2015 and up until the date of this Report.

The process is based on a risk-based approach to internal control through a matrix which identifies the key functions carried out by the Investment Adviser and other key service providers, the various activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. A regular report is provided to the Board highlighting material changes to risk ratings and then a formal review of these procedures is carried out by the Audit Committee on an annual basis. By their nature, these procedures will provide a reasonable, but not absolute, assurance against material misstatement or loss.

At each Board meeting, the Board also monitors the Group's investment performance and activities since the last Board meeting to ensure that the Investment Adviser and Operator adhere to the agreed Investment Policy and approved investment guidelines. Furthermore, at each Board meeting, the Board receives reports from the Company Secretary and Administrator in respect of compliance matters and duties performed by them on behalf of the Company.

The Board considers that an internal audit function specific to the Company is unnecessary and that the systems and procedures employed by the Investment Adviser and Operator, including their own internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained.

Investment Advisory services are provided to the Company by John Laing Capital Management Limited ("JLCM"). The Board is responsible for setting the overall Investment Policy and monitors the action of the Investment Adviser and Operator at regular Board meetings. The Board has also delegated administration and company secretarial services to Heritage International Fund Managers Limited but retains accountability for all functions it delegates.

RELATIONS WITH SHAREHOLDERS

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Senior members of the Investment Adviser make themselves available at all reasonable times to meet with principal shareholders and key sector analysts. The Chairman and other Directors are also available to meet with shareholders if required and have attended analyst presentations and shareholder meetings during the year.

Reports on the views of shareholders are provided to the Board on a regular basis. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Adviser.

All shareholders can address their individual concerns to the Company in writing at its registered address, while the Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors and the Investment Adviser.

AUDIT COMMITTEE REPORT

SUMMARY OF THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board from the non-executive Directors of the Company. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the UK Corporate Governance Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. A copy of the terms of references is available upon request from the Company Secretary.

The main role and responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;

- reviewing the Group's internal financial controls (including liaising with the Investment Adviser who reviews the systems and internal controls of service providers) and, unless expressly addressed by the Board itself, the Group's internal control and risk management systems;

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

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

- reviewing the Group's accounts;

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

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

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

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee are:

Christopher Spencer (Chairman)
David MacLellan

Talmai Morgan
Guido Van Berkel
Helen Green
See page 15 for biographical details of the current Audit Committee members.

MEETINGS
The Audit Committee shall meet not less than three times a year and at such other times as the Audit Committee Chairman shall require.

Any member of the Audit Committee may request that a meeting be convened by the Secretary of the Audit Committee. The external auditor may request that a meeting be convened if it is deemed necessary.

Other Directors and third parties may be invited by the Audit Committee to attend meetings as and when appropriate.

ANNUAL GENERAL MEETING
The Audit Committee Chairman shall attend each Annual General Meeting of the Company and shall be prepared to respond to any shareholder questions on the Audit Committee's activities.

SIGNIFICANT ACCOUNTING RISKS
The Audit Committee considers the following significant risk in relation to the financial statements:

FAIR VALUE OF INVESTMENTS
JLIF is required to calculate the fair value of the investments. Whilst there is an active market for investments of this nature there is not a suitable listed, or other public market in these investments against which their value can benchmarked. As a result, a valuation is performed based on a discounted cash flow methodology in line with IAS 39 Financial Instruments: Recognition and Measurement and IFRS 13 Fair Value Measurement.

The calculation of the fair value of the investments carries elements of risk, mainly in relation to the assumptions and factors such as:

- the determination of the appropriate macroeconomic assumptions underlying the forecast investment cash flows;
- the impact of project specific matters to the forecast cash flows for each investment;
- the determination of the appropriate discount rate for each investment that is reflective of the current market conditions;
- the determination of the appropriate sensitivities to apply to meet the required disclosures;
- the underlying project financial models may not reflect the underlying performance of the investment;
- the cash flows from the underlying financial models may not take into account current known issues;

- the updates performed on the underlying financial models may result in errors in forecasting; and
- major maintenance is a significant cost in some investments with judgement around timing and quantum. This can have a significant impact on distributions.

The Audit Committee is satisfied that the Investment Adviser's assumptions have been reviewed and challenged for:

- the macroeconomic assumptions, including the comparison of these assumptions to observable market data, actual results and prior year comparatives; and
- the build-up of the discount rates for consistency and reasonableness, benchmarking against market data and peers and project-specific items.

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

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

EXTERNAL AUDIT
Deloitte LLP has been the Company's external auditor since launch in 2010, and this is its sixth consecutive annual audit. As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference.

The Audit Committee has assessed the quality and the effectiveness of the audit process. To draw its conclusions, the Audit Committee reviewed:

- the scope of the audit, the audit fee and the external auditor's fulfilment of the agreed audit plan;
- the degree of diligence demonstrated by them in the course of their interaction with the Board, the Audit Committee and the Investment Adviser;
- the external auditor's assessment of the Group's financial statement risks; and
- the report highlighting the matters that arose during the course of the audit and the recommendations made by the external auditor.

The Audit Committee has noted the revisions to the UK Corporate Governance Code introduced by the Financial Reporting Council in September 2012 and the AIC Code of Corporate Governance issued in February 2013 and in particular the recommendation, in each, to put the external audit out to tender every five to ten years. The Audit Committee has also noted the requirements of The Competition and Markets Authority (formerly the UK Competition Commission) with respect to external auditor services and retendering.

The Audit Committee is satisfied with the effectiveness and independence of the audit process and as such recommended to the Board that Deloitte LLP be re-appointed as external auditor for the year ending 31 December 2016. The Audit Committee also recommended the Audit appointment is retendered every eight years, with the Audit partner changing every five years.

NON-AUDIT SERVICES
The Audit Committee considered the extent of non-audit services provided by the external auditor. The external auditor's objectivity and independence is safeguarded through limiting non-audit services such as work pertaining to their role as reporting accountants for capital raising services.

ACTIVITIES OF THE AUDIT COMMITTEE
The Audit Committee met on three occasions during the period 1 January 2015 to 31 December 2015. Matters considered at these meetings included but were not limited to:

- review of the appointment of the external auditor;
- review of the effectiveness of the external auditor;
- approval of the external audit fees;
- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board;
- review of the proposed accounting policies and format of the Financial Statements;
- review of the audit plan and timetable for the preparation of the Report and Financial Statements; and
- review of the 2014 Annual Accounts Report and Financial Statements and the 2015 Interim report.

APPROVAL
On behalf of the Audit Committee

Christopher Spencer
Chairman of the Audit Committee
16 March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Company law (the Companies (Guernsey) Law 2008) requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report includes a fair review of the development and performance of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces; and

- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s performance, business model and strategy.

By order of the Board

Paul Lester CBE
Chairman
16 March 2016

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and the Audited Financial Statements of the Company and its investments for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES
John Laing Infrastructure Fund Limited ("JLIF") is a company incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008. JLIF was incorporated on 6 August 2010 with the company register number 52256.

As at 31 December 2014 the total number of Ordinary Shares of JLIF in issue was 811.6 million. The number of Ordinary Shares in issue was increased by 1.1 million shares in May 2015 as a consequence of certain shareholders electing to take up the Scrip Dividend Alternative and by a further 2.1 million as a result of the Scrip Dividend Alternative in October 2015. As at 31 December 2015 the total number of Ordinary Shares of the Company in issue was 814.8 million.

The Company is a registered fund under the Registered Collective Investment Scheme Rules 2015 and is regulated by the Guernsey Financial Services Commission and, during the period, its principal activity was as an investor in PPP projects in the UK, North America and Continental Europe.

BUSINESS REVIEW
We are required to present a fair review of our business during the year ended 31 December 2015, our position at period end and a description of the principal risks and uncertainties that we face.

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

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.8.4
Information on any contract of significance subsisting during the period under review:

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

(b) between the Company, or one of its subsidiary undertakings, and a controlling shareholder,

can be found in note 17.

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

RESULTS AND DIVIDENDS

The results for the year are set out in the Financial Statements on pages 51 to 81. On 25 February 2016 the Directors declared a dividend in respect of the period 1 July 2015 to 31 December 2015 of 3.41 pence per Ordinary Share to shareholders on the register as at the close of business on 4 March 2016.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Investment Adviser Report on pages 22 to 35. The financial position of the Company, its cash flows and its liquidity position are also described in the Investment Adviser Report. In particular, the current economic conditions continue to present a number of risks and uncertainties for the Company and these are set out in the Risk Committee Report on pages 10 to 13. The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, market risk and liquidity risk are discussed in note 18 of the Financial Statements.

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

In August 2015, JLIF Limited Partnership, a subsidiary of the Company, secured a five-year £180 million multi-currency revolving credit facility with Royal Bank of Scotland plc, HSBC Bank plc, ING Bank NV and Commonwealth Bank of Australia. This facility replaced the previous £150 million facility. Attached to the facility is an additional £100 million accordion capability, on which no fees are payable until utilised. The facility is used primarily to fund acquisitions and repaid through raising equity in the market or using distributions from the Portfolio. The facility is intended to be additional resource and not structural financing and is due to expire in August 2020.

As at 31 December 2015 the Company had a cash balance of £2.5 million, a further £31.3 million within the rest of the JLIF Group and facility headroom of £163.0 million (being drawn by £17.0 million and excluding the accordion capability) available for future acquisitions and working capital. The £17.0 million drawing was repaid in early January 2016. The Group subsequently drew £89.5 million to finance the acquisition of the Barcelona Metro Stations and British Transport Police PPP projects. The Company has sufficient cash balances to meet other current obligations as they fall due while all key financial covenants are forecast to continue to be complied with.

In March 2016, the Company raised gross proceeds of £92.9 million through the placing of additional new ordinary shares. The proceeds will be used to repay the outstanding debt of £89.5 million.

The Directors have reviewed forecasts and projections which cover a period of not less than 12 months from the date of this Annual Report, taking into account reasonably-possible changes in investment and trading performance, which show that the Company has sufficient financial resources. The Group has sufficient financial resources together with long term contracts with various public sector customers and suppliers across a range of infrastructure projects. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SHARE CAPITAL

The issued Ordinary Share capital of the Company was increased through the offer of a Scrip Dividend Alternative in May 2015 and a second offer of a Scrip Dividend Alternative in October 2015. Further details can be found in note 17 to the financial statements.

