John Laing Infrastructure Fund Limited

JLIF

Trading Update Statement 2017

November 2017

JLIF, the international infrastructure investment company, today announces its Trading Update Statement ("TUS") for the period 1 July 2017 to 10 November 2017.

FINANCIAL HIGHLIGHTS

- Underlying growth in Portfolio value for the nine months to 30 September 2017 of 5.5% to £1,227.8 million, on a rebased value of £1,163.8 million
- Net Asset Value[1] ("NAV") of £1,219.6 million as at 30 September 2017, including £34.5 million of cash allocated to the dividend that was paid in October 2017
- NAV per share as at 30 September 2017 of 123.1 pence cum-div (119.6 pence ex-div), up 2.4% on 31 December 2016
- Paid a dividend of 3.48 pence per share in October 2017, resulting in total dividends paid in 2017 of 6.96 pence per share
- Agreed the acquisition of interests in six UK-based PPP projects for a combined consideration of approximately £148.8 million

Valuation and Portfolio Performance

As at 30 September 2017 (the "Valuation date"), the Directors valuation of JLIF's portfolio of 63 projects was £1,227.8 million. This represented an overall increase of 0.8% on the portfolio value as at 31 December 2016. Underlying portfolio growth during the nine months to the Valuation date was 5.5%. The overall increase of £10.2 million since the start of the year is the net impact of investments, cash distributed from the Portfolio, discount rate movements, exchange rate movements and the net of value enhancements and provisions made against certain projects. The following table provides a breakdown of the various movements in valuation for the nine months to 30 September 2017.

	£000s	
Portfolio Value as at 31 December 2016	**1,217,647**	
Investments	19,038	
Cash distributed from Portfolio	(74,556)	
Discount rate movements	4,352	
Exchange rate movements	(2,674)	
Opening value rebased at 31 December 2016	**1,163,807**	
Growth from discount rate unwind	67,304	*5.78%*
Net decline from value enhancements & other movements	(3,294)	*(0.28%)*
Portfolio Value as at 30 September 2017	**1,227,816**	

Overall, the portfolio continues to perform well, with distributions remaining strong in the third quarter.

As noted in JLIF's interim results, a long-standing dispute was ongoing at the Roseberry Park Hospital project in which the Company was investing significant effort and resources, alongside the other project parties, towards finding a solution to the disputed issues. These related to the provision of certain Hard FM services, the operation of the Service Helpdesk and certain alleged construction defects. JLIF believes the issues related to

1 Net Asset Value is equal to total assets (including Portfolio value) minus liabilities of the JLIF Investment Group (as defined in the company's 2016 Annual Report).

this project were specific to the specialist nature of the mental health facility at Roseberry Park, particularly around the challenges of being able to access areas where there were purported construction defects. Unfortunately, due to the protracted nature of the discussions with the Trust and other project parties, and the apparent lack of an acceptable solution being imminent, in September 2017 the senior lenders decided to take the project holding company into administration and to take control of attempting to settle the dispute. As at 30 June 2017, the project represented less than 0.5% of the portfolio value.

JLIF's value of the entire portfolio as at 30 September 2017 represents a roll-forward of the portfolio value as at 30 June 2017, save for the Roseberry Park Hospital project that has been written off.

Recent political comments around PFI

At the annual UK Labour Party conference in September 2017, the UK's Shadow Chancellor of the Exchequer, John McDonnell, made comments regarding his party's intentions with respect to UK PFI contracts should the Labour Party come to power. These included an intent to abandon PFI as a tool for future infrastructure investment and to bring in-house existing PFI contracts. This statement was subsequently softened by other members of the Labour Party, narrowing the range of potential PFI contracts to which the comments would apply to those not deemed value for money.

In practice, bringing PFI contracts in-house would require local public sector counterparties to exercise their right to terminate voluntarily the contract (where such a right exists) and, at the same time, make alternative arrangements for running the projects for the local communities. Where this is the case, there are legal contract provisions regarding the compensation to which a project's equity investors would be entitled.

As disclosed in the risk committee reports in its annual results, JLIF monitors the UK political situation carefully. In the event that all its UK projects were voluntarily terminated by each and every local public sector counterparty, JLIF would receive compensation equating to approximately 86% of its UK portfolio value (including JLIF's recent acquisitions announced in October)[2]. JLIF's UK portfolio value, including the recently announced acquisitions, represents approximately 71% by value of JLIF's entire portfolio. JLIF's UK portfolio comprises 57 projects spread across seven sectors and approximately 50 different public sector counterparties, resulting in limited exposure to any single public sector client.

