John Laing Infrastructure Fund Limited

JLIF

Trading Update Statement 2016

May 2016

JLIF, the international infrastructure investment company, today announces its Trading Update Statement ("TUS") for the period 1 January 2016 to 16 May 2016.

Paul Lester CBE, Chairman of JLIF, said:

"The Board is pleased with the performance of the Portfolio over the first quarter of 2016. JLIF continues to grow, including through acquisitions, with our first investment in Spain completed in January. We remain selective in pursuing deals that represent good value to shareholders."

Andrew Charlesworth, Director of John Laing Capital Management (JLCM), Investment Adviser to JLIF, said:

"There remains a strong pipeline of assets in which JLIF remains in advanced discussions with a number of vendors across several geographies. The portfolio continues to perform well and we hope to grow this further in the future."

HIGHLIGHTS

- Underlying growth in Portfolio value for the three months to 31 March 2016 of 1.7% to £973.5 million on a rebased value of £957.2 million[1]
- Announced a 1.04% increase in the dividend from 3.375pps to 3.41pps, in respect of the six-month period to 31 December 2015, in line with UK inflation
- Net Asset Value[2] ("NAV") of £1,000.6 million as at 31 March 2016, including £27.8 million allocated to the dividend to be paid in May 2016
- NAV per share as at 31 March 2016 of 108.3 pence ex-div (111.7 pence cum-div), due to underlying portfolio growth over the period, positive unrealised exchange rate movements and the NAV accretive equity issuance in March 2016
- Acquisitions of approximately £90 million in the first quarter of 2016, including JLIF's first investment in the Spanish secondary PPP market
- Strong pipeline of assets at advanced stage, expected to complete in coming months

Portfolio Performance

In absolute terms JLIF's Portfolio grew by 12.2% (£96.7 million) in the first quarter of the year, primarily driven by acquisitions in the period and positive unrealised exchange rate movements. On a rebased opening valuation of £957.2 million, JLIF's Portfolio experienced underlying growth over the same period of 1.7% (£16.3 million) to £973.5 million as at 31 March 2016, in-line with expectations (being the growth that would be expected based on the unwind of the Portfolio weighted average discount rate, adjusted for the timing of distributions and acquisitions in the quarter). The rebased Portfolio value is the result of acquisitions and distributions during the period and the depreciation of Sterling versus the Euro and the Canadian Dollar.

The range of discount rates used to value the projects comprising the Portfolio remained unchanged from those used for the 31 December 2015 valuation. Projects acquired in the period were held at acquisition value, adjusted for unrealised exchange rate movements and distributions received.

The UK operational environment, particularly in the healthcare sector, continues to require careful and close

1 See Portfolio Performance for full details

2 Net Asset Value is equal to total assets (including Portfolio value) minus liabilities of the JLIF Investment Group (as defined in the company's Annual Report 2015).

engagement in order to operate the projects effectively.

	£000s	
Portfolio Value as at 31 December 2015	**867,830**	
Acquisitions	87,672	
Distributions	(13,259)	
Exchange rate movements	14,946	
Rebased Portfolio Value as at 31 December 2015	957,188	
Underlying growth on rebased value	16,314	1.70%
Portfolio Value as at 31 March 2016	**973,502**	

Acquisitions

As announced in January 2016, JLIF acquired an indirect 40% interest in the Barcelona Metro Stations Section II project ("Section II") from Iridium Concesiones de Infraestructuras, a subsidiary of Grupo ACS. The consideration paid was approximately £85 million and the acquisition represented JLIF's first investment in the Spanish PPP market. In early May 2016, JLIF reached an agreement with co-shareholder Acsa, part of the Sorigué Group, to acquire an additional 13.5% interest in Section II, and also a 13.5% in the Barcelona Metro Stations Line 9 Section IV project ("Section IV"). Details of this transaction were the subject of a separate announcement made by JLIF at the time. The transaction is expected to complete in the coming weeks.