The Company has one class of Ordinary Shares which carries no rights to fixed income. On a show of hands, each member present in person or by proxy has the right to one vote at our general meetings. On a poll, each member is entitled to one vote for every share held.

The issued nominal value of the Ordinary Shares represents 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Incorporation and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has about the appointment and removal of Directors or amendment to the Company's Articles of Incorporation which are incorporated into this report by reference.

UCITS ELIGIBILITY

The Company has been advised that the ordinary shares should be "transferable securities" and, therefore, should be eligible for investment by authorised funds in accordance with the UCITS Directive ("UCITS") or Non-UCITS retail schemes ("NURS") on the basis that: (a) the Company is a closed end investment company; (b) the ordinary shares are admitted to trading on the Main Market of the London Stock Exchange; (c) the ordinary shares have equal voting rights; and (d) the Company is an internally managed alternative investment fund ("AIF") which is regulated by the Guernsey Financial Services Commission as a registered fund under the Registered Collective Investment Scheme Rules 2015. However, the manager of the relevant UCITS or NURS should satisfy itself that the ordinary shares are eligible for investment by the relevant UCITS or NURS.

AUTHORITY TO PURCHASE OWN SHARES

A resolution to provide the Company with authority to purchase its own shares will be tabled at the AGM on 16 May 2016. This shareholder authority was renewed at the 2015 AGM.

MAJOR INTERESTS IN SHARES AND VOTING RIGHTS

As at 31 December 2015, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder in the Company.

Shareholder	Percentage of voting rights and issued share capital	No. of ordinary shares
The Bank of New York (Nominees) Limited	16.36	133,270,202
Chase Nominees Limited	13.90	113,224,960

State Street Nominees Limited	13.72	111,785,638
HSBC Global Custody Nominee (UK)	5.00	40,697,381
BBHISL Nominees Limited	4.36	35,499,249
Nortrust Nominees Limited	4.29	34,914,481
Brewin Nominees Limited	3.23	26,312,701
Ferlim Nominees Limited	3.07	25,017,658

BOARD OF DIRECTORS

The Board members that served during the year and up until the date of this Report, all of whom are non-executive Directors and independent of the Investment Adviser, are listed below. Their biographical details are shown on pages 15 and 21.

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

RE-ELECTION OF DIRECTORS

All Directors are standing for election or re-election on an annual basis and each has letters of appointment rather than service contracts.

DIRECTORS' INTERESTS

Directors who held office during the period and had interests in the shares of the Company as at 31 December 2015 were:

	Ordinary shares of 0.01p each held at 31 December 2015	Ordinary shares of 0.01p each held at 31 December 2014
Paul Lester, CBE*	**139,379**	139,379
David MacLellan**	**28,125**	28,125
Talmai Morgan	**25,000**	25,000
Christopher Spencer	**30,000**	30,000
Guido Van Berkel	**–**	–
Helen Green	**–**	–

There have been no changes in the Directors' interests from 31 December 2015 to the date of this report.

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

DIRECTORS' REMUNERATION
During the year the Directors' remuneration was benchmarked by an independent third party.

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

	2015 Directors' fees	2014 Directors' fees
Paul Lester, CBE	**£56,000**	£52,000
David MacLellan	**£46,000**	£42,000
Talmai Morgan	**£38,500**	£37,000
Christopher Spencer	**£41,000**	£37,000
Guido Van Berkel	**€45,000**	€38,750
Helen Green[23]	**£38,500**	£29,000

[23] Helen Green's remuneration is paid via Saffery Champness. Helen was appointed to the Board in April 2014. Her fees for 2014 therefore represent only nine months of the year.

ANNUAL GENERAL MEETING
Our AGM will be held at 2.30 pm BST on 16 May 2016 at Lefebvre Place, Lefebvre, St Peter Port, Guernsey, Channel Islands. Details of the business to be conducted are contained in the Notice of AGM.

APPOINTMENT OF INVESTMENT ADVISER AND OPERATOR
John Laing Capital Management ("JLCM") acts as the Investment Adviser to the Company and acts as Operator of the Limited Partnership which holds and manages the Group's investments. A summary of the contract between the Company, its group companies and JLCM in respect of services provided is set out in note 17 to the financial statements. It is in the Directors' opinion, based upon the performance in the period to 31 December 2015, that the continuing appointment of JLCM on the agreed terms is in the best interests of the shareholders as a whole.

EVENTS AFTER BALANCE SHEET DATE
In January 2016 JLIF completed the acquisition of a 40% interest in the Barcelona Line 9 Section II Metro Stations project, an agreement that was initially announced in December 2015. The acquisition represents JLIF's first investment in the Spanish PPP market and was financed using JLIF's

revolving credit facility. The stake was acquired from Iridium Concesiones de Infraestructuras ("Iridium"), a subsidiary of Grupo ACS. Iridium will continue to remain involved in the project, both as an equity participant and as a service provider.

In February 2016, JLIF completed the acquisition of a 100% interest in the British Transport Police project and simultaneously agreed the acquisition of a 95% interest in the Oldham Social Housing project. Both assets were acquired from John Laing Group[24]. Completion of the Oldham Social Housing project is subject to certain conditions and is expected in the coming weeks. The combined consideration for both assets is approximately £22 million.

[24] 45.83% of the interest in the British Transport Police project was acquired from John Laing Pension Trust.

In late February 2016, JLIF announced a proposal to issue up to 81.2 million new ordinary shares. The issuance received strong demand from shareholders, being over-subscribed, and resulted in gross proceeds of £92.9 million. Consequently, 81.2 million new ordinary shares were admitted to trading on 9 March 2016 at a price of 114.5 pence per share. This represented a discount of approximately 0.6% to JLIF's share price immediately prior to the announcement of the placing (adjusting for the 3.41p dividend declared on 25 February 2016 which went ex-dividend on 3 March 2016). The proceeds of the issuance will be used to repay the debt drawn in respect of the two acquisitions noted above.

AUDITOR

The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Group, which includes monitoring our use of the Auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of our external auditor, a resolution will be proposed at the 2016 AGM to re-appoint Deloitte LLP.

Each Director believes that there is no relevant information of which our Auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Deloitte LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies (Guernsey) Law 2008.

By order of the Board

Paul Lester CBE
Chairman
16 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN LAING INFRASTRUCTURE FUND LIMITED

Opinion on financial statements of John Laing Infrastructure Fund Limited

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

The financial statements comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

GOING CONCERN AND THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE COMPANY

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2(c) to the financial statements and the directors' statement on the longer-term viability of the company contained within the strategic report on page 13.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 13 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 10 to 13 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 2(c) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 13 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENCE

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Valuation of investments at Fair Value	
As described in Note 10 to the financial statements, the Company has £883.1m of investment in JLIF Luxco 1 S.à.r.l.; JLIF Luxco 1 S.à.r.l. in turn owns indirect investments in intermediate holding companies and equity and subordinated debt interests in PPP infrastructure projects. The investments in PPP projects are valued at £867.8m, and the subsidiaries within the intermediate holding structure are valued at £15.3m. As described in the Accounting Policies in Note 1 to the financial statements, the fair value of investments in PPP infrastructure projects is determined using a discounted cash flow methodology, as there is no liquid market for these projects. The complexity of this methodology, as well as the numerous, significant judgments, mean there is a risk that the fair value of these investments is not appropriate. The key judgements are: • Discount rates – the determination of the appropriate discount rate for each investment that is reflective of current market conditions and the specific risks within each project;	We obtained assurance over the appropriateness of management's judgements applied in determining the fair value of PPP infrastructure projects by: • testing the operating effectiveness of controls at various service providers, focussing on the financial reporting and treasury cycles and the controls around the project models; • testing the operating effectiveness of controls around the valuation process adopted by management and the Board; • challenging management concerning the discount rates applied to individual projects and to each sector, and comparing to relevant peers and recent market transactions; • challenging the macroeconomic assumptions by reference to observable market data and forecasts;

- Macroeconomic assumptions – including corporation tax, inflation and deposit rates;

- Forecast future cash flows – enhancements made to underlying project cash flows to enhance or change the timings of cash flows from the PPP infrastructure projects; and

- Tax considerations – the potential impact of Base Erosion Profit Shifting and the surrendering of losses within the group structure on the fair value of the PPP infrastructure projects.

- reviewing forecast cash flows, in particular movements since acquisition and value enhancements made, with reference to third party support;

- reviewing the historical accuracy of management's cash flow forecasts against actual results;

- running audit analytics on the valuation model and a sample of project models to test them for integrity and material formula errors;

- using our valuation specialists to support our challenge of the valuation of investments, the appropriateness of management's judgements, and challenging management's independent specialists; and

- using our tax specialists to assess the impact of certain tax considerations and then challenging management concerning the impact of those in the fair value of the Company's PPP infrastructure projects.

KEY OBSERVATIONS

We found that that the assumptions and discount rates used in the valuation of investments were within reasonable ranges.

We found that the methodology applied was appropriate in all material respects.

Recognition of operating income

As described in note 2(d), operating income represents the movement in fair value of JLIF's investment in JLIF Luxco 1 S.à.r.l. This is determined by reference to the movement in the fair value of PPP infrastructure projects and the movement in the fair value of the intermediate subsidiaries. There is a risk that there may be double counting of forecast cash flows used in determining the fair value of these investments, with the cash flow included as both a receivable held at fair value and as a discounted forecast cash flow.	As well as the procedures highlighted above for challenging the fair value of investments we have: • traced the distributions from the underlying investments through to the valuation model, and into the direct subsidiary and indirect subsidiaries • agreed a sample of cash received into JLIF's subsidiaries in the year to their bank statements, reviewing it for consistency with the accounting treatment to determine whether revenue is recognised in the correct period; and • reviewed receivables against the fair value of investments in PPP infrastructure projects to assess whether there is no cash flow receipt included in both.

KEY OBSERVATIONS

We noted no material instances of inappropriate revenue recognition arising in our testing.

Last year our report included one other risk which is not included in our report this year: restatement of comparative information for Investment Entities. This has not been included this year as there have been no further clarifications following IFRS1, the implementation of 'Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)' which required restatement of comparative information. Additionally, the risk concerning the Valuation of Investments at Fair Value has been amended this year to focus on the PPP infrastructure projects as the risk of material misstatement of the fair value of intermediate subsidiaries is no longer considered to be significant as this fair value comprises mostly cash and working capital balances. This year our report includes the risk of recognition of operating income because it was considered to be material to the members of the Company given it is determined by reference to the movement in fair value of PPP infrastructure projects and intermediate subsidiaries.