Catalonia Independence

In October 2017, a referendum on Catalonian independence was called by the Regional Government. The Spanish Central Government deemed the referendum illegal under the country's constitution. Despite this, the referendum proceeded, with a majority voting in favour of independence on a low turnout. The Catalan government subsequently made a unilateral declaration of independence. In response to this, the Central Government triggered Article 155 of the Spanish constitution resulting in the imposition of direct rule and the sacking of many Catalan civil servants and government ministers. The Central Government has called for fresh regional elections in December 2017.

JLIF holds two availability-based investments in Barcelona, Catalonia, a 53.5% interest in the Line 9 Section II Metro Stations project and a 13.5% interest in the Line 9 Section IV Metro Stations project. At 30 September 2017, the combined value of the projects represented 14.1% of the Portfolio, reducing to approximately 12.7% following the recently announced acquisitions (see Acquisitions below). Both projects form part of the wider investment in the Line 9 project, a landmark and very important project for the city. Both projects have availability-based payment mechanisms, receiving payments from IFERCAT, an agency of the Catalan government responsible for transport. All payments have been and continue to be paid by IFERCAT, as per the contract. IFERCAT benefits from access to the Fondo de Liquidez Autonómico ("FLA"), a credit line from the Central Government. While in the past the decision as to how the FLA funds are used was made by the Catalan government, since September 2017 this decision as to how the FLA is utilised in Catalonia has been taken back by the Central Government. JLIF continues to monitor the situation closely.

Acquisitions

In July 2017, JLIF completed the acquisition of an additional 15% interest in the North Staffordshire Hospital project from co-shareholder Sodexo. This brings JLIF's total shareholding in the project to 90% of the equity and

2 Certain assumptions have been made in estimating this figure. The amount received could be more or less than this.

subordinated debt interests, and 100% of the mezzanine debt interest. The consideration was approximately £7.5 million. The acquisition was made on a bilateral basis and at a price that was accretive to the carrying value of the existing interest.

As announced at the time, in October 2017 JLIF signed agreements with John Laing Group plc and The John Laing Pension Trust Limited with respect to a UK portfolio comprising one social housing project and four rail sector projects, including an additional 9% indirect interest in the Intercity Express Programme Phase 1 ("IEP Phase 1") project. The combined consideration for the five assets was approximately £141.2 million. The acquisition of four out of the five assets has now completed and was financed through JLIF's revolving credit facility, the Sterling tranche of which at the date of this announcement is £144.9 million drawn. Following these acquisitions, approximately 71% of the Portfolio by value is UK based.

Governance and Regulation

As previously announced, at the end of September 2017, Paul Lester stepped down from his position as Chairman of JLIF that he had held since launch in 2010. David MacLellan, previously Deputy Chairman, has taken on the role of Chairman of the Board.

On the 1 January 2018, the EU's Packaged Retail and Insurance-based Investment Products ("PRIIP") regulation will take effect. This requires 'manufacturers' of such products to prepare and make available (via a Regulated Information Service as well as on the company's website) a Key Information Document ("KID"). The Board has determined that shares in the company are covered by the regulation. JLIF intends to comply fully with the PRIIP regulations, and will make available a KID relating to its shares before the end of the year.

Outlook

The market for operational, availability-based PPP projects remains competitive in all mature jurisdictions. In some cases, such as the UK and parts of continental Europe, this is largely a consequence of a lack of deal flow (with the majority of projects already under the ownership of long-term investors). In other markets, such as the US, Canada and Australia, the level of funding available for new investment continues to drive competition and prices.

The Investment Adviser, John Laing Capital Management Limited, continues to seek to develop bilateral deals based on long-standing relationships with developers and continues to review other markets and sub-sectors that may also be a source of projects with the characteristics JLIF seeks (i.e. operational, low-risk, inflation-linked and mature/predictable cash flows).

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Note:

This Trading Update Statement aims to give an update of material events and transactions that have taken place during the period from 1 July 2017 to 10 November 2017 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 that could cause or contribute to such differences include, inter alia, general economic, 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.

This Trading Update Statement contains Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.

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