

# MIDAS UPDATE: New JLIF shares offer tempting 6% yield to income seekers

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Ever since they were launched, private finance initiative projects have come in for sharp criticism.

These schemes use private companies to design, build and run schools, roads, hospitals and other large infrastructure projects, but participants have been accused of fleecing the government and in recent weeks some hospitals have said the annual payments they have to make are unaffordable.

In many areas, however, PFI has been a real success, enabling large new construction projects to take place and encouraging efficient cost control.



Big projects: Since launch, JLIF has acquired significant stakes in 23 projects, including Kingston Hospital

John Laing Infrastructure Fund gives investors access to some of the most reliable PFI projects in Britain. The group was formed last November as an offshoot from construction business John Laing and it becomes involved in projects only once they are up and running.

Since launch, JLIF has acquired significant stakes in 23 projects, including Kingston Hospital in southwest London, the M40 motorway, a selection of schools in Glasgow and several assets in Canada and Finland. These projects have contracts stretching out for between 15 and 31 years, providing predictable revenues for decades, generally backed by the Government.

Midas recommended JLIF in November, when the shares were issued at 100p. Since then they have paid a 5p dividend, as predicted, and last month declared a 3p interim dividend.

Now the fund is raising £155million through a placing and open offer, with the new shares priced at 105p.

Many PFI operators raise money and then decide what to do with it. JLIF raises money only when it knows what it wants to buy, so it has already agreed to finance ten new projects with its extra cash and is in talks about a further significant transaction.

**Midas verdict:** JLIF is trading at 104.5p and potential investors have until October 17 to buy the new shares. This stock is unlikely to show soaring capital growth but it offers a strong, predictable dividend yield of about six per cent, which should be highly attractive to anyone looking for income.