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the company to be £16 million (2014: £16 million), which is below 2% (2014: 2%) of equity. We believe this is the most appropriate benchmark as equity is considered to be one of the principal considerations for members of the Company in assessing its financial performance.

We have applied a lower materiality threshold of £2.9 million (2014: £2.5 million) based on 5% of annual investment income (2014: 5%), to administrative costs as amounts less than £16 million could reasonably be expected to influence the economic decisions of shareholders as they provide the net income to support distributions to shareholders.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.32 million (2014: £0.32 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

JLIF uses a number of service organisations to manage its investments and to support in the preparation of the financial statements. As such, we have performed design, implementation and operating effectiveness testing of controls at a sample of these service organisations, which gives coverage of 73.8% of the PPP investments by value. In addition, we have reviewed the competency and capabilities of other service organisations to provide the services for which they are engaged.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Clacy, FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
16 March 2016

INCOME STATEMENT
for the year ended 31 December

	Notes	**2015 £'000s**	2014 £'000s
Operating income		**58,359**	77,684
Administrative expenses	5	**(11,397)**	(10,531)
Operating profit	5	**46,962**	67,153
Net finance income	6	**4**	5
Profit before tax		**46,966**	67,158
Tax	7	**–**	–
Profit for the year		**46,966**	67,158
Attributable to:			
Owners of the Company		**46,966**	67,158
		46,966	67,158
Earnings per share			
From continuing operations			
Basic and diluted (pence)	9	**5.78**	8.61

All results are derived from continuing operations.

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

STATEMENT OF FINANCIAL POSITION
as at 31 December

	Notes	**2015 £'000s**	2014 £'000s
Non-current assets			
Investments at fair value through profit or loss	10	**883,132**	885,674
Total non-current assets		**883,132**	885,674
Current assets			
Trade and other receivables	11	**159**	72
Cash and cash equivalents		**2,533**	4,253
Total current assets		**2,692**	4,325
Total assets		**885,824**	889,999
Current liabilities			
Trade and other payables	12	**(2,728)**	(2,670)
Total current liabilities		**(2,728)**	(2,670)
Total liabilities		**(2,728)**	(2,670)
Net assets		**883,096**	887,329
Equity			
Share capital	14	**81**	81
Share premium account	15	**851,459**	847,837
Retained earnings	16	**31,556**	39,411
Equity attributable to owners of the Company		**883,096**	887,329
Total equity		**883,096**	887,329
Net Asset Value per share		**108.4**	109.3

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2016. They were signed on its behalf by:

P Lester
Chairman

C Spencer
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Notes	Statement of Changes in Equity in 2015 Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
Balance at 1 January 2015	14 & 15	**81**	**847,837**	**39,411**	**887,329**
Profit for the year	16	**–**	**–**	**46,966**	**46,966**
Total comprehensive income for the year				**46,966**	**46,966**
Ordinary shares issued	14 & 15	**–**	**3,707**	**–**	**3,707**
Costs of shares issued		**–**	**(85)**	**–**	**(85)**
Dividend paid	8	**–**	**–**	**(54,821)**	**(54,821)**
Balance at 31 December 2015		**81**	**851,459**	**31,556**	**883,096**

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

CASH FLOW STATEMENT
for the year ended 31 December

	Notes	**2015 £'000s**	2014 £'000s
Operating profit		**46,962**	67,153
Adjustments for:			
Increase in accrued interest income		**(12,361)**	(23,762)
Net loss/(gain) on investments at fair value through profit or loss		**14,902**	(27,721)
Operating cash flows before movements in working capital		**49,503**	15,670
(Increase)/decrease in receivables		**(86)**	14
Increase/(decrease) in payables		**58**	(183)
Cash inflow from operations		**49,475**	15,501
Net cash inflow from operating activities		**49,475**	15,501
Investing activities			
Loan to subsidiaries		**–**	(16,500)
Net cash used in investing activities		**–**	(16,500)
Financing activities			
Dividends paid – equity shareholders	8	**(51,114)**	(47,258)
Net finance income	6	**4**	5
Proceeds on issue of share capital (net of costs)	15	**(85)**	49,315
Net cash from financing activities		**(51,195)**	2,062
Net (decrease)/increase in cash and cash equivalents		**(1,720)**	1,063
Cash and cash equivalents at beginning of the year		**4,253**	3,190
Cash and cash equivalents at end of year		**2,533**	4,253

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. GENERAL INFORMATION

John Laing Infrastructure Fund Limited (the "Company", or "JLIF") is a company domiciled and incorporated in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange under a Premium Listing. The financial statements of the Company as at and for the year ended 31 December 2015 have been prepared on the basis of the accounting policies set out below. The financial statements comprise the Company and its investment in JLIF Luxco 1 S.à.r.l. The Company and its subsidiaries invest in PPP infrastructure projects in the UK, Europe and North America.

The Company accounts for its investment in its direct subsidiary JLIF Luxco 1 S.à.r.l. at fair value. The Company, together with its direct subsidiary JLIF Luxco 1 S.à.r.l. and all the intermediate holding subsidiaries compose the Group investing in PPP assets (the "Group").

The net assets of the intermediate holding companies, which at 31 December 2015 principally comprise working capital and outstanding loan balances, are included at fair value in the carrying value of investments.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

The Company has not adopted during the year any new and revised International Financial Reporting Standards interpretations and amendments.

New and revised accounting standards have been published and will be mandatory for the Company’s accounting periods beginning on or after 1 January 2016 or later periods, however the impact of these standards is not expected to be material to the reported results and financial position of the Company.

(b) Basis of preparation

The Company

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

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

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

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

The financial statements incorporate the financial statements of the Company only. The Company recognises its investment in its direct subsidiary, JLIF Luxco 1 S.à.r.l., at fair value through profit or loss. The fair value estimate of JLIF Luxco 1 S.à.r.l. includes the fair value of both this company and all of the Company's subsidiaries and PPP investments.

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

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

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

(c) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Company’s and the Group’s committed banking facilities, that it is appropriate to prepare the financial statements of the Company on the going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £33.8 million (including £2.5 million for the Company) and a new five-year banking facility (available for investment in new or existing projects and working capital) of £180 million, which expires in August 2020.

As at 31 December 2015, there was £17 million drawn under the facility which was repaid in January 2016. The Group subsequently borrowed £89.5 million to finance the acquisitions detailed in note 20 of these financial statements. In addition, all key financial covenants are forecast to continue to be complied with.

In March 2016, the Company successfully raised gross proceeds of £92.9 million through the placing of additional new ordinary shares. These proceeds will be used to repay the outstanding debt of £89.5 million.

The Company, through its intermediate holding companies, holds investments in 57* operational PPP project companies which yield annual interest, dividends and loan repayments. The cash flow yields from the projects cover the Group’s expected cash flow requirements for overheads and targeted dividend distribution policy.

* 59 as at 16 March 2016.

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

Certain risks and uncertainties, as detailed in note 18 have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Company and the Group as the Group's income is generated from a portfolio of PPP concessions which are supported by government-backed cash flows and are forecast to cover the Group’s committed costs.

The Directors, at the time of approving the financial statements, are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

(d) Revenue recognition – Operating income

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

(e) Cash and cash equivalents

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

(f) Foreign currencies

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

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

(g) Taxation

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

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS13 'Fair Value Measurement'.

i) Financial assets

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

a) Investments at fair value through profit or loss

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

JLIF Luxco 1 S.à.r.l. and the intermediate holding companies' net assets are mainly composed of cash and working capital and an outstanding loan balance of £17 million and are recognised at fair value which is equivalent to their net assets.

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

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

ii) Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

a) Equity instruments – share capital and share premium
Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written off against the balance of the Share Premium Account.

b) Financial liabilities
Financial liabilities are classified as other financial liabilities, comprising of:

- Loans and borrowings which are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and

- Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

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

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

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

Fair value of the PPP investments is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Group's intermediate holdings, from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments). The discount rates are relevant and in the range of those applied in the market for similar PPP investments. 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 and any specific risks to which the project is exposed. The discount rates that have been applied to the PPP investments at 31 December 2015 were in the range 7.19% to 8.46% (31 December 2014: 7.40% to 8.54%). Refer to note 10 for details of the areas of estimation in the calculation of the fair value.

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investments at fair value through profit or loss
Fair value of intermediate holding companies

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

Fair value of PPP investments
Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to risk-free rates, specific risks and the evidence of recent transactions. Underlying assumptions and discount rates are disclosed in note 10.

The Directors have satisfied themselves that the PPP investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

4. OPERATING SEGMENTS

Information reported to the Company’s Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the sector risk associated within the Group. The Board reviews the Portfolio Valuation analysis by sector and the Directors, Investment Advisers and Asset Management teams monitor the business considering sector split. Currently the Company, via its 100% owned subsidiary JLIF Luxco 1 S.à.r.l. has investments in the Health, Education, Justice & Emergency Services, Transport, Regeneration & Social Housing, Government Buildings and Street Lighting sectors and therefore these form the Company’s reportable segments under IFRS 8.

Segment results
The following is an analysis of the Company's operating income and results by reportable segment for the year ended 31 December 2015.

	Year ended 31 December 2015								
	Health £’000s	Education £’000s	Justice & Emergency Services £’000s	Transport £’000s	Regeneration & Social Housing £’000s	Government Buildings £’000s	Street Lighting £’000s	Unallocated £’000s	Total £’000s
Operating income/(loss)	**15,570**	**14,883**	**4,663**	**12,744**	**8,438**	**5,033**	**888**	**(3,860)**	**58,359**
Profit/(loss) before tax	**15,570**	**14,883**	**4,663**	**12,744**	**8,438**	**5,033**	**888**	**(15,253)**	**46,966**

Reportable segment profit/(loss)	**15,570**	**14,883**	**4,663**	**12,744**	**8,438**	**5,033**	**888**	**(15,253)**	**46,966**

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

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

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

No inter-segment income was earned in the year ended 31 December 2015 (2014: £nil).