In February 2016, JLIF acquired a 100% stake in the British Transport Police project from John Laing Group plc and John Laing Pension Trust. At the same time, agreement was reached for the acquisition of a 95% interest in the Oldham Social Housing project. The combined consideration for both assets was approximately £22 million. Both projects are fully operational, availability-based social infrastructure PPP assets located in the UK and are being acquired under the First Offer Agreements with John Laing Group plc. Completion of the Oldham Social Housing transaction is expected in the coming weeks, subject to satisfaction of certain conditions.

Both acquisitions were financed using debt drawn under JLIF's £180 million multi-currency revolving credit facility.

Dividends

In February 2016 JLIF announced a dividend of 3.41 pence per share for the second half of 2015, representing an increase of 1.04% on the previous dividend of 3.375 pence per share. The total dividend to be paid is £27.8 million, assuming no election for the scrip dividend option.

Gearing and Shareholder Tap Issue

JLIF benefits from a £180 million revolving credit facility which expires in 2020. This acts as a source of acquisition bridging finance, allowing JLIF to complete transactions quickly and efficiently. Attached to the facility is an accordion capability on which no fees are paid until utilised. JLIF is in discussions with its facility lenders with a view to potentially accessing the accordion capability in the coming weeks. Once signed, JLIF would have access to an additional £150 million of acquisition bridging finance. The margin and commitment fees payable on the accordion would be the same as those that apply to the revolving credit facility.

At yesterday's AGM, JLIF's shareholders approved an increase in the Company's gearing limit in its Articles of Association and investment policy from 25% to 35% of JLIF's Total Assets.

The revolving credit facility was used to finance the acquisitions noted above and was repaid in March 2016 using the proceeds of a shareholder tap issue (also in March 2016), which raised gross proceeds of £92.9 million. The shareholder tap issue resulted in the placing of 81.2 million new ordinary shares in the company at a price of 114.5 pence per share. The issue was oversubscribed and the issue price represented a discount of approximately 0.6% to JLIF's share price (adjusted for the 3.41p dividend declared on 25 February 2016) immediately prior to the announcement of the placing. The shares were admitted to trading on the London Stock Exchange's main market on 9 March 2016.

Outlook

JLIF has been invited to review a number of secondary PPP infrastructure investment opportunities in the year to date. These have included assets located across North America, Europe and Australasia. The majority of those European opportunities have tended to lie outside the UK, with the UK market remaining relatively subdued.

Given the competitive landscape and the impact on asset pricing, JLIF continues to work hard to develop 'off-market' or bilateral deals (as opposed to competitive auctions) as a result of long term relationships with vendors. JLIF is optimistic that a number of these relationships will result in transactions in the coming months, as was the case in respect of the investment in the Barcelona Metro Line 9 Section II project in January 2016.

In terms of market activity in 2016, JLIF expects western and southern Continental Europe to remain active, with some signs of a pipeline also emerging in Scandinavia.

While the US secondary market remains at a nascent stage, the pipeline of primary transactions continues to grow. Over 50 privately financed infrastructure projects are currently in procurement across the US, promising a strong pipeline of secondary transactions over the coming years. The pipeline is predominantly focused on the transport sector but also comprises a number of social infrastructure projects.

The Australian market is also likely to remain a significant source of operational PPP assets going forward, as the country continues with its approach of recycling public capital from mature assets into new PPP assets. The level of activity in the Australian market suggests that it is regaining strength after investor confidence was adversely affected in early 2015 by certain political decisions, including the cancellation of projects post financial close. While confidence appears to have returned, there remains some political risk with the next national elections due by January 2017.

JLIF remains in advanced discussions on approximately £130 million of assets and remains confident in respect of future growth opportunities.

Note:

This Trading Update Statement aims to give an update of material events and transactions that have taken place during the period from 1 January 2016 to 16 May 2016 and their impact on the financial position of the Investment Group. This update reflects the Investment Adviser's and the Board's current views. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, inter alia, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of JLIF.

This update contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and JLIF's actions to differ materially from those expressed or implied in the forward-looking statements.

This update has been prepared solely to provide additional information to shareholders as a body and should not be relied on by any other party or for any other purpose.

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