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

	As at 31 December 2015								
	Health £'000s	**Education £'000s**	**Justice & Emergency Services £'000s**	**Transport £'000s**	**Regeneration & Social Housing £'000s**	**Government Buildings £'000s**	**Street Lighting £'000s**	**Unallocated £'000s**	**Total £'000s**
Total assets	**354,461**	**145,700**	**52,393**	**125,042**	**93,018**	**65,169**	**34,282**	**15,760**	**885,824**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,728)**	**(2,728)**
Total net assets	**354,460**	**145,700**	**52,393**	**125,042**	**93,018**	**65,169**	**34,282**	**13,032**	**883,096**

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

	As at 31 December 2014								
	Health	Education	Justice &	Transport	Regeneration	Government	Street	Unallocated	Total

	£'000s	£'000s	Emergency Services £'000s	£'000s	& Social Housing £'000s	Buildings £'000s	Lighting £'000s	£'000s	£'000s
Total assets	343,041	142,819	50,134	134,684	90,852	68,855	36,131	23,483	889,999
Total liabilities	–	–	–	–	–	–	–	(2,670)	(2,670)
Total net assets	343,041	142,819	50,134	134,684	90,852	68,855	36,131	20,813	887,329

Information about major customers

The Company, via its subsidiaries, has one (31 December 2014: one) investment from which it receives more that 10% of the Company's operating income. The operating income was £6.9 million (31 December 2014: £12.9 million) which was reported within the Transport (31 December 2014: Health) segment. The Company has treated each PPP asset as a separate customer.

Analysis by geographical areas

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

			Year ended 31 December 2015		
	UK £'000s	**Continental Europe £'000s**	**North America £'000s**	**Other – (incl Guernsey) £'000s**	**Total £'000s**
Operating income/(loss)	**61,181**	**748**	**(3,570)**	**–**	**58,359**
Profit/(loss) before tax	**61,181**	**748**	**(3,570)**	**(11,393)**	**46,966**
Profit/(loss)	**61,181**	**748**	**(3,570)**	**(11,393)**	**46,966**

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

The operating income included in the above tables is derived from the distributions received from the PPP investments. No inter-segment income was earned in the year ended 31 December 2015.

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

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

	Year ended 31 December 2014				
	UK	Continental Europe	North America	Other – (incl Guernsey)	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
Total assets	764,689	38,147	82,838	4,325	889,999
Total liabilities	–	–	–	(2,670)	(2,670)
Total net assets	764,690	38,147	82,838	1,655	887,329

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2015	2014
	£'000s	£'000s
Investment advisory fees & asset origination fee	**9,573**	9,085
Directors' fees and expenses	**263**	239
Administration fee	**169**	111
Other expenses	**1,392**	1,096
	11,397	10,531

The Company had no employees other than the Directors for the current year or preceding year There was no Directors' remuneration for the year or preceding year other than directors' fees as detailed in note 17.

An amount of £124,000 (2014: £106,000) was paid to Deloitte LLP by the Company for the audit of the Company for the year ended 31 December 2015 and £53,000 (2014: £40,000) in respect of non-audit services for the year ended 31 December 2015.

6. NET FINANCE INCOME

	Year ended 31 December 2015 £'000s	2014 £'000s
Bank interest income	**4**	5
Net finance income	**4**	5

7. TAX

The Company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying project companies in which the Group invests provide for and pay taxation at the appropriate rates in the countries in which they operate.

8. DIVIDENDS

	2015 £'000s	2014 £'000s
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 31 December 2014 of 3.375 pence (final dividend for the year ended 31 December 2013: 3.25 pence) per share	**27,392**	24,905
Interim dividend for the six months ended 30 June 2015 of 3.375 pence (six months ended 30 June 2014: 3.25 pence) per share	**27,429**	24,934
	54,821	49,839
Approved second interim dividend for the year ended 31 December 2015 of 3.41 pence (2014: 3.375 pence) per share	**27,783**	27,392

The approved second interim dividend for the year ended 31 December 2015 is 3.41 pence per share, amounting to £27.8 million (2014: £27.4 million). A second interim dividend was approved by the Board on 24 February 2016 and is payable in May 2016. The dividend has not been included as a liability at 31 December 2015.

9. EARNINGS PER SHARE

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

	2015 £'000s	2014 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	**46,966**	67,158
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**812,680,563**	780,116,201

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	**5.78**	8.61

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

	2015 £'000s	2014 £'000s
Fair value of PPP investments	**867,830**	864,887
Fair value of intermediate holding companies	**15,302**	20,787
Fair value at 31 December	**883,132**	885,674

Reconciliation of movement in fair value of the portfolio of assets

The table below shows the movement in the fair value of the Company's portfolio of PPP investments. These investments are held through other intermediate holding companies. The table below also presents a reconciliation of the fair value of the asset portfolio to the Company balance sheet as at 31 December 2015, by incorporating the fair value of these intermediate holding companies.

	Portfolio Value 2015 £'000s	Cash and other FV in intermediate holdings £'000s	Total £'000s	2014 £'000s	Cash and other FV in intermediate holdings £'000s	Total £'000s
Opening balance	**864,887**	**20,787**	**885,674**	795,849	21,841	817,690
Acquisitions	**14,363**	**–**	**14,363**	50,779	–	50,779
Dividends received from PPP investments	**(36,782)**	**36,782**	**–***	(27,189)	27,189	–*
Interest received from PPP investments	**(31,758)**	**31,758**	**–***	(30,269)	30,635	366*
Loans, loan and equity repayments	**(9,558)**	**9,558**	**–**	(6,170)	6,170	–
Movement in accrued interest	**5,200**	**–**	**5,200**	(901)	–	(901)
Discount rate movements	**7,462**	**–**	**7,462***	14,552	–	14,552*
Foreign currency exchange rate movements	**(12,435)**	**–**	**(12,435)***	(4,497)	–	(4,497)*
Growth in value	**66,814**	**–**	**66,814***	73,013	–	73,013*
Other fee income	**(363)**	**363**	**–***	(280)	280	–*
Administrative expenses	**–**	**(3,482)**	**(3,482)***	–	(5,750)	(5,750)*
PPA Interest costs distributed	**–**	**(73,261)**	**(73,261)**	–	(49,963)	(49,963)
External borrowing	**–**	**(17,000)**				
Difference in timing of capital movements between the Company and the intermediate holding companies	**–**	**9,797**	**9,797**	–	(9,615)	(9,615)
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l. at 31 December	**867,830**	**15,302**	**883,132**	864,887	20,787	885,674

*Operating income for the year ended 31 December 2015 is £58.4 million (2014: £77.7 million).

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

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

	2015 £'000s	2014 £'000s
Portfolio valuation at 1 January	**864,887**	795,849
Acquisitions	**14,363**	50,779
Distributions	**(73,261)**[25]	(64,809)[25]
Growth due to discount rate	**7,462**	14,552

Decline due to exchange rate	**(12,435)**	(4,497)
Growth from discount rate unwind	**65,064**[25]	61,821[25]
Growth from valuation enhancements	**1,750**[26]	11,192[26]
Portfolio valuation at 31 December	**867,830**	864,887
Fair value of intermediate holding companies	**15,302**	20,787
Fair value of the Company's Investment in JLIF Luxco 1 S.à.r.l. at 31 December	**883,132**	885,674

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

[26] In 2015, the total growth in value of the Portfolio is £66,814,000 (2014: £73,013,000).

The fair value of the intermediate holding companies comprises cash of £31.3 million (2014: £22.2 million), working capital balances of £1.0 million (2014: -£1.4 million), offset by debt drawn under the JLIF Limited Partnership's revolving credit facility of £17.0 million (2014: £nil).

The Investment Adviser has carried out fair market valuations of the PPP investments as at 31 December 2015. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation of the PPP investments. The Directors have also obtained an independent opinion from a third party, with considerable expertise in valuing these type of investments, supporting the reasonableness of the Portfolio Value. Investments in PPP projects are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Portfolio since launch in 2010. Discount rates applied range from 7.19% to 8.46% (weighted average 7.82%) (2014: 7.40% to 8.54% (weighted average 7.94%)).

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

	2015	2014
Inflation rates –		
UK	**2.75%**	2.75%
Canada	**2.10%**	2.10%
Netherlands	**1.90%**	1.90%
Finland	**3% (MAKU) and 2.5% (ELSPOT)**	3% (MAKU) and 2.5% (ELSPOT)
Deposit interest rates (UK)	**1% for 2016 rising to 3.25% from 2019**	1% for 2015, rising to 3.5% from 2018

The prevailing Sterling exchange rate at 31 December was:

	2015	2014

Canadian dollar	**2.0599**	1.8054
Euro	**1.3592**	1.2808

The UK Finance Bill enacted in October 2015 provides for a reduction in UK corporation tax rates to 19% from 1 April 2017 and to 18% from 1 April 2020. These reductions have been included in the valuation at 31 December 2015. The fair value of the Canadian and European investments include assumed tax payments at the appropriate local rates.

The fair value of the PPP investments would be an estimated £74.8 million higher or £65.1 million lower (2014: estimated £75.6 million higher or £65.6 million lower) if the discount rate used in the discounted cash flow analysis were to differ by an absolute 1% from that used in the fair value calculation. The weighted average discount rate for the PPP portfolio as at 31 December 2015 was 7.82% (2014: 7.94%).

The fair value of the PPP investments would be an estimated £33.8 million higher (2014: £33.0 million higher) if the inflation rate used in the discounted cash flow analysis was an absolute 1% higher than that used in the fair value calculation, and £30.8 million lower (2014: £30.8 million lower) if the inflation rate was an absolute 1% lower. The inflation rate assumed for all future periods from 31 December 2015 was 2.75% (2014: 2.75%) for all UK projects, 2.1% (2014: 2.1%) for Canadian projects, for the Finnish project a rate of 3.0% (2014: 3.0%) was assumed for the MAKU index (Finnish construction price index) and a rate of 2.5% (2014: 2.5%) was assumed for the Elspot index (Finnish utilities price index) and for the Dutch project a CPI index of 1.9% (2014: 1.9%) was assumed.

The fair value of the PPP investments would be an estimated £5.4 million higher or £5.2 million lower (2014: estimated £6.3 million higher or £5.7 million lower) if the exchange rates used in the discounted cash flow analysis were to differ by 5% from that used in the fair value calculation.

The fair value of the PPP investments would be an estimated £18.2 million higher or £18.5 million lower (2014: estimated £17.8 million higher or £17.6 million lower) if the deposit rates used in the discounted cash flow analysis were to differ by an absolute 1% from that used in the fair value calculation. The deposit rates assumed for all future periods from 31 December 2015 were 1% for 2016, rising to 3.25% from 2019 for all projects except for the Canadian projects where the deposit rates assumed were 1.0% in 2016, 1.5% in 2017, rising to 3.0% from 2018, and the Finnish and Dutch projects where the deposit rates assumed were 1% in 2016, rising to 2.5% from 2018.

Details of PPP assets were as follows:

	% holding 31 December 2015		% holding 31 December 2014	
Investments (project name – see note 21 for further details)	**Equity**	**Subordinated loan stock**	Equity	Subordinated loan stock
Abbotsford Regional Hospital and Cancer Centre	**100.0%**	**100.0%**	100.0%	100.0%
Avon and Somerset Courts	**40.0%**	**40.0%**	40.0%	40.0%
Barnet Lighting	**100.0%**	**100.0%**	100.0%	100.0%

Barnsley BSF	**40.0%**	**40.0%**	40.0%	40.0%
Bentilee Community Centre	**100.0%**	**100.0%**	100.0%	100.0%
Bexley Schools	**100.0%**	**100.0%**	100.0%	100.0%
Bristol BSF	**37.5%**	**36.0%**	37.5%	36.0%
Brockley Social Housing PFI	**100.0%**	**100.0%**	100.0%	100.0%
Camden Social Housing	**50.0%**	**50.0%**	50.0%	50.0%
Canning Town Social Housing PFI – Newham Housing	**100.0%**	**100.0%**	100.0%	100.0%
Cleveland Police Headquarters	**50.0%**	**50.0%**	50.0%	50.0%
E18 Road – Ykkostie	**50.0%**	**50.0%**	50.0%	50.0%
Edinburgh Schools	**20.0%**	**20.0%**	20.0%	20.0%
Enfield Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Enfield Schools	**100.0%**	**100.0%**	100.0%	100.0%
Forth Valley Royal Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Glasgow Schools	**20.0%**	**20.0%**	20.0%	20.0%
Greater Manchester Police Stations	**27.1%**	**27.1%**	27.1%	27.1%
Groningen Tax Office	**40.0%**	**40.0%**	40.0%	40.0%
Highlands School Enfield	**100.0%**	**100.0%**	100.0%	100.0%
Islington I Social Housing	**45.0%**	**45.0%**	45.0%	45.0%
Islington II Social Housing	**45.0%**	**45.0%**	45.0%	45.0%
Kelowna and Vernon Hospitals	**50.0%**	**50.0%**	50.0%	50.0%
Kingston Hospital	**60.0%**	**60.0%**	60.0%	60.0%
Kirklees Social Housing	**100.0%**	**100.0%**	80.0%	80.0%
Kromhout Barracks	**40.0%**	**40.0%**	40.0%	40.0%
Lambeth Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Leeds Combined Secondary Schools	**100.0%**	**100.0%**	100.0%	100.0%
LUL Connect (Citylink)	**33.5%**	**33.5%**	33.5%	33.5%
M40 Motorway	**50.0%**	**50.0%**	50.0%	50.0%
M6 Scotland	**11.0%**	**11.0%**	11.0%	11.0%
Manchester Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Metropolitan Police Training Centre (Gravesend)	**27.1%**	**27.1%**	27.1%	27.1%
Miles Platting Housing	**50.0%**	**66.7%**	50.0%	66.7%
Ministry of Defence Main Building	**26.0%**	**26.0%**	26.0%	26.0%
Newcastle Hospital	**15.0%**	**15.0%**	15.0%	15.0%
Newham Hospital	**50.0%**	**50.0%**	50.0%	50.0%
Newham School	**100.0%**	**100.0%**	100.0%	100.0%
North Birmingham Mental Health Hospital	**100.0%**	**100.0%**	–	–
North East Fire and Rescue Authority	**100.0%**	**100.0%**	100.0%	100.0%
North Staffs Hospital	**75.0%**	**75.0%**	75.0%	75.0%

North Swindon Schools	**100.0%**	**100.0%**	100.0%	100.0%
Northampton Mental Health	**100.0%**	**100.0%**	100.0%	100.0%
Pembury Hospital	**37.5%**	**37.5%**	37.5%	37.5%
Peterborough Hospital	**30.0%**	**30.0%**	30.0%	30.0%
Peterborough Schools	**100.0%**	**100.0%**	100.0%	100.0%
Queen Elizabeth Hospital, Greenwich	**27.5%**	**27.5%**	27.5%	27.5%
Realise Health LIFT	**60.0%**	**60.0%**	60.0%	60.0%
Redcar and Cleveland Lighting	**100.0%**	**100.0%**	100.0%	100.0%
Roseberry Park Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Sirhowy Way	**100.0%**	**100.0%**	100.0%	100.0%
South East London Police Stations	**50.0%**	**50.0%**	50.0%	50.0%
South Lanarkshire Schools	**15.0%**	**15.0%**	15.0%	15.0%
Surrey Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Vancouver General Hospital	**100.0%**	**100.0%**	100.0%	100.0%
Wakefield Street Lighting	**50.0%**	**50.0%**	50.0%	50.0%
Walsall Street Lighting	**100.0%**	**100.0%**	100.0%	100.0%

On 15 January 2015, the Company, via its 100% indirectly owned subsidiary JLIF Holdings (Regeneration and Social Housing) Limited, completed the acquisition of a 20% interest in Kirklees Housing. This acquisition takes JLIF's investment to 100% through its indirect subsidiary.

On 30 June 2015, the Company, via its 100% indirectly owned subsidiary JLIF Investments Limited, completed the acquisition of a 100% interest in the North Birmingham Mental Health project from John Laing Social Infrastructure Limited.

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

11. TRADE AND OTHER RECEIVABLES

	31 December 2015 £'000s	31 December 2014 £'000s
Other debtors	**64**	12
Prepayments and accrued income	**95**	60
Balance at 31 December	**159**	72

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

There were no overdue amounts included in trade and other receivables.

12. TRADE AND OTHER PAYABLES

	31 December 2015 £'000s	31 December 2014 £'000s
Accruals and deferred income	**2,726**	2,668
Other payables	**2**	2
Balance at 31 December	**2,728**	2,670

13. LOANS AND BORROWINGS

During the year the Company's indirect subsidiary, JLIF Limited Partnership (the "Limited Partnership") as Borrower and the Company as Guarantor entered into a five-year £180 million multicurrency revolving credit facility with Royal Bank of Scotland, HSBC Bank plc, ING Bank NV and Commonwealth Bank of Australia. The five-year facility, which expires in August 2020, will be used to provide bridging funding of acquisitions and working capital at an interest rate of LIBOR + 1.75%, and the Group intends to repay the borrowings with proceeds from future capital raises. This facility replaces the £150 million facility with Royal Bank of Scotland, Lloyds TSB Bank plc and ING, with no cancellation fees payable. The new facility includes an additional £100 million accordion capability, on which no fees are payable until utilised, providing the Company the flexibility to target larger transactions should they become available.

At 31 December 2015, the Company's indirect subsidiary, JLIF Limited Partnership had £17 million outstanding loans under the Revolving Credit Facility (31 December 2014: £nil).

There were no other outstanding loans and borrowings (31 December 2014: £nil).

14. SHARE CAPITAL

Issued and fully paid	**2015 £'000s**	2014 £'000s
814,751,471 (31 December 2014: 811,600,961) ordinary shares of 0.01p each	**81**	81

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

On 22 May 2015, 1,107,405 new Ordinary Shares of 0.01 pence each at an Issue Price of 123.10 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 2014.

On 20 October 2015, 2,043,105 new ordinary shares of 0.01 pence each at an issue price of 114.74 pence were issued and fully paid as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the six months ending 30 June 2015.

All new shares issued rank pari passu with the original ordinary shares of 0.01 pence each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

At present, the Company has one class of ordinary shares which carry no right to fixed income.

15. SHARE PREMIUM ACCOUNT

	2015 £'000s	2014 £'000s
Opening balance	**847,837**	795,945
Premium arising on issue of equity shares	**3,707**	52,577
Expenses of issue of equity shares	**(85)**	(685)
Balance at 31 December	**851,459**	847,837

16. RETAINED EARNINGS

	2015 £'000s	2014 £'000s
Opening balance	**39,411**	22,092
Net profit for the year	**46,966**	67,158
Dividends paid (note 8)	**(54,821)**	(49,839)
Balance at 31 December	**31,556**	39,411

17. TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below. This note also details the terms of engagement by the Company with John Laing Capital Management Limited ("JLCM") as Investment Adviser and Operator of JLIF Limited Partnership ("the Limited

Partnership") together with the details of further investment acquisitions from John Laing Group plc, of which JLCM is a wholly owned subsidiary.

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

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

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

The total Investment Adviser, Operator fee and asset origination fee charged to the Income Statement for the year was £9,573,000 (2014: £9,085,000) of which £2,453,000 remained payable at year end (2014: £2,410,000).

*Adjusted Portfolio Value is defined in the Investment Advisory Agreement as:

(a) the Fair Value of the Investment Portfolio; plus

(b) any cash owned by or held to the order of the Fund (the Consolidated 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 year, the Group acquired one PPP project from John Laing Group plc under an arm's length sale and purchase agreement. The Group paid £11.7 million for this project.

The Company has loans under a Profit Participating Agreement under which it received interest income from its direct subsidiary JLIF Luxco 1 S.à.r.l.

As at 31 December 2015 the Profit Participating Agreement loans balance was £830,011,000 (31 December 2014: £806,599,000) following the interest capitalisation of £23,413,000 in the year (2014: nil).

The balance of interest receivable decreased from £23,413,000 on 31 December 2014 to £12,361,000 as at 31 December 2015. This is due to the interest earned for the year ended 31 December 2015 of £73,261,000 (2014: £49,963,000), offset by the receipt of £60,900,000 (2014: £35,562,000).

The Company accounts for the Profit Participating Agreement as part of its investment into JLIF Luxco 1 S.à.r.l. which has been fair valued.

The Directors of the Company, who are considered to be key management, received fees for their services. Further details are provided in the Report of the Directors on page 45. Total fees paid in the year were £253,376 (2014: £272,500). The Directors were paid £10,359 of expenses in the year (2014: £10,400). The interests of the Directors and their close family members in the shares of the Company as at 31 December 2015 and 31 December 2014 are detailed in the Report of Directors on page 45.

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

The Directors and their close family members were paid dividends in the year of £15,019 (2014: £13,203).

18. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

Capital management

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

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

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

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

Gearing ratio

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

As at the balance sheet date, the Company had no outstanding debt, however, as set out in note 2 (c), the Company's indirect subsidiary, JLIF Limited Partnership benefits from a Revolving Credit Facility of £180 million of which the Company is a guarantor. As at 31 December 2015, £17 million was drawn under the facility (31 December 2014: £nil).

FINANCIAL RISK MANAGEMENT

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

For the Company and the intermediate holding companies subsidiaries, financial risks are managed by the investment adviser who operates within the Board approved policies. In relation to the Group's investment in project companies, due to the nature of the investments, certain financial risks (typically interest rate and inflation risks) are hedged at the inception of a project. The various types of financial risk are managed as follows:

Financial risk management – Company only

The Company accounts for its investments in its subsidiaries at fair value. To the extent there are changes as a result of the risks set out below, these impact the fair value of the Company's investments.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises its equity only (refer to the Statement of Changes in Equity). As at 31 December 2015 the Company had no debt (2014: £nil).

Liquidity risk

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

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

The Company was in a net cash position and had no outstanding debt at the balance sheet date (2014: £nil).

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

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

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

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

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

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

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

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

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

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

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

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

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

Market risk – inflation risk

Each of the Group's PPP asset investments will typically have part of its revenue and costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk. However, in a minority of cases where the investment has index-linked cash flows that fall outside of this natural hedge, the inflation risk is hedged using RPI inflation swaps. For a sensitivity analysis of investments at fair value through profit or loss, refer to note 10.

Market risk – foreign currency exchange rate risk

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

As at 31 December 2015, the fair value of the Company's investment in JLIF Luxco 1 S.à.r.l. includes six (2014: six) overseas investments. The Company and its subsidiaries' foreign currency exchange rate risk policy is not to hedge automatically on an individual project basis but to determine the total Group exposure to individual currencies.

At 31 December 2015, the Company's investment at fair value through profit or loss does not includes any foreign exchange forward contract (31 December 2014: four foreign exchange forward contracts included, with a non material fair value).

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

	Fair Value	
	2015	2014
	£'000s	£'000s
Canadian Dollar	**73,219**	82,824
Euro	**35,254**	38,966

	108,473	121,790

The following table details the Company's sensitivity to a 5% increase or decrease in Sterling against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items fair valued within the Company's investment in JLIF Luxco 1 S.à.r.l. and reflects a 5% change in foreign currency exchange rates. A negative number below indicates a decrease in profit from operations where the relevant currency weakens by 5% against Sterling. For a 5% strengthening of the relevant currency against Sterling, there would be an equal and opposite impact on profit from operations, and the negative balances below would be positive.

Effect on operating profit and investments at fair value of relevant currency weakening by 5% against Sterling	**31 December 2015** **Profit before tax £'000s**	**Investments at fair value £'000s**
Canadian Dollar	**3,708**	3,708
Euro	**1,926**	1,926
	5,634	5,634

Effect on operating profit and investments at fair value of relevant currency weakening by 5% against Sterling	31 December 2014 Profit before tax £'000s	Investments at fair value £'000s
Canadian Dollar	(4,143)	(4,143)
Euro	(1,948)	(1,948)
	(6,091)	(6,091)

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

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

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

The Group was in a net cash position and had a small outstanding debt at the Balance Sheet date (31 December 2014: net cash position and no outstanding debt). The interest rate sensitivity of the Group's assets and liabilities does not have a material impact.

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

The Company held the following financial instruments at fair value at 31 December 2015. There have been no transfers of financial instruments between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Financial instruments by category:

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

			31 December 2014		
	Cash and bank balances £'000s	Loans and receivables £'000s	Financial assets at FVTPL* £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Levels	1	1	3	1	

Non-current assets					
Investments at fair value through profit or loss	–	–	885,674	–	885,674
Current assets					
Trade and other receivables	–	72	–	–	72
Cash and cash equivalents	4,253	–	–	–	4,253
Total financial assets	4,253	72	885,674	–	889,999
Current liabilities					
Trade and other payables	–	–	–	(2,670)	(2,670)
Total financial liabilities	–	–	–	(2,670)	(2,670)
Net financial instruments	4,253	72	885,674	(2,670)	887,329

*FVTPL = Fair value through profit or loss

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

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

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

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

There were no Level 2 assets or liabilities during the year (2014: none). There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the year (2014: none).

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

Reconciliation of Level 3 fair value measurement of financial assets and liabilities
An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 10.

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

The fair value of the Company’s direct subsidiary and the intermediate holding companies mainly comprises cash and working capital and an outstanding loan balance of £17 million. The fair values of these companies are equivalent to their Net Assets.

The Group’s PPP investments are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate. The basis of each discount rate, which is a weighted average cost of capital, is the long run average government bond rates adjusted by an appropriate premium to reflect PPP specific risk, phase of the PPP project and counterparty credit risk. The weighted average discount rate applied was 7.82% (year ended 31 December 2014: 7.94%). 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 absolute increase of 1% in the discount rate would cause a decrease in fair value of the PPP investments of £65.1 million (year ended 31 December 2014: £65.6 million).

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

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

Foreign currency and interest rate profile of financial liabilities
The Company's financial liabilities at 31 December 2015 were £2.7million (2014: £2.7 million). These principally comprise accruals.

		31 December 2015 Financial liabilities			
	Currency	**Floating rate £’000s**	**Fixed rate £’000s**	**Non-interest bearing £’000s**	**Total £’000s**
Trade and other payables < 1 year	– Sterling	**–**	**–**	**2,728**	**2,728**
Total		**–**	**–**	**2,728**	**2,728**

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

19. GUARANTEES AND OTHER COMMITMENTS

In December 2015, the Group committed to the purchase of 40% interest in the Barcelona Line 9 Section II Metro Stations project from Iridium Concesiones de Infraestructuras, a subsidiary of Grupo ACS, for approximately £85 million.

The Company has provided a guarantee under the JLIF Limited Partnership's £180 million multicurrency revolving credit facility which expires in August 2020. As at 31 December 2015, £17 million was drawn on the facility. Subsequent to the balance sheet date, this was repaid in full. The fair value of the guarantee is considered to be immaterial to the Company accounts as the probability of the guarantee being called upon is considered to be extremely unlikely. In making this assessment, consideration has been given to the proximity of the current and forecast metrics to default covenants attached to the facility and the dependability of future cash flows from the underlying PPP investments.

As at 31 December 2015, the Company and the intermediate holding companies had no other commitments.

20. EVENTS AFTER BALANCE SHEET DATE

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

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

At the date of signing of this annual report, the outstanding balance of the revolving credit facility borrowing is £89.5 million.

On 9 March 2016, the Company placed an additional 81.2 million new ordinary shares via a shareholder tap issue, raising gross proceeds of £92.9 million, which will be used primarily to repay debt drawn for the acquisition of the Barcelona Line 9 Section II Metro Stations and British Transport Police PPP projects.

21. DISCLOSURE – SERVICE CONCESSION ARRANGEMENTS

The Group holds investments in 57 service concession arrangements in the Health, Education, Justice and Emergency Services, Government Buildings, Regeneration and Social Housing, Transport and Street Lighting sectors. The concessions vary on the obligations required, but typically require the construction and operation of an asset during the concession period. The concession may require the acquisition or replacement of an existing asset or the construction of a new asset. The operation of the asset may include the provision of facilities management services such as cleaning, catering, caretaking, and major maintenance. As at 31 December 2015, for all but two (2014: all but two) of the Company's investments, the residual interest will be transferred to the relevant government/public authorities at the end of each concession term. There are two (2014: two) concessions for which the head lease will be retained by the concession provider at the end of the concession period. The value of these head leases is not considered to be material. As at 31 December 2015 all of the service concessions were fully operational (31 December 2014: all).

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

Sector	Company name	Project name	% owned	Short description of concession arrangement	Period of concession Start date	End date	No. years	Project capex
Health								
	Healthcare Support (Newham) Limited	Newham Hospital	50%	Design, build, finance and operate extensions at Newham General Hospital.	27-Jan-2004	30-Jan-2039	35	Refurbishment and construction of two extensions costing £35 million.
	Meridian Hospital Company Limited	Queen Elizabeth Hospital, Greenwich	27.5%	Design, build, finance and operate new hospital in the Greenwich area of London.	08-Jul-1998	31-Oct-2031	33	Construction of hospital costing £96 million.
	Prime Care Solutions (Kingston) Limited	Kingston Hospital	60%	Design, build, finance and operate extension to Kingston Hospital.	23-Nov-2004	22-Jul-2036	32	Construction of extension and temporary car park costing £29 million.
	AHA Access Health Abbotsford Limited	Abbotsford Regional Hospital and Cancer Centre	100%	Design, build, finance and operate new hospital in Abbotsford, British Columbia, Canada.	07-Dec-2004	06-May-2038	33	Construction of hospital costing CAN$355 million.
	AHV Access Health Vancouver Limited	Vancouver General Hospital	100%	Design, build, finance and operate new outpatient facility in Vancouver, British Columbia, Canada.	02-Sep-2004	18-Aug-2036	32	Construction of outpatient facility costing CAN$95 million.
	Forth Health Limited	Forth Valley Royal Hospital	100%	Design, build, finance and operate new hospital in Larbert.	04-May-2007	31-Mar-2042	35	Construction of hospital costing £293 million.

Three Valleys Healthcare Limited	Roseberry Park Hospital	100%	Design, build, finance and operate a mental health facility in Middlesbrough.	18-Dec-2007	23-Mar-2040	32	Construction of hospital costing £75 million.
Healthcare Support (Newcastle) Limited	Newcastle Hospital	15%	Design, build, finance and operate hospitals in Newcastle.	04-May-2005	03-May-2043	38	Refurbishment and construction at the Freeman Hospital and Royal Victoria Infirmary and construction of a multi-storey car park for the Freeman Hospital, costing £295 million.
Kent and East Sussex Weald Hospital Limited	Tunbridge Wells Hospital	37.5%	Finance, constriction, operation and maintenance of District General hospital in Tunbridge Wells	01-Mar-2008	25-Sep-2042	35	Construction of hospital costing £232 million.
Peterborough (Progress Health) plc	Peterborough Hospital	30%	Design, build, finance and operate three healthcare premises in Peterborough.	31-Jan-2007	31-Oct-2042	36	Construction of three hospitals costing £347 million.
IIC (C&T) Limited	Realise Health LIFT (Colchester)	60%	Design, build, finance and operate a primary care centre in Colchester and a medical centre in Harwich	31-Jul-2004	30-Apr-2031	27	Construction of two medical buildings costing £39 million.
IIC Northampton Limited	Northampton Mental Health	100%	Design, build, finance and operate a mental health facility in Northampton	31-Oct-2007	31-Oct-2037	30	Construction of hospital costing £39 million.
Infusion Health KVH General Partnership	Kelowna & Vernon Hospitals	50%	Design, build, finance and operate three new healthcare premises in Kelowna and	31-Aug-2008	31-Aug-2042		Construction of two hospitals costing CAN$342 million.

				Vernon, Canada.				
	Healthcare Support (North Staffs) Limited	North Staffordshire Hospital	75%	Design, build, finance and operate new acute hospital at the City General site and a new community hospital in Stoke-on-Trent.	30-Jun-2007	31-Aug-2044	37	Construction of two hospitals costing £306 million.
	Healthcare Support (Erdington) Limited	North Birmingham Mental Health Hospital	100%	Design, build, finance and operate a 128 bed mental health facility for the North Birmingham Mental Health Trust.	22-Mar-2002	22-Mar-2037	35	Construction comprised a mix of new build and refurbishment of existing Trust estates costing £16.5 million.
Education								
	3ED Glasgow Limited	Glasgow Schools	20%	Design, build, finance and operate 29 secondary schools and one primary school in Glasgow.	26-Jul-2000	30-Jun-2030	30	Major refurbishment and extension of 18 schools – £135 million. Construction of 11 new secondary schools and one new primary school – £90 million.
	InspirED Education (South Lanarkshire) plc	South Lanarkshire Schools	15%	Design, build, finance and operate 15 new secondary schools and two refurbishments in the South Lanarkshire area.	28-Jun-2006	30-Sep-2039	34	Construction and refurbishment costing £320 million.
	Education Support (Swindon) Limited	North Swindon Schools	100%	Design, build, finance and operate seven new schools in Swindon.	01-Apr-2005	30-Jun-2032	27	Construction costing £70 million.

Education Support (Enfield) Limited	Highlands School, Enfield	100%	Design, build, finance and operate one secondary school in Enfield.	25-Feb-1999	31-Aug-2025	27	Construction costing £17 million.
Education Support (Newham) Limited	Newham Schools	100%	Design, build, finance and operate one secondary school in Newham.	24-Sep-2003	31-Aug-2029	26	Construction costing £22 million.
Education Support (Enfield 2) Limited	Enfield Schools	100%	Design, build, finance and operate three schools in Enfield, two primary and one secondary.	24-Sep-2003	31-Aug-2029	26	Construction costing £27 million.
The Edinburgh School Partnership Limited	Edinburgh Schools	20%	Design, build, finance and operate 17 schools in total, ten new primaries, two new secondary schools, three refurbished secondary schools and two special schools.	15-Nov-2001	30-Sep-2033	32	Refurbishment of three secondary schools and one special school – £25 million. New build of ten primary schools, two secondary and one special school – £82 million.
Barnsley SPV One Limited			Design, build, finance and operate three PFI secondary schools.	31-Jul-2009	30-Apr-2036	27	New schools construction costing £91 million.
Barnsley SPV Two Limited	Barnsley BSF	40%	Design, build, finance and operate two PFI secondary schools.	30-Apr-2010	31-Dec-2036	27	New schools construction costing £51 million.
Barnsley SPV Three Limited			Design, build, finance and operate three PFI secondary schools.	31-Oct-2010	30-Sep-2037	27	New schools construction costing £126 million.

Investors in the Community (Bexley Schools) Limited	Bexley Schools	100%	Design, build, finance and operate two new secondary schools in Bexley, Kent.	20-Apr-2004	31-Oct-2030	27	New schools construction costing £33 million.
Bristol PFI Limited	Bristol BSF	37.5%	Design, build, finance and operate four new secondary schools in Bristol.	31-Jul-2006	31-Aug-2034	28	New schools construction costing £132 million.
IIC (Leeds Schools) Limited	Leeds Combined Secondary Schools	100%	Design, build, finance and operate six new secondary schools in Leeds.	30-Apr-2005	31-Jul-2033	28	Construction of six new secondary schools costing £115 million.
IIC By Education (Peterborough Schools) Limited	Peterborough Schools	100%	Design, build, finance and operate three new secondary schools in Peterborough.	31-Jul-2006	30-Sep-2037	31	Construction of three new secondary schools costing £55 million.
Justice and Emergency Services							
Service Support (Avon & Somerset) Limited	Avon & Somerset Courts	40%	Design, build, finance and operate two new courts in Worle and Bristol, offices, a podium and a bus station.	23-Aug-2004	26-Oct-2034	30	Construction costing £43 million.
Services Support (Gravesend) Limited	Metropolitan Specialist Police Training Centre	27.1%	Design, build, finance and operate firearms training facility in Gravesend.	20-Apr-2001	10-Feb-2028	27	New training facility and refurbishment of accommodation blocks construction costing £40 million.
Services Support	Greater Manchester	27.1%	Design, build, finance and operate 16 new police stations in Manchester.	04-Dec-2002	31-Mar-2030	27	Construction costing £82 million.

(Manchester) Limited	Police Stations						
Cleveland FM Services Limited	Cleveland Police Station & HQ	50%	Design, build, finance and operate five police stations.	31-Mar-2005	31-Jan-2032	27	Construction costing £26 million.
Collaborative Services Support NE Limited	North East Fire & Rescue	100%	Design, construction, finance and operation of five community fire stations in North East England.	26-Jun-2009	16-May-2035	26	Construction costing £27 million.
Services Support (SEL) Limited	South East London	50%	Design, build, finance and operate four police	20-Oct-2001	30-Jan-2029	27	Construction costing £80 million.
Government Buildings							
Modus Services Limited	MOD Main Building	26%	Design, build, finance and operate Ministry of Defence offices in Whitehall.	04-May-2000	03-May-2030	30	Refurbishment of existing buildings costing £416 million.
Komfort BV	Kromhout Barracks PPP Project	40%	Design, build, finance and operate Dutch Ministry of Defence HQ in Utrecht.	01-Jul-2008	30-Sep-2035	27	Total expenditure of €205 million.
Duo2 BV	Groningen Tax Office Project	40%	Design, build, finance and operate the Information Management and Tax Authority Office	26-Jun-2008	28-Feb-2031	23	Total expenditure of €135 million.
Regeneration and Social Housing							
Regenter LCEP Limited	Canning Town Social Housing	100%	Refurbish, finance and operate council housing in Newham.	03-Jun-2005	31-May-2035	30	Refurbishment of existing buildings costing £20 million.

	Regenter B3 Limited	Brockley Social Housing PPP	100%	Refurbish, finance and operate council housing in Brockley.	04-Jun-2007	30-Apr-2027	20	Refurbishment of existing buildings costing £74 million.
	Regenter Bentilee District Centre Limited	Bentilee Hub Community Centre	100%	Design, build, finance and operate joint services community facility.	01-Feb-2005	31-Jan-2032	27	Construction costing £8 million.
	Partners for Improvement in Camden Limited	Camden Social Housing	50%	Refurbish, finance and maintain council housing in five tower blocks in Camden.	02-May-2006	02-May-2021	15	Construction costing £69 million.
	Partners for Improvement in Islington Limited	Islington Social Housing I	45%	Refurbish, finance and maintain in excess of 2300 council housing properties in Islington.	12-May-2003	31-Mar-2033	30	Construction costing £39 million.
	Partners for Improvement in Islington 2 Limited	Islington Social Housing II	45%	Refurbish, finance and maintain in excess of 4000 council housing properties in Islington.	15-Sep-2006	07-Jul-2022	16	Construction costing £151 million.
	Renaissance Miles Platting Limited	Miles Platting Social Housing	50%	Refurbish, maintain and manage in excess of 1500 social housing properties in Manchester.	31-May-2007	31-Mar-2037	30	Refurbishment of existing buildings costing £89 million.
	JLW Excellent Homes for Life Limited	Kirklees Social Housing	80%*	Design, build, finance and operate 466 social housing units.	20-Dec-2011	30-Jun-2034	23	Construction costing £70 million.
Transport								
	Sirhowy Enterprise	Sirhowy Way	100%	Design, build, finance and operate improvements to the	21-Jan-2004	20-Jan-2034	30	Upgrade and maintain part of

Way Limited			A4048/A472 Strategic Highway Network between the north of Blackwood and the east of Ponllanfraith, South Wales.			existing road and	build new carriageway at a cost of £44 million.
Tiehytio Ykkostie Oy	E18 Road	50%	Design, build, finance and operate the E18 Muurla–Lohja Motorway Project in Finland.	27-Oct-2005	15-Nov-2029	24	Upgrade and maintain existing road at a cost of €327 million.
UK Highways M40 Limited	M40 Motorway (UK)	50%	Design, build, finance and operate the M40 Motorway.	08-Oct-1996	07-Dec-2026	30	Upgrade and maintain existing motorway at a cost of £90 million.
Autolink Concessionaires (M6) plc	M6/M74 Motorway (Scotland)	11%	Design, build, finance and operate project to maintain 90 km of the M6 and M74 (from Gretna, on the Scottish border to Millbank, 30 miles south of Glasgow). Project includes the upgrade of the A74 to a 29 km stretch of dual three lane motorway.	24-Apr-1997	29-Jul-2027	30	Upgrade and maintain existing motorway costing £95 million.
Citylink Telecommunications Limited	LUL Connect (CityLink)	33.5%	Upgrade of London Underground's existing radio and telecommunications systems and implementing and operating a new system.	21-Nov-1999	21-Nov-2019	20	Maintain the existing radio and communications systems and replace at a cost of £198 million.
Street Lighting							
Amey Highways Lighting (Manchester) Limited	Manchester Street Lighting	50%	Installation and maintenance of street lighting	31-Mar-2004	30-Jun-2029	25	Replacement column programme costing £33 million.

Amey Highways Lighting (Wakefield) Limited	Wakefield Street Lighting	50%	Installation and maintenance of street lighting	23-Dec-2003	02-Feb-2029	25	Replacement column programme costing £26 million.
Walsall Public Lighting Limited	Walsall Street Lighting	100%	Installation and maintenance of street lighting.	28-Mar-2002	31-Mar-2028	26	Replacement column programme costing £16 million.
Barnet Lighting Services Limited	Barnet Street Lighting	100%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £26 million.
Lambeth Lighting Services Limited	Lambeth Street Lighting	100%	Installation and maintenance of street lighting.	30-Nov-2005	31-Dec-2029	24	Replacement column programme costing £16 million.
Enfield Lighting Services	Enfield Street Lighting	100%	Installation and maintenance of street lighting.	30-Apr-2006	30-Apr-2031	25	Replacement column programme costing £27 million.
Redcar & Cleveland Lighting Services	Redcar & Cleveland Street Lighting	100%	Installation and maintenance of street lighting.	31-Aug-2007	31-Dec-2029	22	Replacement column programme costing £22 million.
Surrey Lighting Services Limited	Surrey Street Lighting	50%	Installation and maintenance of street lighting.	27-Nov-2009	28-Feb-2035	25	Replacement column programme costing £79 million.

22. PRINCIPAL SUBSIDIARIES

Details of the Company’s subsidiaries at 31 December 2015 are as follows:

Name	Category	Place of Incorporation	Proportion of ownership interest	Proportion of voting power held
JLIF Luxco 1 S.á.r.l.	Intermediate holding	Luxembourg	100%	100%
JLIF Luxco 2 S.á.r.l.	Intermediate holding	Luxembourg	100%	100%
JLIF Limited Partnership Limited[27]	Intermediate holding	United Kingdom	100%	100%
JLIF (GP) Limited[28]	Intermediate holding	United Kingdom	100%	100%
Palio (No 1) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 2) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 3) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 4) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 5) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 6) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 7) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 8) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 9) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 10) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 11) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 12) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 13) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 14) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 15) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 16) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 17) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 18) Limited	Intermediate holding	United Kingdom	100%	100%
Palio (No 19) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Pembury Hospital) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Investments Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Barcelona Metro) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Justice and Emergency Services) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Regeneration and Social Housing) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Street Lighting) Limited	Intermediate holding	United Kingdom	100%	100%
JLIF Holdings (Peterborough Hospital) Limited	Intermediate holding	United Kingdom	100%	100%
LouiseCo Limited	Intermediate holding	United Kingdom	100%	100%
AHA Access Health Abbotsford Limited	Operating Subsidiary	Canada	100%	100%
AHA Holdings Abbotsford Limited	Operating Subsidiary	Canada	100%	100%
AHV Access Health Vancouver Limited	Operating Subsidiary	Canada	100%	100%

AHV Holdings Vancouver Limited	Operating Subsidiary	Canada	100%	100%
Barnet Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Collaborative Services Support (NE) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Collaborative Services Support (NE) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield 2) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield 2) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Enfield) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Newham) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Newham) Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Swindon) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Education Support (Swindon) Limited	Operating Subsidiary	United Kingdom	100%	100%
Enfield Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Forth Health Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Forth Health Limited	Operating Subsidiary	United Kingdom	100%	100%
Healthcare Support (Erdington) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Healthcare Support (Erdington) Limited	Operating Subsidiary	United Kingdom	100%	100%
IIC (C&T) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC (Leeds Schools) Fund Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC (Leeds Schools) Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Barnet Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Infrastructure Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Bristol Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC By Education (Peterborough Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Enfield Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Lambeth Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Equity Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Miles Platting Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton (Pendereds) Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%

IIC Northampton Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Northampton Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Peterborough Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar & Cleveland Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar and Cleveland Funding Investment Limited**	Operating Subsidiary	United Kingdom	100%	100%
IIC Redcar and Cleveland Subdebt Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Bexley Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Leeds Schools) Holding Company Limited**	Operating Subsidiary	United Kingdom	100%	100%
Investors in the Community (Leeds Schools) Limited**	Operating Subsidiary	United Kingdom	100%	100%
John Laing Investments KVH Holdings Limited	Operating Subsidiary	Canada	100%	100%
John Laing Investments KVH Limited	Operating Subsidiary	Canada	100%	100%
Lambeth Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Redcar and Cleveland Lighting Services Limited**	Operating Subsidiary	United Kingdom	100%	100%
Regenter B3 Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter B3 (Holdco) Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter LCEP (Holdco) Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter LCEP Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter Bentilee District Centre Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Regenter Bentilee District Centre Limited	Operating Subsidiary	United Kingdom	100%	100%
Sirhowy Enterprise Way Holdings Limited*	Operating Subsidiary	United Kingdom	100%	100%
Sirhowy Enterprise Way Limited*	Operating Subsidiary	United Kingdom	100%	100%
Three Valleys (Healthcare) Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%
Three Valleys (Healthcare) Limited	Operating Subsidiary	United Kingdom	100%	100%
Walsall Public Lighting Holdings Limited	Operating Subsidiary	United Kingdom	100%	100%

All the above subsidiaries are not consolidated.

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

* Reporting date 31 March

** Reporting date 30 June

The "Operating subsidiaries" and all the "Intermediate Holding" companies are recognised as investments at fair value through profit or loss.

[27] JLIF Limited Partnership (registered office: 1 Kingsway, London, WC2B 6AN) is a limited partnership formed under the Limited Partnership Act 1907. The results of JLIF Limited Partnership are included in the investments ar fair value of John Laing Infrastructure Fund Limited and JLIF Limited Partnership has taken advantage of the exemption from audit or filing accounts at Companies House conferred by regulation 7 of the Partnerships (Accounts) Regulations 2008.

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

GLOSSARY

Adjusted DRU	means the natural unwind of the discount rate, adjusted for the timing of acquisitions and distributions in the period.
Adjusted Portfolio Value	(a) the Fair Value of the Investment Portfolio (see Portfolio Value); plus (b) any cash owned by or held to the order of the Company (the Group); plus (c) the aggregate amount of payments made to shareholders by way of dividend in the period ending on the relevant valuation day, less (i) any borrowings and any other liabilities of the Company; and (ii) any uninvested cash.
Amended Existing FOA	means the first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 21 January 2015 amending the First Offer Agreement dated 28 October 2010.
Availability Based Payments	Payment for the use of an asset by the public sector that is based upon whether the asset is available to be used or not. This type of payment does not depend on the level of use of the asset.
Company	means John Laing Infrastructure Fund Limited.
Demand Based Payments	Payment for the use of an asset by the public sector that depends on the level of use of that asset.
First Offer Agreements	means the first offer agreements between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 29 October 2010, and 21 January 2015.
Government-backed revenue streams	The payment received from the public sector for the use of an asset which is contractually binding subject to performance criteria.
Group / JLIF Group	The group of companies comprised of the Company, its two wholly owned Luxembourg subsidiaries (JLIF Luxco 1 S.à.r.l. and JLIF Luxco 2 S.à.r.l.), the English Limited Partnership (JLIF Limited Partnership), the General Partner (JLIF (GP) Limited) and the 27 wholly owned subsidiaries of the English Limited Partnership that together held the investments in the 56 assets at 31 December 2015.
HMRC	Her Majesty’s Revenue and Customs.
Initial Public Offering (IPO)	means JLIF’s first sale of stock to the public on 29 November 2010.

Investment Adviser	John Laing Capital Management Limited, acting in its capacity as investment adviser to John Laing Infrastructure Fund Limited pursuant to the Investment Advisory Agreement.
Investment Advisory Agreement	The investment advisory agreement between the Investment Adviser and John Laing Infrastructure Fund Limited dated 27 October 2010, as amended on 10 September 2015.
Investment / Investment Capital	Partnership equity, loans, share capital, trust units, shareholder loans and/or debt interests in or to project entities or any other entities or undertakings in which the fund invests or in which it may invest.
John Laing or John Laing Group	John Laing plc and all of its wholly owned subsidiaries, including John Laing Capital Management Limited.
John Laing Capital Management Limited	Investment Adviser to the John Laing Infrastructure Fund Limited and Operator of JLIF (GP) Limited.
Net Asset Value (NAV)	Total Assets (including Portfolio Value) minus liabilities of the Group.
Net Asset Value (NAV) per share	Net Asset Value (NAV) divided by the total number of Ordinary Shares issued as at 31 December 2015.
New FOA	means the new first offer agreement between JLIF, the General Partner for and on behalf of the Partnership and John Laing dated 21 January 2015.
OECD countries	means the member countries of The Organisation for Economic Co-operation and Development.
Partnership	means JLIF Limited Partnership, a limited partnership registered in England (registered number LP014109), which will hold and manage JLIF's investments.
PPP	Public private partnerships ("PPPs") are arrangements typified by joint working between the public and private sector. In the broadest sense, PPPs can cover all types of collaboration across the interface between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP is the Private Finance Initiative ("PFI"). Source: http://www.hm-treasury.gov.uk/ppp_index.htm.
Portfolio	The 56 assets in which JLIF had a shareholding as at 31 December 2015.

Portfolio Value	The sum of all of the individual assets' net present values ("NPV"). Each asset's NPV is calculated by discounting the future cash flows entitled to be received by JLIF, as shareholder, to the 31 December 2015.
Project Entity	means a special purpose entity (including any company, partnership or trust) formed to undertake an infrastructure project or projects or provide infrastructure services.
Prospectus	The Prospectus dated September 2014. The Prospectus can be found at www.jlif.com.
Special Purpose Vehicle (SPV)	A company that is used to facilitate a PPP contract between the public and private sector. A company is incorporated and shareholders invest equity capital and a subordinated debt into the company. The company enters into financing arrangements with senior lenders or bond providers to finance the development of the asset. The company contracts with the public sector to design, build, finance and operate an asset. It enters into subcontracts with contractors and operating companies to carry out the required works and services.
Total Assets	means the Fair Value of the investment in JLIF Luxco 1 S.à.r.l. (which includes the Portfolio Value and the fair value of the intermediate holding companies) + the Company's cash + the Company's debtors + other receivables of the Company.

GROUP STRUCTURE

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

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

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

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

The Company’s infrastructure investments are registered in the name of the General Partner, the Partnership, subsidiaries of the Partnership or their respective nominees.

Heritage International Fund Managers Limited is the Administrator and Company Secretary to JLIF Limited. All other management functions are fulfilled by JLCM.

Intertrust (Luxembourg) S.à r.l. (formerly ATC Corporate Services (Luxembourg) S.A) is the Administrator and Company Secretary to the Luxembourg entities.

PricewaterhouseCoopers LLP, in Luxembourg, is supplying the accounting and tax functions to those companies.

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

DIRECTORS, AGENTS AND ADVISERS

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

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